

30 July 2021

STATEMENT OF CONFIRMATIONS

Cyclone Metals Limited (**Cyclone** or **the Company**) provides the following confirmations to satisfy certain conditions for re-instatement of the Company's securities to quotation on ASX.

Capitalised terms in this announcement have the same meaning as given under the Company's prospectus dated 14 July 2021 (**Prospectus**) unless the context otherwise requires.

1. Top 20 Shareholders

Refer to Schedule A.

2. Distribution Schedule

Refer to Schedule B.

3. Statement of Capital Structure

The capital structure of the Company following the Offer is set out below, further details of which are set out in the Prospectus:

Shares

Shares	
Shares on issue on completion of the Offer	4,532,236,982

Options

Options	
Unlisted Options (exercisable at \$0.005 each on or before 18 December 2021) ¹	107,000,000
Unlisted Options (exercisable at \$0.005 each on or before 18 December 2022) ²	5,000,000
Unlisted Options (exercisable at \$0.006 each on or before 30 June 2023) ³	11,200,000
Options on issue on completion of the Offer	123,200,000

Notes

1. The full terms and conditions of these Options are set out in Schedule C.
2. The full terms and conditions of these Options are set out in Schedule D.
3. The full terms and conditions of these Options are set out in Schedule E.

Convertible Notes

Convertible Notes	
Convertible Notes on issue after completion of the Offer ⁴	10

Note

4. The full terms and conditions of these Convertible Notes are set out in Schedule F.

4. Pro Forma Balance Sheet

	Audited as at 30 June 2020 (\$)	Reviewed as at 31 December 2020 (\$)	Adjustments (\$)	Pro Forma 31 May 2021 (\$)
Current assets				
Cash and cash equivalents	238,222	1,555,488	(1,299,704)	255,784
Restricted cash and cash equivalents	12,500	17,500	-	17,500
Trade and other receivables	293,305	267,976	43,555	311,531
Other financial assets	-	3,931,574	1,259,887	5,191,461
Total current assets	544,027	5,772,538	3,738	5,776,276
Non-current assets				
Other financial assets	884,679	1,436,237	(1,436,237)	-
Plant and equipment	81,923	72,815	2,601	75,416
Investments accounted for using equity method	5,052,941	1,849,637	2,947,829	4,797,466
Total non-current assets	6,019,543	3,358,689	1,514,193	4,872,882
Total assets	6,563,570	9,131,227	1,517,931	10,649,158
Current liabilities				
Trade and other payables	(2,506,410)	(854,670)	350,723	(503,947)
Provisions	(81,137)	(85,554)	-	(85,554)
Current tax liabilities	(1,773,171)	(1,512,999)	586,789	(926,210)
Convertible note	(206,773)	-	-	-
Short term loan payable	(2,200,000)	-	-	-
Total current liabilities	(6,767,491)	(2,453,223)	937,512	(1,515,711)
Non-current liabilities				
Long term loan payable	-	(103,204)	-	(103,204)
Convertible note	(69,643)	-	-	-
Non-current tax liabilities	(1,300,861)	(1,300,861)	260,172	(1,040,689)
Total non-current liabilities	(1,370,504)	(1,404,065)	260,172	(1,143,893)
Total liabilities	(8,137,995)	(3,857,288)	1,197,684	(2,659,604)
Net assets/(liabilities)	(1,574,425)	5,273,939	2,715,615	7,989,554
Equity				
Issued capital	206,133,405	220,116,993	-	220,116,993
Reserves	23,885,680	24,051,622	-	24,051,622
Accumulates losses	(231,593,510)	(238,894,676)	2,715,615	(236,179,061)
Total surplus/(deficiency) in equity	(1,574,425)	5,273,939	2,715,615	7,989,554

As illustrated above, the Board confirms that it satisfies the 'working capital test' of at least \$1.5 million pursuant to Listing Rule 1.3.3(c).

5. Working Capital

The Directors are satisfied that upon the reinstatement of its Shares to trading on the Official List, the Company will have sufficient working capital to carry out its objectives as stated in the Prospectus.

