

Metals Australia Raises A\$3.5M at a 40% Premium to Accelerate Lac Rainy High-Grade Graphite Project

HIGHLIGHTS

- A\$3,500,000 to be raised utilising the “Flow-Through Shares” provisions under Canadian tax law. The Flow-Through Shares will be placed at A\$0.042 (4.2c) per share, representing a 40% premium to the Metals Australia Ltd (ASX:MLS) last closing price.
- Use of the flow-through provisions enables Metals Australia to significantly minimise dilution of issued capital and increase the scope of ongoing exploration and resource extension programs at the Lac Rainy Graphite Project in Quebec, Canada (see Figure 1).
- Use of funds will be to expand and accelerate the extensive drilling and exploration programs planned for the Lac Rainy Graphite project¹. The program’s aims are to significantly upgrade and expand the existing Mineral Resources and to rapidly advance drill testing and channel sampling of the further 35 km of high-grade graphitic trends that have been identified by electromagnetics (EM) and recent sampling programs¹ (Figure 1).

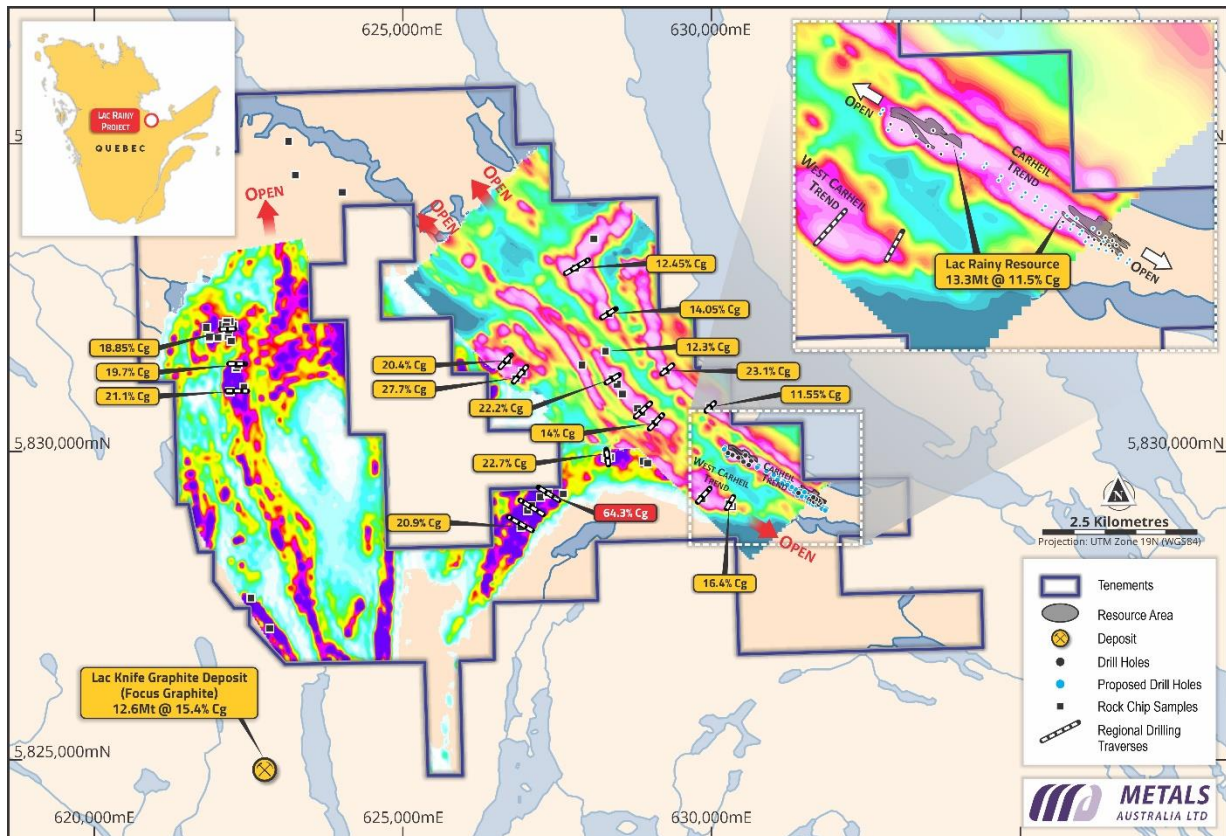


Figure 1: Lac Rainy Graphite Project, key high-grade graphite EM trends with planned drilling areas

