

28 August 2024

Dear Shareholder

DMC MINING LIMITED – PERFORMANCE SHARES

On 23 August 2024, DMC Mining Limited (ACN 648 372 516 (**Company**)) announced that, at the General Meeting of the Shareholders held that day (**Meeting**), the shareholders of the Company resolved to, amongst other things, create a new class of securities in the Company, being Performance Shares (as defined in the Notice of Meeting dated 23 July 2024 in relation to the Meeting (**Notice**)) (**Performance Shares**).

Accordingly, the Company will instruct its share registry, to issue 130,000,000 Performance Shares on the terms and conditions set out in the Explanatory Statement of the Notice, including without limitation the terms set out in the Schedule 1 to this letter, subject to the completion of the Veridis SSA (as defined in the Notice).

As stated in section 3.1 of the Explanatory Statement of the Notice, the issue of the Performance Shares will be taken to vary the rights attached to ordinary shares in the capital of the Company already issued.

For the purposes of section 246B(3) of the *Corporations Act 2001* (Cth) and for all other purposes, the Company hereby gives written notice of the above variation to the holders of ordinary shares in the capital of the Company already issued.

You do not need to do anything, nor is there any change to your existing holding or rights, as this is simply a notice in accordance with the Corporations Act informing you of the issue of the approved Performance Shares, which are a new class of unlisted shares.

In practical terms, each ordinary share in the capital of the Company already issued confers on the holder the same rights as were conferred prior to the date of the issue of the Performance Shares. In broad terms, a Performance Share will simply convert into an ordinary share upon achievement of the Milestones set out in Schedule 1.

Yours faithfully

Bruce Franzen

Company Secretary

DMC Mining Limited

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

1. Performance Shares

Each Performance Share is a share in the capital of the Company.

(a) **General Meetings**

Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. Holders have the right to attend general meetings of the Company's shareholders.

(b) **No Voting Rights**

Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company's shareholders, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

(c) **No Dividend Rights**

Performance Shares do not entitle the Holder to any dividends.

(d) **No Return of Capital Rights**

Performance Shares do not entitle the Holder to any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.

(e) **No Rights on Winding Up**

Upon winding up of the Company, Performance Shares may not participate in the surplus profits or assets of the Company.

(f) **Transfer of Performance Shares**

Performance Shares are not transferable.

(g) **Reorganisation of Capital**

In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.

(h) **Application to ASX**

Performance Shares will not be quoted on ASX. Upon conversion of Performance Shares into the Shares in accordance with these terms, the Company must within seven days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.

(i) **Participation in Entitlements and Bonus Issues**

Subject always to the rights under item (g) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) **Amendments required by ASX**

The terms of Performance Shares may be amended as necessary by the board of directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated and commercial intent remains.

(k) **No Other Rights**

Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. Conversion of Performance Shares

(a) **Issue of Performance Shares**

Performance Shares will be issued at Settlement.

(b) **Milestones**

Performance Shares will convert into the Shares on a one for one basis subject to the Company achieving the milestones set out in the table below (**Milestones**) prior to milestone deadlines set out in the table below (**Milestone Deadlines**):

Tranche	Quantum	Milestone	Milestone Deadline
1	45,000,000	The satisfaction of each of the following: (a) a drill intercept on the Firawa Project which includes an average U ₃ O ₈ grade of 400ppm (or greater) over 10 meters, and (b) on the day of or after satisfaction of the milestone set out in paragraph (a) above, the Shares achieving a volume weighted average price per Share (VWAP) of \$0.075, calculated over 20 consecutive trading days on which the Shares have actually traded.	4 years after date of issue
2	45,000,000	The satisfaction of each of the following: (a) the Company announcing a JORC inferred resource (or higher) on the Firawa Project of no less than 10 million tonnes at a grade greater than 4,000ppm (0.4%) total rare earth oxides (TREO); and	4 years after date of issue

Tranche	Quantum	Milestone	Milestone Deadline
		(b) on the day of or after satisfaction of the milestone set out in paragraph (a) above, the Shares achieving a VWAP of \$0.10, calculated over 20 consecutive trading days on which the Shares have actually traded.	
3	40,000,000	<p>The satisfaction of each of the following:</p> <p>(a) the Company announcing a JORC inferred resource (or higher) on the Firawa Project of either:</p> <p style="padding-left: 40px;">(i) no less than 20 million tonnes at a grade greater than 4,000ppm (0.4%) TREO; or</p> <p style="padding-left: 40px;">(ii) no less than 45 million lbs contained U₃O₈, using a 100ppm cutoff; and</p> <p>(b) on the day of or after satisfaction of the milestone set out in paragraph (a) above, the Shares achieving a VWAP of \$0.15, calculated over 20 consecutive trading days on which the Shares have actually traded.</p>	4 years after date of issue

(c) **Conversion of Performance Shares**

Subject to paragraph (f), each the Company Performance Share, that has not lapsed in accordance with paragraph (d), will convert upon the relevant Milestone being achieved and on conversion the Company will make an announcement to ASX.

(d) **Lapse if Milestone not achieved**

If the applicable Milestones are not achieved within the Milestone Deadlines the relevant Performance Shares held by a Holder will automatically lapse.

(e) **Change in Control**

Upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's shares on issue; and
 - (B) having been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Shares have not converted into Shares due to satisfaction of a Milestone, Performance Shares automatically

convert into the Shares and on conversion the Company will make an announcement to ASX.

(f) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Share under paragraph (c) or (e) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

- (i) the Recipient may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Recipient will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to the Recipient request the Recipient to provide the written notice referred to in paragraph (f)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Recipient will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

(g) **After Conversion**

The Shares issued on conversion of Performance Shares will, upon and from their issue, rank equally with and confer rights identical with all other the Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion (subject to complying with any restriction periods required by the ASX).

(h) **Conversion Procedure**

The Company will issue the Holder with a new holding statement for Shares as soon as practicable following the conversion of Performance Shares into Shares.