

ASX RELEASE

12 January 2024

\$7 million Capital Raise to accelerate exploration and future project development

Highlights:

- MTM has received firm commitments for a two tranche Placement of New Shares to raise \$5 million (before costs).
- Non-renounceable Entitlement Offer to issue one (1) New Share for every four (4) Shares held to raise approximately \$2 million (before costs).
- All bids were significantly scaled back due to strong demand and support from institutional investors.
- Directors of the Company to take up their full entitlement and bid for additional securities in the Placement.
- Proceeds from the first tranche of the Placement to be applied towards further exploration of existing REE focused tenements. Funds from second tranche of Placement and Entitlement offer to be allocated to exploration of new West Arunta and Mukinbudin tenements acquired in the **Flash Metals acquisition** and development of **Flash Joule technology**.
- Convertible Note exercise triggered with announcement of Capital Raise.

MTM Critical Metals Limited (ASX:MTM) (MTM or the **Company**) is pleased to announce that it has received exceptionally strong demand from institutional and professional investors pursuant to Section 708 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for a two tranche **Placement** to raise **\$5 million** (before costs) through the issue of 62.5 million fully paid ordinary shares (**New Shares**) at an issue price of \$0.08 per New Share. For every two (2) New Shares purchased in the Placement, one (1) free attaching option (**Quoted Option**) will be issued. The Quoted Options will be issued on the same terms and form part of the same class as the existing quoted options (ASX: MTMO) which have an exercise price of \$0.25 and an expiry date of 26 November 2024.

In conjunction with the Placement, the Company will carry out a non-renounceable pro-rata offer (**Entitlement Offer**) to Eligible Shareholders (defined below) to raise up to approximately **\$2 million** (before costs) through the issue of one (1) New Share for every four (4) Shares held on the Record Date, at an issue price of \$0.08 per New Share. The Entitlement Offer includes one (1) free attaching Quoted Option for every two (2) New Shares purchased in the Entitlement Offer. The Quoted Options will be the same as the existing quoted options (ASX: MTMO).

The Placement was strongly supported by new and existing professional and sophisticated investors and institutions, resulting in the scaling back of some bids. The offer price of \$0.08 per share represents a

discount of 3% to the 12-Day VWAP (being the period of time that elapsed from announcing the [acquisition of Flash Metals](#) on 19 December 2023).

Commenting on the capital raise offers, Managing Director, Lachlan Reynolds said:

*“We are very pleased with the strong level of demand for the Placement which has validated our recently announced acquisition of Flash Metals Pty Ltd (**Flash**), which includes 3 granted tenements in the West Arunta region adjacent to ground held by WA1 Resources Ltd (ASX:WA1) and Encounter Resources Ltd (ASX:ENR) and 2 granted exploration licenses in Mukinbudin which have potential for Niobium and Rare Earth Elements (**REE’s**). Flash also holds an option to exclusively negotiate the rights to Flash Joule Heating technology developed by Rice University in Houston, USA which has demonstrated the potential to treat REE mineralisation and more efficiently recover critical metals from critical metal-rich recycling and waste streams.*

On the back of the strong demand for the New Shares and free attaching Quoted Options offered in the Placement, we are pleased to be able to offer New Shares to existing shareholders on the same terms as the Placement through a non-renounceable rights issue. The Company intends to make available the shortfall from the Entitlement Offer to certain investors who were scaled back in the Placement.

Proceeds from the capital raise will allow the Company to carry out exploration of its new and existing tenements and invest in the advancement of the Flash Joule technology.”

Placement details

The Placement will be undertaken in two-tranches for up to 62.5 million New Shares to professional and sophisticated investors pursuant to s 708 of the Corporations Act at \$0.08 per New Share to raise up to \$5.0 million (before costs).

- Tranche 1 Placement: unconditional placement of up to 19.9 million New Shares (**Tranche 1 Placement Shares**) under the Company’s existing placement capacity available under ASX Listing Rule 7.1 and 7.1A in the amounts of 14,915,562 and 9,943,708 respectively, at \$0.08 per New Share to raise \$1.59 million (before costs);
- Tranche 2 Placement: conditional placement of up to 42.6 million New Shares (**Tranche 2 Placement Shares**) at \$0.08 per New Share to raise \$3.41 million (before costs), subject to shareholder approval; and
- Tranche 1 and 2 Placement Options: conditional placement of up to 31.25 million Quoted Options (ASX: MTMO) with an exercise price of \$0.25 and an expiry date of 26 November 2024 (**Placement Options**), subject to shareholder approval.