Metals Australia Limited (ASX:MLS) (**Metals Australia** or **the Company**) is pleased to announce a flow-through share placement at a substantial premium to market price (**Placement**) to accelerate the important drilling programs set to commence at the Lac Rainy Graphite Project in Quebec, Canada.

Operational planning is being finalised with our contractor for the major drilling and further exploration programs planned for the Lac Rainy Project, with drilling to commence immediately following drill-permitting approval from the *Ministère des Ressources naturelles et des Forêts* du Québec (the “**MRNF**”).

The monies raised under the Placement will be used to accelerate and expand drilling and channel sampling programs at the Company’s Lac Rainy Graphite Project. These programs will include drilling designed to extensively upgrade and expand the existing high-grade Mineral Resources and drill testing and channel sampling to follow up high-grade rock chip sampling results over the further 35 km of high-grade graphitic trends identified by recent sampling programs¹ (see Figure 1)

While funding drilling and exploration work are the primary intended purpose of the capital raise, Metals Australia is also fast-tracking discussions and proposal reviews with Engineering companies to progress a Pre-Feasibility Study (PFS) for a flake-graphite mining and concentrate project at Lac Rainy and an options assessment and scoping study for downstream, premium battery grade, Spherical Graphite (SpG) production. The SpG studies follow on from previously announced spherical graphite and battery test work in Germany, which demonstrated that Lac Rainy premium battery grade spherical graphite exceeds lithium-ion battery maker physical property and electrochemical specifications².

PLACEMENT DETAILS

The offer is facilitated by Alpine Capital Pty Limited (**Alpine**) as the Lead Manager to the transaction and by Canadian flow-through share dealer, Wealth Creation Preservation & Donation Inc. (**WCPD**), pursuant to a subscription and renunciation agreement with the Company. WCPD will not receive any fees or commissions from the Company for its role in respect of the Placement.

Funds raised from the Placement will principally be applied as follows:

- drilling programs (including assaying and petrography) at the Lac Rainy Graphite Project; and
- channel sampling programs (including assaying) at the Lac Rainy Graphite Project.

The Company has now received firm commitments to undertake the Placement to raise approximately C\$3,076,500 (A\$3,500,000 before costs) through the issue of approximately 83,333,333 shares at an issue price of C\$0.0369 per share (**Flow-Through Shares** or **New Shares**) (A\$0.042). The Canadian “Flow Through Shares” provide tax incentives to those investors for expenditures which qualify as flow through critical mineral mining expenditures under the Income Tax Act (Canada). The Flow-Through Shares will be issued at a **40%** premium to the last closing price of Metals Australia pursuant to the Canadian flow-through shares regime. The “Flow-Through Share” is a defined term in the Income Tax Act (Canada) and is not a special class of share under corporate law.

A prospectus prepared in accordance with section 713 of the Corporations Act 2001 (Cth) will be issued in connection with the Placement to facilitate secondary trading of the New Shares. Following settlement of the Flow Through Shares, Alpine has arranged a block sale of the shares to institutional, professional and sophisticated investors in Australia and elsewhere. The Flow-Through Shares will cease to be flow-through shares on the completion of the Placement and any buyers of Flow-Through Shares by way of a secondary sale will not take Flow-Through shares but will purchase ordinary Metals Australia shares.

The tax benefits associated with the Flow-Through Shares are available only to the investors, who are Canadian residents, and not to any other person who acquires the Flow-Through Shares through the on-sale or transfer of those Flow-Through Shares.

Paul Ferguson, Metals Australia's new CEO said -

"As I outlined to the market in late January, the immediate priorities for the Company include advancing the Lac Rainy graphite project on multiple fronts – including significant additional drilling, Mineral Resource extension estimation, comprehensive metallurgical test work and key pre-feasibility and scoping level studies to highlight the significance of the economic potential of this integrated graphite project."

