

PIVOTAL

METALS

ASX ANNOUNCEMENT

16 May 2023

Pivotal Metals Limited
ABN: 49 623 130 987

ASX: PVT

Projects

CANADA

- **Horden Lake**
Ni-Cu-PGM development
- **Belleterre-Angliers**
Ni-Cu-PGM exploration

SPAIN

- **San Finx**
W-Sn development



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Pivotal raises over A\$4m at a premium to advance its Quebec Copper-Nickel-PGM portfolio

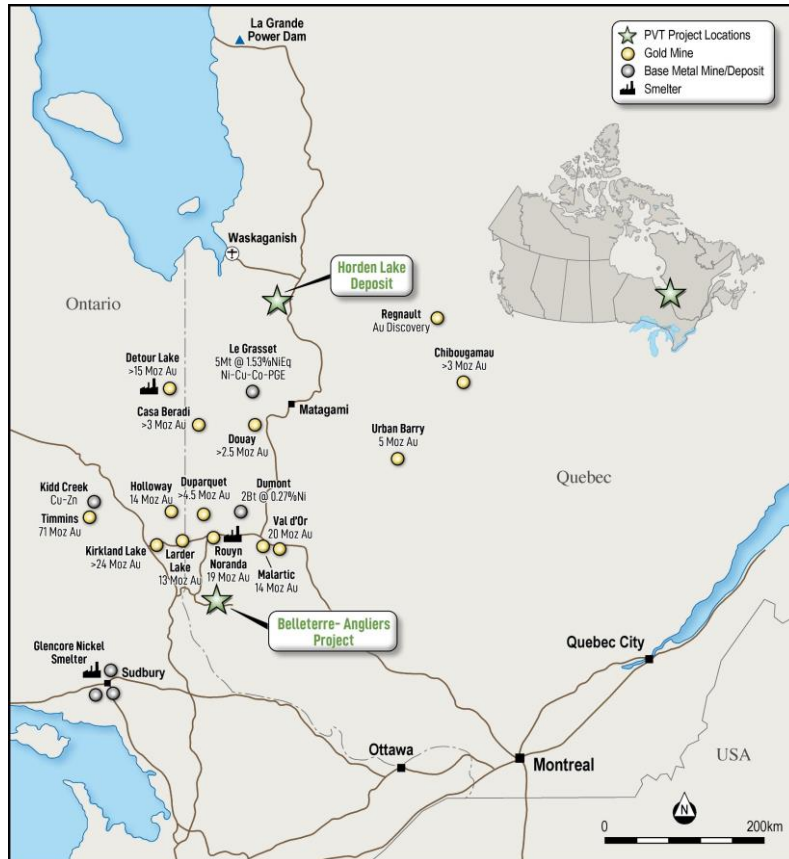
Pivotal Metals Limited (ASX:PVT) ('Pivotal' or the 'Company') has received commitments totalling in excess of A\$4m that will be used to advance the Quebec battery metals projects, Horden Lake, and Belleterre-Angliers Greenstone Belt (BAGB), via the Canadian Flow-Through Share scheme, and provide additional working capital.

Highlights

- This capital raise is a milestone achievement for the Company, comprising a combination of Canadian flow-through-shares and options (Flow-Through Units or FT Units) and private placement, that will allow Pivotal to greatly advance its Canadian portfolio.
- A\$3.9m in commitments has been received to date, utilising the flow-through shares provision under Canadian tax law. The FT Unit will be placed at A\$0.0634/unit, representing a 58.5% premium to Pivotal's last closing price of A\$0.04 on 10 May 2023 and an 84.3% premium to the 15-day VWAP of A\$0.0344. The FTU will be immediately sold through a block trade agreement to select sophisticated and professional investors in Australia and abroad.
- As of the date of this announcement, A\$0.2m has also been committed through a private placement at A\$0.0325/share to sophisticated and professional investors, representing an 18.8% discount to the last closing price on 10 May 2023 and a 5.5% discount to the 15-day VWAP.
- For every two shares issued as part of this capital raise, the Company will also issue one free attaching two-year option, subject to shareholder approval. Each option will be unlisted and have an exercise price of A\$0.065.
- The capital raise will be used for a drill program at the flagship Horden Lake copper-nickel-PGM project, for which all necessary drilling permits have been received. Furthermore, an extensive metallurgical test programme has been planned.
- Post drill program and metallurgical testing, the Company also intends to:
 - update the current pit constrained JORC (2012) Inferred Resource of 27.8Mt @ 1.49% CuEq and allow for inclusion of further by-product metals in to the CuEq grade¹;
 - accurately estimate metal recoveries and concentrate payabilities; and
 - complete a maiden pre-feasibility study (PFS) for Horden Lake.
- Additional exploration work at BAGB is also scheduled, in order to progress this exciting high-grade Ni-Cu-PGM exploration project.

