

23 August 2021

Acquisition of Nickol River Mining Project

Cyclone Metals Limited (ASX: **CLE**) (**Cyclone or the Company**) is pleased to announce the acquisition of a package of tenements from D&K D & K Corps Investments Pty Ltd (**D&K**) that form the central part of the Nickol River Gold Project area, located approximately 13km east of Karratha in the Pilbara region of Western Australia, (see Figure 1).

Nickol River Project

The Nickol River Project (**NRP**) (see Figure 2) comprises seven granted Mining Leases (M47/87, M47/127, M47/401, M47/421, M47/435, M47/455, M47/577) and five Miscellaneous Licences (L47/686, L47/687, L47/688, L47/689, and L47/565 (application)) and a Water Licence 177790.

The Nickol River project is within the Karratha Terrane on the north side of the Sholl Shear Zone, near the margin of the Karratha Granodiorite. The NRP tenements are underlain by the Roebourne Group, dominantly the peridotitic komatiite Ruth Well Formation. In addition to komatiite, the Ruth Well Formation includes komatiitic basalt, tholeiite, chert and peridotite and dolerite sills.

The immediate area surrounding and including the NRP tenements has been explored for gold since 1889. Most recently the tenement M47/1527 which is partly surrounded by tenements M47/127 and M47/401, has been drilled by a series of owners and alluvial gold mined by its present owners, Artemis Resources Limited, who released ASX announcements on the alluvial mining in the area.

No substantial modern exploration or drilling has been carried out on the NRP tenements.

Post settlement, D&K will retain rights to mine free digging gravel like materials including gravel, sand and other material commonly used for roadworks, earthworks, construction and the like on the tenements (**Gravel Rights**).

Proposed work programs at the Nickol River Project

It is proposed that a Sub Audio Magnetics (**SAM**) ground based geophysical survey be carried out over the NRP tenements, targeting primary structures and that may be host to gold mineralisation. There is a thin veneer of up to 4 metres of cover, that has impeded early time explorers since gold activities started in the area in 1889.

Based on successful results and delineation of structural targets, a Reverse Circulation (**RC**) drill program is proposed targeting surface to 100 metres depth.

Acquisition Terms

The material terms of the acquisition are as follows:

- a) **Consideration:** the Company will issue D&K 100,000,000 fully paid ordinary shares in the capital of the Company, to be issued under the Company's existing placement capacity under Listing Rule 7.1
- b) **Conditions precedent:** the acquisition is conditional on the Company and D&K entering into agreement pursuant to which D&K are granted the Gravel Rights as well as other conditions considered customary for a transaction of this nature.
- c) **Facilitation fee:** the Company has agreed to pay Rich Minerals Pty Ltd a \$200,000 fee for facilitating the acquisition.

In addition to the above, prior to completion of the acquisition, CLE also propose to undertake a capital raising to raise up to \$1 million, via the issue of up to 200,000,000 shares to sophisticated and professional investors, at an issue price of \$0.005 per share. These shares will be issued under the Company's existing placement capacity under Listing Rule 7.1. Funds raised will be applied toward (1) the Company's proposed work program on the NRP, (2) costs of the acquisition and (3) general working capital.

It is anticipated that settlement of the acquisition will complete in the coming weeks.



Figure 1: Nickol River Project location and tenements, 13km to the east of regional city of Karratha.