"This work will consume significant funding and time to be completed to the required level. This capital raise, at a substantial premium to the current market price, provides the Company with certainty that it can carry out all its planned work at Lac Rainy, while still being able to advance work on the balance of its high-quality project pipeline. This pipeline includes the Corvette River Lithium project in Quebec - adjacent to ASX listed Patriot Battery Metals World class lithium discovery and, in Western Australia, our Warrambie project which is near ASX listed Azure Minerals Andover lithium discovery, and the Manindi lithium and other battery metals project in the Murchison district of WA."

"There is no certainty where capital markets will trend in the near term, so securing funding now at a substantial premium to the current market price provides us with the balance sheet confidence to rapidly advance exploration of our high-quality portfolio of battery minerals and metals projects. Importantly, the delivery of drilling results, Mineral Resource upgrades and anticipated expansions and the outcomes of the Pre-Feasibility Studies will rapidly advance The Lac Rainy Graphite project towards development".

ADDITIONAL DETAILS

An issue price of A\$0.042 per share represents an implied:

- **40%** premium to the last closing price of A\$0.030 on 16 February 2024; and
- **39.3%** premium to the 10-day volume weighted average price of A\$0.0301 as of 16th February 2024.

The New Shares will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1 and Listing Rule 7.1A. Settlement of the Placement is expected to occur on 28th February 2024 and the New Shares will rank equally with the Company's existing shares on issue.

To facilitate the flow-through share transaction, and to minimise tax implications for the Company, in conjunction with the Placement, the Company's wholly owned Australian subsidiary, Quebec Lithium Limited, has transferred 217 claims (**Canadian Tenements**) to the Company's wholly owned Canadian subsidiary, Lac Rainy Graphite Inc. (**LRG**). The Canadian Tenements being transferred to LRG relate to the Company's Lac Rainy Gold Project, the Eade Gold Project, the Pontois Gold Project, and the Felice Gold Project, all located in the Province of Quebec.

ABOUT METALS AUSTRALIA

Metals Australia Ltd (ASX:MLS) has a proven track record of battery minerals discovery and has a high-quality portfolio of advanced battery minerals and metals projects in the highly ranked and well-established mining jurisdictions of Western Australia and Quebec, Canada.

Metals Australia is focused on the exploration and development of its flagship Lac Rainy flake-graphite project in Quebec, a high-quality project which is well placed for the future delivery of premium, battery grade graphite to the North American lithium-ion/EV battery market.

The Company is also advancing its lithium exploration projects in the world-class James Bay region of Quebec and at its advanced Manindi battery minerals and metals project and the Warrambie project in Western Australia.

REFERENCES

¹ Metals Australia Ltd, 16 January 2024. *Exceptional 64.3% Graphite and New Drilling at Lac Rainy.*

² Metals Australia Ltd, 23 May 2023. *Outstanding Battery Test Results for Lac Rainy Graphite.*

This announcement was authorised for release by the Board of Directors

*****ENDS*****

For further information, please refer to the Company's website or contact:

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ASX LISTING RULES COMPLIANCE

In preparing this announcement the Company has relied on the announcements previously made by the Company listed under "References". The Company confirms that it is not aware of any new information or data that materially affects those announcements previously made, or that would materially affect the Company from relying on those announcements for the purpose of this announcement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements concerning Metals Australia Limited. Forward-looking statements are not statements of historical fact and actual events, and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties, and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of Metals Australia Limited as of the dates the forward-looking statements are made, and no obligation is

assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results, Mineral Resources and Exploration Targets has been reviewed, compiled and fairly represented by Mr Jonathon Dugdale. Mr Dugdale is a Technical Advisor to Metals Australia Ltd and a Fellow of the Australian Institute of Mining and Metallurgy ('FAusIMM'). Mr Dugdale has sufficient experience, including over 35 years' experience in exploration, resource evaluation, mine geology and finance, relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ('JORC') Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Dugdale consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.