Managing Director Steven Turner said: "Having secured a compelling battery metals portfolio in Quebec, the Company is delighted to be in a position to progress the much-anticipated exploration work to unlock its exceptional value potential for shareholders over the next 12 months. The flow-through shares tax provisions in Canada have allowed Pivotal to raise the funds for the exploratory work at a significant premium to the Company's last closing price on 10 May 2023. All funds committed, other than those requiring shareholder approvals, have been allocated to the flow through shares element, thereby maximising the capital to deploy in the field and minimising dilution to shareholders."

Pivotal completed the acquisition of the Horden Lake copper-nickel-PGM project in December 2022. This acquisition represented the successful delivery by the Board of a strategic shift to focus on building a battery metals portfolio in the tier 1 mining jurisdiction of Quebec.



Horden Lake is an advanced exploration project containing a JORC compliant pit constrained resource of 27.8Mt at a 1.49% CuEq. The resource estimate does not include all of the gold, nor any of the significant cobalt and silver known to exist within the deposit. The planned drilling programme for 2023 will look to better define these various additional metals for inclusion in an updated MRE later in the year.

BAGB is a high impact exploration project that has demonstrated exceptional near-surface grades of nickel, copper and PGMs, potentially indicative of a large deeper system. A review of EM anomalies below 300m from recent VTEM surveys has identified 20 high priority targets never previously explored. These targets will be the focus of a survey programme scheduled for 2023.

Flow-Through Shares Placement Terms

As of the date of this release, the Company has received firm commitments to undertake an FT Unit placement (“FTU Placement”) to raise approximately A\$3.9 million before costs through the issuance of 61.4 million FT Units at an issue price of A\$0.0634/unit), representing a 58.5% premium to the Company’s last closing price on 10 May 2023 and an 84.3% premium to the 15-day VWAP preceding the date of this announcement(A\$0.0344). Every FT Unit consists of one flow-through-share (FT Share) and for every two FT Shares there will be granted one free attaching option. Each option will be unquoted, expire two years from the date of grant, and have an exercise price of A\$0.065. The options will only be transferrable with the consent of the Board (unless and until they are exercised and fully paid ordinary shares in the Company are issued in respect of them). FT Units will be payable in Canadian dollars. “Flow-through-Shares” is a defined term in the *Income Tax Act* (Canada) and is not a special class of share under corporate law.

¹ See ASX announcement dated 16 November 2022 “JORC Compliant Mineral Resource Estimate at Horden Lake Deposit (Quebec), delivers an outstanding 27.8Mt at 1.49% CuEq”. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The FTU Placement is facilitated by Ber Tov Capital Corporation (BT Capital) pursuant to a subscription and renunciation agreement with the Company, with funds being deposited for the use of qualifying expenditures conducted by the wholly-owned Quebec subsidiary, 9426-9198 Quebec Inc., holder of both the Horden Lake and BAGB projects. The end buyer block trade is being facilitated by Viriathus Capital which is acting as sole Lead Manager and Bookrunner to the capital raise. BT Capital will not receive any fees or commissions from the Company for its role in the capital raise.

The funds raised from the FTU Placement will be dedicated to those Flow-Through Shares qualifying critical metals expenditures (Qualifying Expenditures) on the Quebec projects including:

- drilling;
- metallurgical test work; and
- additional technical study work.

Under the *Income Tax Act* (Canada), the FT Shares provide tax incentives to those investors who are Canadian tax residents, provided such funds are applied to Qualifying Expenditures

Viriathus Capital will execute a block trade for the FT Units and place the FT Units with 'sophisticated investors' (as defined in section 708(8) of the Corporations Act) and 'professional investors' (as defined in section 708(11) of the Corporations Act) at A\$0.0325/unit. The FT Shares will cease to be flow-through-shares for the purpose of the *Income Tax Act* (Canada) on completion of the FTU Placement and end buyers will hold fully paid ordinary shares in the Company. Settlement for the FT Units is expected to occur on or around 5 June 2023.