The issue price of \$0.08 per New Share represents a 30% discount to the last traded price of \$0.115 on 9 January 2024 and a 26% discount to the 5-Day VWAP (\$0.109). The Board based the pricing of the New Shares on the 12-Day VWAP (\$0.083) being the number of trading days between the date of announcing the Flash acquisition on 19 December 2023 and the last day that the Shares traded on 9 January 2024.

Subject to shareholder approval under ASX Listing Rule 10.11, Directors of the Company have committed to increase their shareholding in the Company via the Placement with a combined bid of up to a further \$400,000.

Subject to shareholder approval, investors who participate in the Placement will be entitled to receive one (1) free attaching Quoted Option (ASX: MTMO) for every two (2) New Shares issued.

The New Shares issued under the Placement will rank equally with existing ordinary shares on issue. Each Quoted Option will be in the same class as the Company's existing Quoted Options (ASX:MTMO) with an exercise price of \$0.25 and an expiry date of 26 November 2024.

In the coming months, MTM will convene a meeting of shareholders to seek approval for the Tranche 2 Placement Shares and Tranche 1 and Tranche 2 Quoted Options to be issued under the Placement.

The Tranche 1 Placement Shares are expected to be issued on or about Thursday, 18 January 2024 and the Tranche 2 Placement Shares and Placement Options will be issued subject to shareholder approval, with the shareholder meeting expected to be in late February 2024.

Sandton Capital Advisory Pty Ltd (**Sandton**) and State One Equities Pty Ltd (**State One**) have acted as lead managers to the Placement. A Lead Manager Mandate was signed with the Company which entitles the Lead managers to receive fees as follows:

- Lead manager fee of 2% of all funds raised under the Placement;
- Capital raise fee of 4% of all funds raised under the Placement;
- 12 million MTMO options (Broker Options).

Entitlement offer details

Eligible Shareholders (defined below) will be offered one (1) New Share for every two (2) Shares held at the Record Date, at \$0.08 per New Share. **Eligible Shareholders** will be those who are the registered holder of Shares on the Record Date and have a registered address in Australia or New Zealand.

Eligible Shareholders who participate in the Entitlement Offer will be entitled to receive one (1) free attaching Quoted Option for every two (2) New Shares issued. The Quoted Options will be the same class as MTM's existing listed MTMO options (exercise price \$0.25 and an expiry 26 November 2024).

If the Entitlement Offer is fully subscribed, approximately 24.859 million New Shares will be issued which will raise approximately \$2 million (before costs). Eligible Shareholders may also apply (in excess of their entitlement) under a top-up offer for New Shares and Quoted Options not subscribed for by other Eligible Shareholders pursuant to the Entitlement Offer (**Shortfall Securities**), on the same terms as the Entitlement Offer. Directors can place Shortfall Securities at their discretion. Directors have indicated that they will take up their full entitlements under the rights issue.

Any Shortfall Securities that are placed will be subject to fees to the Lead Managers as follows:

- Lead manager fee of 2% of all funds raised under the Entitlements Issue shortfall;
- Capital raise fee of 4% of all funds raised under the Entitlements Issue shortfall.

The Company is preparing a prospectus for the Entitlement Offer which will be lodged with ASIC in due course (**Prospectus**). At the time of lodging the Prospectus, the Company will announce the timetable that is applicable to the Entitlement Offer. The Closing Date of the Entitlement Offer will be after the shareholder meeting that is being called to approve the issue of securities in connection with the acquisition of Flash. The Company provides the following dates for the Entitlement Offer, which are **indicative and subject to change without prior notice**:

Event	Date
Anticipated issue of Tranche 1 Placement Shares and Tranche 1 Conversion Shares	18 January 2024
Lodgement of Prospectus with ASIC, announcement of Offers and lodgement of Appendix 3B with ASX	30 January 2024
Ex date	2 February 2024
Record Date for determining Entitlements under the Entitlement Offer (5:00pm AWST)	5 February 2024
Prospectus and Application Forms despatched to Eligible Shareholders and Company announces that this has occurred Opening Date of Offers	8 February 2024
Last day to extend Closing Date of Entitlement Offer	22 February 2024
General Meeting of Shareholders	Anticipated late February 2024
Closing Date of Offers (5:00pm AEDT)	27 February 2024
Announcement of results of Entitlement Offer	29 February 2024
Anticipated date for issue of the New Shares and New Options (together the New Securities) under the Entitlement Offer Company lodges an Appendix 2A with ASX applying for quotation of the New Securities issued under the Entitlement Offer	5 March 2024
Anticipated date for commencement of New Securities issued under the Entitlement Offer trading on a normal settlement basis	6 March 2024
Anticipated date for issue of Tranche 2 Placement Shares (including related parties) and Placement Options	On or shortly after the date of the General Meeting

