

19 January 2023

LABRADOR TRANSACTION UPDATE AND PLACEMENT

Cyclone Metals Limited (ASX: **CLE**) (**Cyclone** or **the Company**) is pleased to announce that it has received firm commitments from institutional and sophisticated investors to raise \$1,350,000 (before expenses) through a placement of fully paid ordinary shares at an issue price of \$0.0025 per share (**Placement Shares**) (**Placement**).

Subject to completion of the proposed acquisition by the Company of Labrador Iron Pty Ltd, which owns the Block 103 Magnetite Iron Ore Project (**Block 103**) as announced to the ASX on 4 January 2023 (**Labrador Transaction**), the Company intends to apply the funds raised from the Placement toward the Company's proposed work program on the Block 103 Magnetite Iron Ore Project and costs of Labrador Transaction and for general working capital requirements.

The Company wishes to clarify that completion of the Labrador Transaction remains subject to satisfaction of certain conditions precedent, as set out in the ASX announcement dated 4 January 2023, including the receipt of shareholder approval for the issuance of the consideration shares. Accordingly, the first bullet point in the ASX announcement dated 4 January 2023 should be read: "Cyclone has entered into a conditional agreement to acquire Labrador Iron Pty Ltd, who owns 100% of the Block 103 Magnetite Iron Ore Project." The Company expects that completion of the Labrador Transaction will occur once the Company receives the necessary shareholder approvals for the issue of the consideration shares. A notice of shareholder meeting will be distributed to shareholders shortly, with the meeting expected to be held on or about late February 2023.

The Company wishes to advise of a correction to the Appendix 3B dated 4 January 2023. The Appendix 3B released on this date stated the Company would seek shareholder approval for the Placement Shares disclosed in the ASX announcement dated 4 January 2023 entitled "Cyclone Metals acquires 100% of the largest undeveloped magnetite iron ore deposit in the world". The Company is intending to issue the Placement Shares without shareholder approval under the Company's current 15% placement capacity pursuant to Listing Rule 7.1. An amended Appendix 3B accompanies this announcement.

Cyclone Executive Director, Tony Sage, commented: "Block 103 is an exceptional project and takes us back to our iron ore roots, we look forward to developing a plan for this high-potential opportunity".

The Placement's lead manager is Barclay Wells Limited (**Barclay Wells**). Barclay Wells will be paid 6% of the amount raised, be issued 25,000,000 fully paid shares in the Company, and enter into a contract to provide advisory services to the Company for 12 months commencing 1 March 2023.

This announcement is intended to lift the trading halt requested by the Company on 17 January 2023.

Announcement authorised for release by the board of Cyclone.

ENDS

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