A prospectus prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) will be issued in connection with the FT Placement to facilitate secondary trading of the FT Shares.

Private Placement Terms

Commitments of A\$0.2 million before costs has been received to date for a private placement (Placement) of 5.3 million shares (Placement Shares) at A\$0.0325/share, representing a 18.8% discount to the Company's last closing price on 10 May 2023 and a 5.5% discount to the 15-day VWAP preceding the date of this announcement (A\$0.0344). For every two Placement Shares there will be granted one free attaching option, subject to shareholder approval. Each option will be unquoted, expire two years from the date of grant, and have an exercise price of A\$0.065. The options will only be transferrable with the consent of the Board (unless and until they are exercised and fully paid ordinary shares in the Company are issued in respect of them).

The Placement has been made to 'sophisticated investors' (as defined in section 708(8) of the Corporations Act) and 'professional investors' (as defined in section 708(11) of the Corporations Act). Settlement for the Placement Shares is expected to occur on or around 5 June 2023.

The funds raised from the Placement will be used for working capital purposes and to support any activities on the Quebec projects that are not treated as Qualifying Expenditures under the flow-through shares Canadian tax rules.

Effect on Capital Structure

Class	Shares	Dilution %	Options	Fully Diluted	Dilution %
Shares and options on issue prior to capital raise	476,335,846		40,177,125	516,512,971	
Shares and options issued pursuant to FTU Placement	61,387,080	11.4%	30,693,540	92,080,621	15.1%
Shares and options issued pursuant to Placement	5,338,462	1.1%	2,669,231	8,007,692	1.5%
Lead Manager options			1,500,000		
Shares and options on issue post capital raise	543,061,388	12.3%	75,039,896	618,101,284	16.2%

Advisors

Viriathus Capital acted as sole Lead Manager and Bookrunner to the capital raise. As part of the fee, Viriathus Capital will be granted 1,500,000 options, each having an exercise price of A\$0.05 and an expiry date of 29 September 2025, reflecting the terms of an existing tranche of the Company's unlisted options. The options will only be

transferrable with the consent of the Board (unless and until they are exercised and fully paid ordinary shares in the Company are issued in respect of them). Red Cloud Securities Inc. of Toronto, Canada acted as financial advisor to the Company with respect to the capital raise.

Settlement and Shareholder Approvals

The shares and options will be issued in two tranches. Tranche 1 will comprise the issuance of 61.4 million FTS Shares and 30.7 million options to raise A\$3.9 million under the Company's existing capacity under ASX Listing Rules 7.1 and 7.1A. Tranche 2 will comprise the issuance of 5.3 million Placement Shares and 4.2 million options to Directors to raise a further A\$0.2 million on the same Placement terms as for all subscribers. The issuance of these Placement Shares and attaching options to Directors of the Company under Tranche 2 will be subject to shareholder approval in accordance with ASX Listing Rule 10.11.

This announcement has been authorised by the Board of Directors of the Company.

Ends

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About Pivotal Metals

Pivotal Metals Limited (ASX:PVT) is an explorer and developer of world-class mineral deposits. Pivotal holds the recently acquired flagship Horden Lake property, which contains a JORC compliant pit constrained resource of 27.8Mt at 1.49% CuEq, comprising copper, nickel, palladium and gold with further upside to come following work in 2023 to incorporate known occurrences of silver and cobalt. Horden Lake is complemented by a battery metals exploration portfolio in Canada located within the prolific Belleterre-Angliers Greenstone Belt comprised of the Midrim, Laforce, Alotta and Lorraine high-grade nickel copper PGM sulphide projects in Quebec. The combination of these projects offers significant upside for the Company shareholders in a supportive mining jurisdiction as modern economies look to transition to renewables.

Pivotal also owns the San Finx tungsten and tin development project in Spain.

To learn more please visit: www.pivotalmetals.com

Forward Looking Statements Disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. 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 announcement that relates to Horden Lake has been prepared and reported in accordance with the JORC Code (2012). The information in this announcement that relates to Technical Assessment of the Mineral Assets or Exploration Results is based on information compiled and conclusions derived by Dr. Jobin-Bevans and Mr. Simon Mortimer, both Competent Persons as defined by JORC Code (2012). The Authors have sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a

Practitioner as defined in the 2015 Edition of the “Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets”, and as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. The Authors consent to the inclusion in the Announcement of the matters and the supporting information based on his information in the form and context in which it appears.

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