

17 December 2020

PLACEMENT AND REPAYMENT OF ATO DEBT

- Approximately AUD\$1m to be raised through placement at \$0.005 per share
- Funds raised will be used to repay ATO debt
- Value of listed investments currently \$9.2m
- Debt reduced by \$4.7m since June 2020

Cyclone Metals Limited (formerly Cape Lambert Resources Limited) (ASX: **CLE**) (**Cyclone** or the **Company**) is pleased to announce that it has received firm commitments for a placement to raise AUD\$1,040,000 at an issue price of \$0.005 per fully paid ordinary share (**Placement**). Participants of the Placement will also be entitled to receive one unlisted option for every two shares at an exercise price of \$0.005 expiring 12 months from the date of issue (**Placement Options**). Funds raised will be used to repay ATO debt of \$0.78m and for working capital.

The Company's financial position continues to improve, with debt reduced from \$8.1m at 30 June 2020 (which includes an amount payable to the ATO of \$3.1m) to 3.4m (which includes an amount payable to the ATO of \$2.4m) once the placement completes and the ATO debt paid down. The Company's investments in listed companies are currently valued at \$9.2m (using recent closing prices).

As announced on 4 December 2020, the Company is capitalising on forecasted strong growth in copper demand and the increasing prevalence of electric vehicles to undertake a trial leech program on its Lady Ethleen project in central Queensland using an environmentally friendly alkaline leach processing solution. Preparatory work is underway for the exploration program required to provide sufficient samples for the trial program, with the program anticipated to be completed within 4 to 6 months.

The Company continues to actively seek to resolve outstanding issues with Sierra Leone Government to allow the Company to restart operations at the Marampa iron ore project. The Company hopes that as travel restrictions imposed due to the COVID-19 global pandemic gradual lift steps can be taken to better engage with the Government to achieve this. The Company also notes that the current iron ore price has provided an impetus for other iron ore miners in Sierra Leone to actively engage with the Sierra Leone Government to resolve tenure disputes and recommence mining in Sierra Leone. Although to an extent outside its control, the Company believes that together with individual steps, collective engagement by multiple miners provides the best pathway for activities to recommence at Marampa.

The Company is also, whilst it awaits native title clearance and grant, completing a desk top review of previous work on its rare earth tenements near Shark Bay, Western Australia. This will allow the Company to immediately commence targeted ground disturbing exploration once the tenements are granted.

Tony Sage, Cyclone's Executive Director, says "The Company has gone through a difficult period but now has an excellent investment portfolio and several projects with very little debt. We will continue to work on these projects but as always, we will be on the lookout for any new projects that may come along and which we can add value for shareholders."

The Placement is made to unrelated sophisticated investors introduced by the Company's directors without shareholder approval using the Company's capacity under Listing Rule 7.1, and is expected to complete on or about 17 December 2020. As the Company's shares are suspended from trading on ASX, the securities can, pending reinstatement, only be offered for sale with disclosure or where disclosure is not required.

This announcement has been approved by the Company's board of directors.

Yours faithfully
Cyclone Metals Limited

Terry Donnelly
Non-Executive Chairman

For further information please contact:

Investor Relations



+61 (0) 8 9380 9555



ir@cyclonemetals.com

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