It should however be noted that the Company may require additional capital beyond the 12-month period following the reinstatement of its Shares to trading, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of Projects. The use of further debt or equity funding will be considered by the Board where it is appropriate to fund additional exploration on the Projects or to capitalise on acquisition opportunities in the resources sector.

6. No Impediments

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking the activities disclosed in the Prospectus.

7. Communication with ASX

The Company confirms that the Company Secretary is responsible for communicating with ASX in relation to listing rule matters for the purposes of Listing Rule 1.1 condition 13.

8. Compliance with Listing Rule

The Company confirms that it is in compliance with the Listing Rules. In particular, the Company confirms that it is in compliance with Listing Rule 3.1.

Yours faithfully

Cyclone Metals Limited



Terry Donnelly
Non-Executive Chairman

SCHEDULE A – TOP 20 SHAREHOLDERS

Top Holders (Grouped) As Of 14/07/2021

Composition : ORD

Rank	Name	Units	% Units
1	WINANCE	914,612,767	20.18
2	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	341,219,925	7.53
3	OKEWOOD PTY LTD	312,264,763	6.89
4	GULF ENERGY INTERNATIONAL LIMITED	278,178,538	6.14
5	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	155,647,059	3.43
6	WESTCAP PTY LTD	110,000,000	2.43
7	GHAN RESOURCES PTY LTD	91,804,278	2.03
8	CITICORP NOMINEES PTY LIMITED	70,701,726	1.56
9	RAH STC PTY LTD <MEH RETIREMENT FUND A/C>	67,647,059	1.49
10	LAWFIRST PTY LTD <BENNETT & CO>	63,131,533	1.39
11	CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	60,000,000	1.32
12	EMPIRE CAPITAL PARTNERS PTY LTD	58,823,529	1.30
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,252,108	1.26
14	CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON A/C>	50,000,000	1.10
14	COVE STREET PTY LTD <THE COVE STREET A/C>	50,000,000	1.10
16	SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	41,666,667	0.92
17	KOOKABURRA NOMINEES PTY LTD	35,951,450	0.79
18	RIMOYNE PTY LTD	35,232,010	0.78
19	QX RESOURCES LTD	30,117,647	0.66
20	MR RONALD BOWEN + MRS AGNES BOWEN <CANDY SUPER FUND A/C>	30,000,000	0.66
20	FILMRIM PTY LTD <MAJUFE SUPER A/C>	30,000,000	0.66
20	HARLIN PTY LTD <DOUGLAS SUPERANNUATION A/C>	30,000,000	0.66
20	MR VICTOR LORUSSO	30,000,000	0.66
Totals: Top 23 holders of ORDINARY FULLY PAID SHARES (Total)		2,944,251,059	64.96
Total Remaining Holders Balance		1,587,985,923	35.04

Selection Criteria: Address: Hidden Holder ID: Hidden Control Account: Included

SCHEDULE B – DISTRIBUTION SCHEDULE

Range of Units As Of 14/07/2021

Composition : ORD

Range	Total holders	Units	% Units
1 - 1,000	203	81,882	0.00
1,001 - 5,000	925	2,855,611	0.06
5,001 - 10,000	692	5,839,093	0.13
10,001 - 100,000	1,488	59,580,455	1.31
100,001 Over	1,006	4,463,879,941	98.49
Rounding			0.01
Total	4,314	4,532,236,982	100.00

Unmarketable Parcels

Minimum Parcel Size	Holders	Units
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Minimum \$ 500.00 parcel cannot be calculated due to no price

Selection Criteria: Hide Unmarketable Parcels: Shown Control Account: Included

SCHEDULE C - OPTION TERMS AND CONDITIONS

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

The amount payable upon exercise of each Option will be \$0.005.

3. Expiry Date

Each Option will expire on 18 December 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

11. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

The Options are not transferable without consent of the Board.

SCHEDULE D - OPTION TERMS AND CONDITIONS

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

The amount payable upon exercise of each Option will be \$0.005.

3. Expiry Date

Each Option will expire on 18 December 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

11. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

The Options are not transferable without consent of the Board.

SCHEDULE E – OPTION TERMS AND CONDITIONS

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

The amount payable upon exercise of each Option will be \$0.006.

3. Expiry Date

Each Option will expire on 30 June 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

11. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

The Options are not transferable without consent of the Board.

SCHEDULE F – CONVERTIBLE NOTE TERMS AND CONDITIONS

A summary of the terms of the Winance Facility and Notes is as follows:

- (a) Drawdowns are at the Company's election available in tranches of \$500,000 each upon full conversion of the Winance Notes from the previous drawdown, subject to:
 - (i) a cooling off period calculated based on the value of the tranche and average trading volumes during the preceding 60-day period; and
 - (ii) prior approval by the Company's shareholders for the issue and conversion of the Winance Notes.
- (b) There are no fees or penalties if no subsequent drawdowns are made.
- (c) The issue price for each Winance Note is 98% of the face value (\$1,000), representing a 2% discount.
- (d) The Notes are, subject to prior shareholder approval where required, convertible at any time by the holder at 90% of the lowest closing VWAP over 12 days prior to the conversion date, provided that the conversion price is at least \$0.002 per Share (**Revised Floor Price** as resolved by shareholders on 6 October 2020).
- (e) In the event the conversion price is less than the Revised Floor Price, the Company will issue the number of Shares equal to the conversion amount divided by the Revised Floor Price with the shortfall amount (calculated based on the conversion amount less value of the number of Shares multiplied by 90% of the lowest closing VWAP over twelve (12) days prior to the conversion date) payable in cash.
- (f) In the event the closing VWAP for any 5 trading day period falls below 135% of the Floor Price, Winance may, at its discretion, decline further drawdowns. Drawdowns may resume if the VWAP for 20 consecutive trading days over 135% of the Floor Price.
- (g) The minimum conversion amount is \$20,000.
- (h) The Winance Notes bear no interest and are unsecured.
- (i) The Winance Notes have a maturity date of 24 months from the date of issue. The Company must repay the face value of those notes that remain unconverted at the maturity date.
- (j) Winance will receive a commitment fee of 5% of the investment amount at the funding of each tranche payable in cash.
- (k) Kapital Global Advisors Limited, the broker who facilitated the Winance Facility, will receive a broker fee of 5% of the investment amount at the funding of each tranche payable in cash.
- (l) In the event of default, Winance is entitled to issue a redemption notice which requires the Company to repay the outstanding amount together with interest at 10% per

annum (accruing from issue to redemption). Following are the material events of default:

- (i) a default by the Company in the due performance of any of its obligations under the agreement which, if curable, is not cured within 6 business days;
 - (ii) the Shares are de-listed from ASX or the Frankfurt Open Market (FOM) without Winance's consent;
 - (iii) the Shares being suspended by the ASX or FOM from trading on the ASX market, and/or the FOM for more than 5 days in any 12 month period or there is any other restriction on the ability of Winance to trade Shares on the ASX or the Frankfurt Open Market;
 - (iv) any refusal by the Company's statutory auditors to certify the Company's financial statements;
 - (v) a material adverse change or change of control has occurred;
 - (vi) the Company fails to either pay any indebtedness in excess of A\$100,000 when due, or to observe or perform any agreement evidencing or securing any such indebtedness for a period of time which would cause or permit the acceleration of the maturity thereof, except if such indebtedness is contested in good faith by the Company;
 - (vii) the Company voluntarily suspends or discontinues substantially all of its business, liquidates substantially all of its assets except for fair consideration or on an arm's length basis, administration or bankruptcy, moratorium, insolvency or similar proceedings for relief of financially distressed debtors shall be instituted by or against the Company and shall not have been discharged within 3 months;
 - (viii) a final judgement for in excess of A\$100,000 is made against the Company, and it is not satisfied or stayed for any appeal within 20 business days;
 - (ix) the Company fails to issue either a cleansing notice that complies with section 708(5) of the Corporations Act or lodge a prospectus with ASIC for the purposes of section 708A(11) of the Corporations Act on the date of issue of the Shares.
- (m) The Company gives warranties considered typical for a financing facility of this nature.