Use of funds

Funds raised from Tranche 1 of the Placement will be used to fund activities associated with the existing Pomme and East Laverton REE project including metallurgical testing, working capital and the costs of the Placement and Entitlement Offer. Funds raised from the Entitlement Offer and Tranche 2 of the Placement will be used to fund exploration of the new West Arunta and Mukinbudin exploration licenses and to finalise the licensing agreements for the Flash Joule Heating Technology with Rice University. Funding will also be allocated to advance the development and testing of the Flash Joule Heating processing plant.

	Tranche 1 Placement		Tranche 2 Placement and Entitlement Offer	
Use of Funds	\$ '000	%	\$ '000	%
Exploration – Canadian tenements	784	49%	1,000	19%
Exploration – East Laverton Tenements	400	25%	400	7%
Exploration – West Arunta and Mukinbudin	-	-	1,440	27%
Flash Joule Heating Licensing and development funding	-	-	1,678	31%
Working Capital	200	13%	537	10%
Expenses of the Placement and Entitlement Offer	207	13%	323	6%
TOTAL FUNDS ALLOCATED	1,591	100%	5,378	100%

Convertible Notes

On 21 November 2023, the Company announced the issue of convertible notes to the value of \$1 million (before costs) (**Convertible Notes**). On conversion of the Convertible Notes, 15,625,000 Shares (**Conversion Shares**) will be issued, together with 7,812,500 free attaching Quoted Options (ASX: MTMO) (**Conversion Options**). 4,971,854 Conversion Shares will be issued without shareholder approval utilising the Company's existing placement capacity under ASX Listing Rule 7.1 (**Tranche 1 Conversion Shares**) and the balance of the Conversion Shares and Conversion Options will be issued subject to shareholder approval. It is the Company's intention that the Convertible Notes will be converted before the initial interest free period of 90 days is triggered so no interest will be payable.

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

For further information, please contact:

Lachlan Reynolds
 Managing Director
 MTM Critical Metals Limited
 Phone: +61 (0)8 6391 0112
 Email: lachlan.reynolds@mtmmetals.com.au

Gareth Quinn
 Investor Relations
 Republic PR
 Mobile: 0417 711 108
 Email: gareth@republicpr.com.au

References

Acquisition of Flash Metals Pty Ltd -

- ASX announcement - Acquisition of West Arunta Niobium – REE Project (dated 19 December 2023)

MTM Convertible Note –

- ASX announcement – MTM secures \$1 million (dated 21 November 2023)

About MTM Critical Metals Limited

MTM Critical Metals Limited is an exploration company which is focused on searching for rare earth elements (REE), gold, lithium, nickel, and base metals in the Goldfields district of Western Australia and in the Abitibi region of the Province of Québec. The Company holds over 3,500km² of tenements in three prolific and highly prospective mineral regions in Western Australia and has an option to acquire, through an earn-in arrangement, a 100% interest in 2,400 ha of exploration rights in Québec, Canada. The East Laverton Projects is made up of a regionally extensive package of underexplored tenements prospective for REE, gold and base metals. The Mt Monger Gold Project comprises an area containing known gold deposits and occurrences in the Mt Monger area, located ~70km SE of Kalgoorlie and immediately adjacent to the Randalls gold mill operated by Silver Lake Resources Limited. The Ravensthorpe Project contains a package of tenements in the southern part of Western Australia between Esperance and Bremer Bay which are prospective for a range of minerals including REE, lithium, nickel and graphite. The Pomme Project in Québec is a known carbonatite intrusion that is enriched in REE and niobium and is considered to be an extremely prospective exploration target adjacent to a world class REE resource (Montviel deposit). Priority drilling targets have been identified in all project areas and the Company is well funded to undertake effective exploration programs. The Company has an experienced Board and management team which is focused on discovery to increase value for Shareholders.

Previous Disclosure

The information in this announcement is not based on any previous MTM Critical Metals Limited (formerly Mt Monger Resources Limited) ASX announcements. Previous Company announcements are all available from the MTM Critical Metals Limited website www.mtmcriticalmetals.com.au and the ASX website www.asx.com.au.

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