

27 July 2023

Critical Resources Raises AUD\$10.2M, to Focus on Resource Growth and Development Works at Mavis Lake

Highlights

- Capital raising constituting flow-through shares and institutional placement to raise a total of AUD\$10.2M will allow the continued focus on Resource growth at the Company's 100% owned Mavis Lake Lithium Project
- AUD\$7.9M to be raised utilising the "flow-through shares" provisions under Canadian tax law, the flow-through shares will be placed at AUD\$0.0609 per share which represents a 14.9% premium to Critical Resources' last close price
- The flow-through shares will be immediately sold through a block trade agreement to select institutional and sophisticated investors
- Flow-through share funds will finance the Company through a solid 18 month drilling campaign at Mavis Lake, with the focus on extending the current 8.0Mt @1.07% Mineral Resource Estimate
- Use of the flow-through provisions will enable the Company to minimise issued capital dilution
- AUD\$2.3M to be raised through a placement to select institutional and sophisticated investors, placement to be priced at AUD\$0.045 per share, funds raised from the institutional placement will be directed towards corporate and administrative costs that do not qualify as 'Canadian exploration expense' for flow-through provisions under the Canadian Tax Law

Lithium exploration and project development company Critical Resources Limited **ASX:CRR** ("Critical Resources" or "the Company") is pleased to announce that it has received firm commitments for a capital raise through a combination of a Flow-Through Share placement, and an Institutional placement (together "Placement"). The Flow-Through placement is being conducted utilising the flow-through shares provision allowed under Canadian Tax Law.

Flow-Through Share Placement Details

The offer for Flow-Through Shares has been facilitated by Canadian flow-through share dealer, PearTree Securities Inc. ("PearTree"), pursuant to a subscription and renunciation agreement with the Company, and a block trade agreement being facilitated by Canaccord Genuity (Australia) Limited who is acting as Joint Lead Manager along with Sixty Two Capital Pty Ltd ("the Joint Lead



Managers") for the transaction. PearTree will not receive any fees or commissions from the Company for its role in the Placement.

Funds raised from the Flow-Through Share placement will be specifically applied as follows:

- Continued Resource extension drilling at the Mavis Lake Main Zone;
- Initial drilling of the Gullwing, Tot and Little wing lithium prospects; and
- Survey, fieldwork and follow up drilling of mapped, spodumene bearing pegmatites within the Mavis Lake project area.

The Company has received firm commitments to undertake the Flow-Through Share placement to raise approximately CAD\$7,039,327 (AUD\$7,865,169), before costs, through the issue of 129,161,955 fully paid ordinary shares at an issue price of CAD\$0.0545 (AUD\$0.0609) per share ("Flow-Through Shares") as Canadian 'flow-through shares', which provide tax incentives to investors for expenditure that qualifies as flow-through critical mineral mining expenditures under the Income Tax Act (Canada). The Flow-Through Shares will be issued at a premium to market pursuant to the Canadian flow-through shares regime. The term 'flow-through share' is a defined term in the Income Tax Act (Canada) and is not a special type of share under corporate law.

Pursuant to a block trade agreement between PearTree and the Joint Lead Managers, the Joint Lead Managers will facilitate the secondary sale of the Flow-Through Shares acquired by PearTree clients under the Flow-Through Share Placement to sophisticated and professional investors by way of a block trade at AUD\$0.045 per New share. The Flow-Through Shares will cease to be flow-through shares on completion of the Flow-Through Share Placement and end-buyers taking Flow-Through Shares in the block trade will not take the Flow-Through Shares as flow-through shares.

The tax benefits associated with the Flow-Through Shares are available only to the initial 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.

The Flow Through Shares will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1A. Settlement of the Placement is expected to occur on 7 August 2023 and (following the block trade) the Flow Through Shares will rank equally with the Company's existing shares on issue.

Institutional Placement details

Strong demand for the Flow-Through Share placement encouraged the Company to undertake a further issue of 51,111,111 shares ("New Shares") to institutional investors ("Institutional Placement") for approximately AUD\$2,300,000 at AUD\$0.045 per share ("Offer Price"), being the same price as the Flow Through Shares block trade.

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

- Undertake efforts that do not qualify as 'Canadian exploration expense' under Canadian Tax Law;
- Make milestone payments to the original vendors of the Mavis Lake Lithium Project; and
- General working capital and costs of the Offer.



A cleansing prospectus under section 713 of the Corporations Act 2001 (Cth) will be issued in connection with the Placement to facilitate secondary trading of the New Shares subject of the Placement.

The New Shares will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1. Settlement of the Placement is expected to occur on 7 August 2023 and the New Shares will rank equally with the Company's existing shares on issue.

Critical Resources' Managing Director Alex Cheeseman said:

"Following the release of the Maiden Resource early this year, and with continued, exceptional exploration results offering significant growth potential, we are at a pivotal moment for the Company and the Mavis Lake Lithium Project.

"We have attracted high-caliber institutional investors and have been well supported by a core base of existing holders.

"The funds from the raise will be immediately put to work, enabling the Company to continue drilling in order to deliver resource growth."

This announcement has been approved for release by the Board of Directors.

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ABOUT CRITICAL RESOURCES LIMITED Critical Resources is advancing and developing critical metals projects for a decarbonised future. The Company holds a suite of lithium prospects across Ontario, Canada, including Mavis Lake, Graphic Lake, Plaid and Whiteloon Lake. The Company's other projects include a copper project in Oman, and a base metals project in Halls Peak NSW, Australia.

The Company's primary focus is the rapid development of its flagship Mavis Lake Lithium Project. Mavis Lake is an advanced exploration project with near-term development potential. The Company completed over 19,500m of drilling in 2022 and has commenced another significant drilling program in 2023. In early 2023, Critical Resources released its maiden JORC Code 2012 Compliant Inferred Mineral Resource Estimate (MRE) for Mavis Lake – making Critical Resources just one of two ASX-listed companies with a JORC Code 2012 compliant mineral resource in Ontario. In parallel, the Company has also commenced initial studies that will underpin the transition from explorer to developer.

COMPLIANCE STATEMENT The MRE for Mavis Lake was first announced on 5 May 2023 (Announcement). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and that all the material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed.

FORWARD LOOKING STATEMENTS This announcement may contain certain forward-looking statements and projections. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. Forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. Critical Resources Limited does not make any representations and provides no warranties concerning the accuracy of the projections and disclaims any obligation to update or revise any forward-looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Critical Resources Limited or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement.