ACN: 646 466 435
ASX: M2M

ASX Announcement

MT MALCOLM MINES NL

Funding and WA Lithium Exploration Footprint Expansion at Lake Johnston

30th November, 2023

Highlights

- **$1,100,000 funding package to be secured to accelerate lithium and multi element exploration activities.**
- **Mt Malcolm has entered into a binding agreement with Golden Venture Capital Pty Ltd to acquire exploration license E 63/2258 in the Lake Johnston Greenstone Belt.**
- **Initial target area defined from historic drilling with pegmatite described in logging.**
- **Drilling programs of works (POW) lodged with Department of Mines Industry Regulation and Safety (DMIRS).**
- **Additional exploration licence applications in the belt expand potential exploration footprint to 200 square kilometres (subject to grant of the applications).**
- **M2M board commit to unanimous financial support of the Company's cash management strategy with debt and fees conversion.**

M2M's Managing Director Trevor Dixon said "This is an exciting time for the Company as we merge into other commodities. Lake Johnston is developing as an emerging Lithium region with the recent TG Metals Ltd spodumene discoveries in recent times.
We find ourselves in good company with the recent Rio Tinto and Charger Farm-in agreement reaffirming the potential prospectivity of Lake Johston and its potential to host large scale lithium deposits".

I would like to take this opportunity to sincerely thank the Novus Capital Ltd team along with the new and existing sophisticated shareholder group who have recognised our company's intrinsic value.

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Mt Malcom Mines NL (ASX:M2M) (Company) is pleased to announce that it has secured a right to acquire Exploration Licence 63/2258 with an area of 75 km^2, and has applied for additional exploration licences with an area of 125 km^2, for an aggregate 200km^2 of prospective land in the Lake Johnston area, located 10km west of LCT pegmatite prospects at Mt Day, 25km southwest of the Chatterly LCT pegmatites,20km north west of the Pagrus pegmatite prospects, 50km north west of the Burmeister pegmatite prospects and 60km east of the Earl Grey, Mt Holland and Forrestania LCT Pegmatite mines, deposits and prospects.

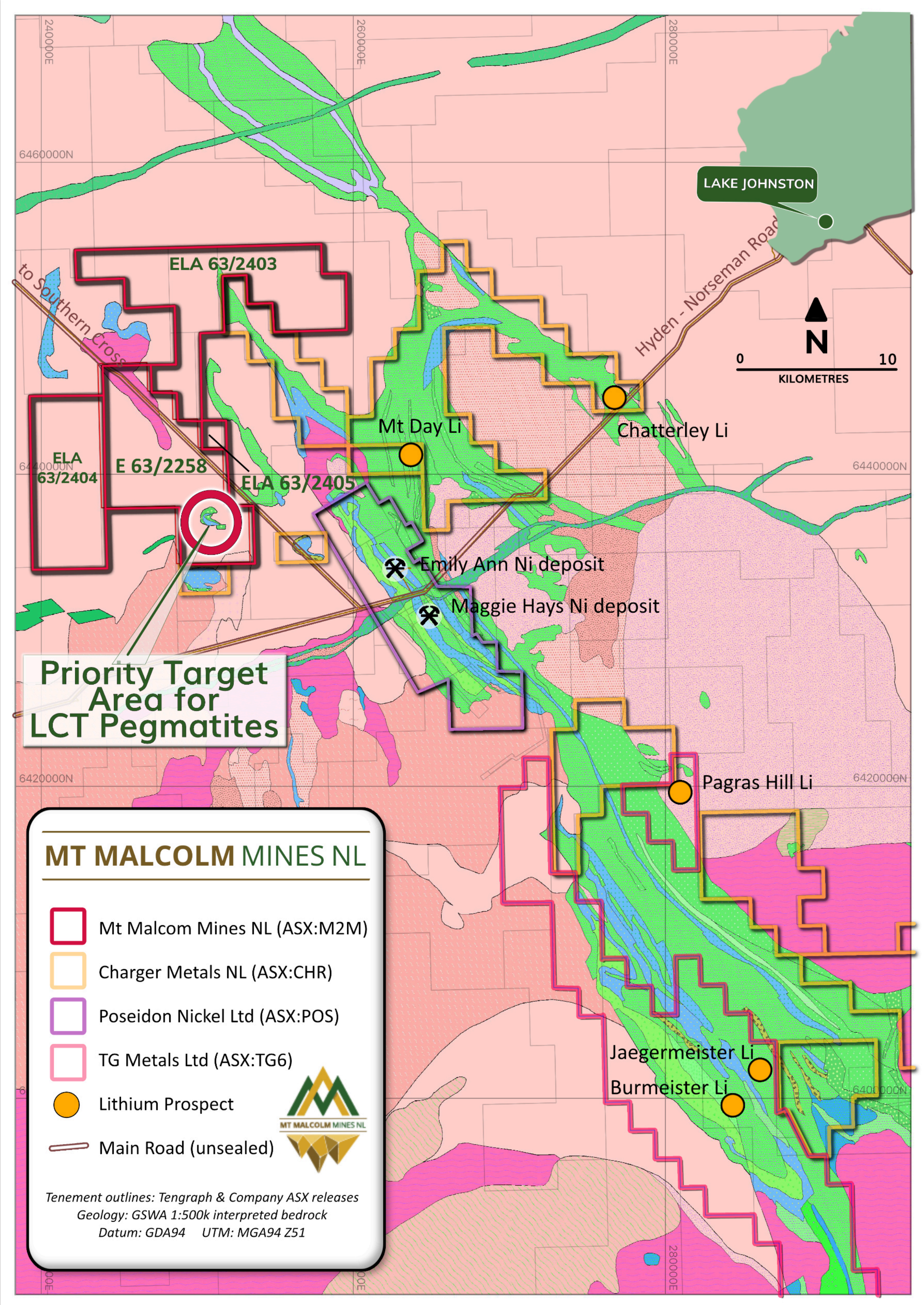

Figure 1. Location of the Lake Johnston Lithium Project and surrounding Lithium Explorers and key prospects (see Figure 2 for enlarged target area).

Funding Package

The Company also wishes to advise that it will be raising $1.1 million via a Placement to sophisticated and professional investors through the issue of 44 million shares at 2.5 cents per share (**Placement Shares**). The Company will also issue one attaching option for every two Placement Shares subscribed, each exercisable at 7 cents and with an expiry date of 31 December 2025 (**Placement Options**) (together the **Placement**).

Director Participation

The Company's Chairman has committed to subscribe for a total of $50,000 (2,000,000 Placement Shares and 1,000,000 Placement Options) in the Placement. Director participation is subject to shareholder approval under ASX listing rule 10.11.

Placement Details

The Placement Shares will be issued in two tranches, with Tranche One comprising the issuing of 15,000,000 Placement Shares (raising $375,000 before costs) under the Company's existing listing rule 7.1 capacity. The issue of the Tranche One Placement Shares is not subject to shareholder approval and are anticipated to be issued on or around 5 December 2023 (Tranche One).

The issue of the remaining 29,000,000 Placement Shares (raising $725,000 before costs) and the 22,000,000 attaching Placement Options to all Placement participants **(including the Tranche One Options**), are subject to shareholder approval under listing rule 7.1 at a general meeting to be held in mid to late January 2024. This portion of the Placement is expected to be issued shortly after the January 2024 general meeting **(Tranche Two**).

Placement Shares will rank equally with the existing fully paid ordinary shares on issue.

The issue price of 2.5 cents per Placement Share represents a 26.5% discount to the last ASX closing share price of 3.4 cents prior to the Company's trading halt announced on 23rd November 2023.

Subject to meeting relevant ASX listing rule requirements, the Company will seek quotation of the Placement Options.

Novas Capital Limited acted as Lead Manager and Broker for the Placement on terms considered standard for such Placements.

Conversion Securities

As part of the Company's funding and cash management strategy, and in addition to the Placement, the Company's Directors have also agreed, subject to shareholder approval, to convert outstanding director and legal consulting fees of $44,000 and loan balances of $500,000 (refer ASX announcement of 31 October 2023) into 21,760,000 ordinary shares and 10,880,000 options, converted on the same terms as the Placement.

Use of Funds

The Company will use the funds raised under the Placement, along with its existing cash, for the following purposes:

- Exploration and Evaluation activities at the company's new and existing projects.
- High impact drilling programs to follow-up and expand known pegmatite occurrences at the Lake Johnston Project.
- Resource definition drilling at the Golden Crown prospect within the Malcolm Project, and for general working capital purposes.

Project Tenure

Mt Malcolm has entered into a binding agreement with Golden Venture Capital Pty Ltd (GVC) to acquire 100% beneficial ownership in granted exploration license E 63/2258 in the Lake Johnston Greenstone Belt (**HOA**). See Appendix 1 for a summary of the material terms and conditions of the HOA.

Concurrently, the Company advises that is has made 3 applications for Exploration Licences 63/2403, 63/2404 and 63/2405 at Lake Johnston, which, if granted, will enhance M2M's exposure to the belt which is rapidly being identified as a significant district for the prospectivity of LCT pegmatite hosted mineralised rock formations.

Priority Target Defined

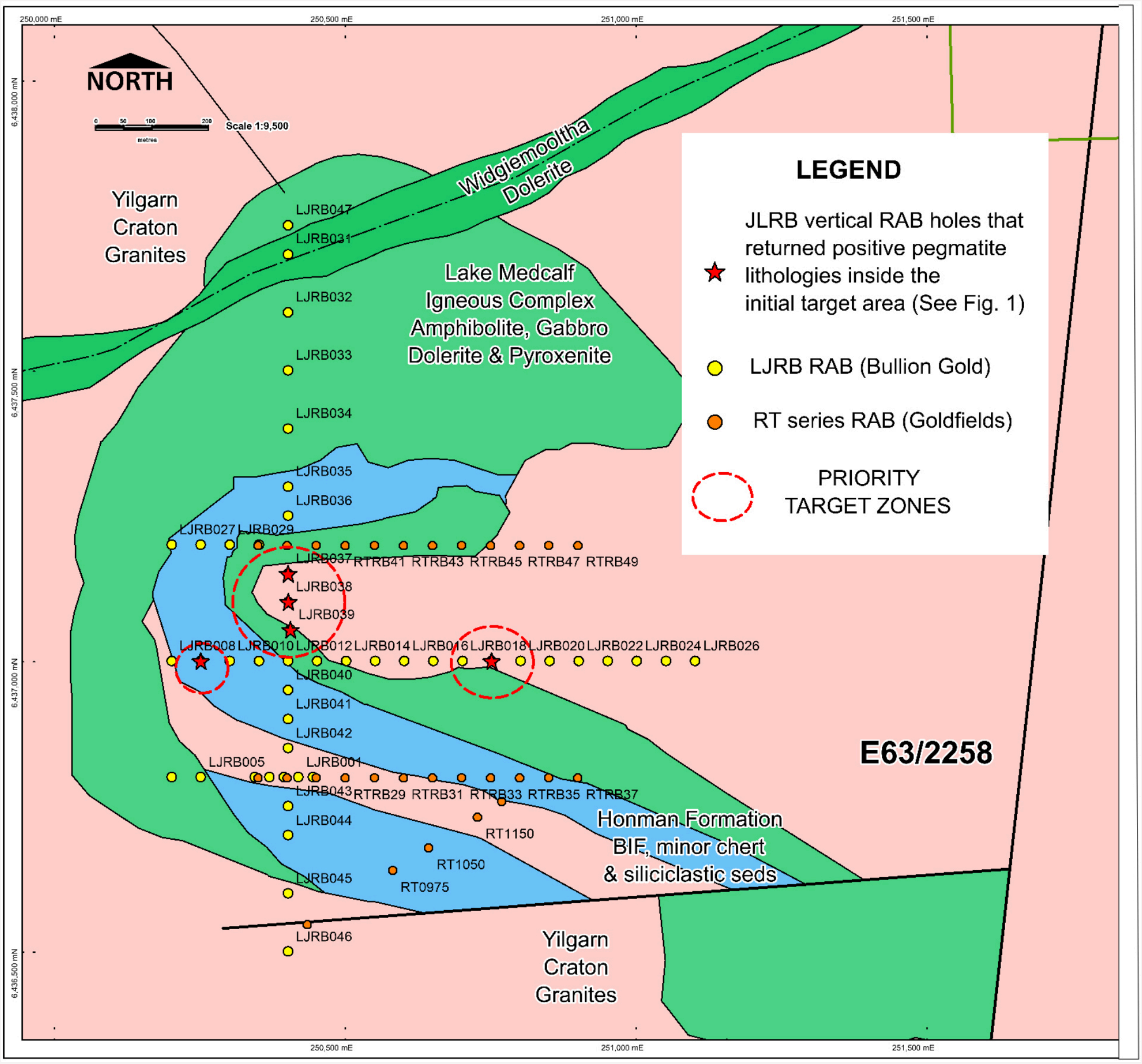

Figure 2. Location if the Initial target area and Goldfields and Bullion RAB drilling collars over GSWA geology, pegmatitic occurrences in drill spoil are highlighted.