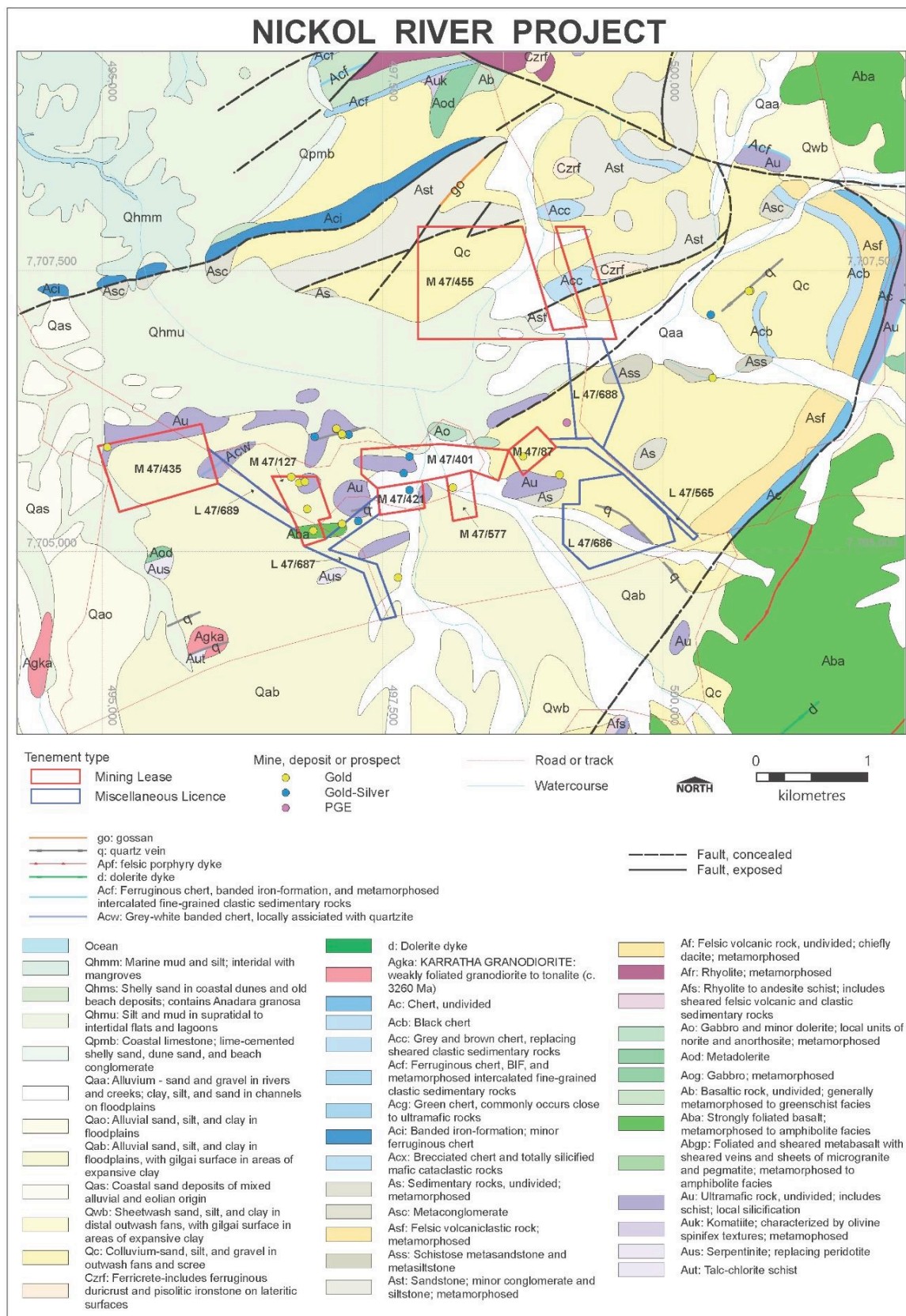


Figure 2: Surface geology Dampier geology sheet. (modified after Hickman et al, 1995 and 2003 Dampier and Roebourne)

Cyclone Non-Executive Chairman, Terry Donnelly commented, " This is a small but significant acquisition in a very desirable location for gold. We will commence work on the ground immediately."

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

Yours faithfully
Cyclone Metals Limited

Terry Donnelly
Non-Executive Chairman

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Competent Persons Statement

The Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Edward Mead, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mead is a consultant to the company and employed by Doraleda Pty Ltd. Mr Mead has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Mead consents to the inclusion of this information in the form and context in which it appears in this report.