Targeting Pegmatite Identified in Historical Drilling

The Lake Johnston Project is located within the Lake Johnston Greenstone Belt approximately 450km east of Perth and immediately northwest of the well serviced Emily Ann and Maggie Hays Nickel deposits.

RAB drilling conducted by Bullion Minerals on their Lake Johnston Project (2002) identified several pegmatitic lithologies in drill spoil within the Lake Medcalf Igneous Complex.

Brittle fracture zones adjacent to fertile granites present as excellent pegmatite hosted target zones. The regional geological setting and the proximity to fertile granites are important in the emplacement of Lithium-Cesium-Tantalum (LCT) pegmatites. It appears that for the nearby Mt Day LCT pegmatite field and Chatterley pegmatite prospects (held by Charger Metals) that the source granites may form part of the same igneous complex (refer Figure 1).

Contact zones between granitic domes and greenstones present as a first-class target in the Lake Johnston region. The greenstones and mafic volcanics appear to be dislocated segments of the Emily Ann/Maggie Hays stratigraphy highlighting the structural complexity of the region.

Access is excellent via the well-maintained Southern Cross-Maggie Hays Road that truncates E63/2258 and the Project area is covered by an existing closely spaced grid system dating back to earlier base metal and gold exploration by several companies.

The Company intends to carry out several staged exploration programs targeting Lithium and Rare Earth mineralisation. Initially conducting field visitation to confirm pegmatitic drill spoil in the Goldfields and Bullion RAB drilling with geological mapping and rock chip sampling of outcropping pegmatite intrusions.

Soil geochemical sampling programs will be conducted over the areas that have the potential for lithium mineralisation. Follow up Reverse Circulation drilling is planned to be conducted over the area where a cluster of pegmatites were previously encountered in historical drilling and areas returning positive soil geochemical results. A POW has been lodged with DMIRS and is anticipated to be granted later this year (POW Ref. 122003).

References

Williamson G. & Baxter C. (2002) Annual Report for the period 18 May 2001 to 17 May 2002. Round Top Tenement E63/703. Reporting date 17 May 2002. Bullion Minerals Ltd. (A64952).

Charger Metals (2023) ASX Announcement 20 November. Rio Tinto and Charger Metals sign Farm in Agreement for Lake Johnston Lithium Project.

Warland I. (1998) Combined Annual Mineral Exploration Report for the period 24/12/1996 to 23/12/1997. Lake Johnston JV Project. Goldfields Exploration Pty Ltd and Bullion Gold NL. GSWA Ref. C159/1997. (A54574).

This announcement has been authorised by the Board of Mt Malcolm Mines NL.

For further information please contact: -
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Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Paul Maher, a Competent Person and a full-time employee of the company who is a Member of The Australasian Institute of Mining and Metallurgy in addition to being a shareholder in the company. Mr. Paul Maher has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Paul Maher consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.' The Company is not aware of any new information or data that materially affects the information included in the above.

Appendix 1: Summary of Key Terms of HOA

On 29 November 2023 Mt Malcolm Mines NL (ACN 646 466 435) (ASX:M2M) (M2M) and Golden Venture Capital Pty Ltd ACN 639 258 245) (GVC) executed a binding heads of agreement (HOA), which set out terms with respect to M2M's proposed acquisition of exploration license E 63/2258 (Tenement).

On 13 November 2023, GVC entered into a terms sheet with Liconi Pty Ltd (ACN 659 406 167) (**Vendor**) (**Terms Sheet**), pursuant to which the Vendor granted GVC the option to acquire the Tenement (**Option**). Under the Terms Sheet, GVC may assign its rights under the Terms Sheet to an ASX listed company.

Under the HOA MCM is acquiring GVC's right to exercise the Option to acquire the Tenement from the Vendor by taking an assignment of the Terms Sheet (**Assignment**).

In consideration for the Assignment M2M agrees to:

(a) pay GVC (or its nominee) a cash payment of A$70,000 in immediately available funds (**Cash Consideration**);

(b) issue to GVC or its nominee that number of fully paid ordinary shares in the capital of M2M (**M2M Shares**) equal to A$90,000 based on the lower of; A$0.02 per M2M Share; or the issue price of M2M Shares under the Placement (**Consideration Shares**); and

(c) grant a 0.5% NSR royalty in favour of GVC,

(together, the **Consideration**).

The Cash Consideration will be paid in full, and the Consideration Shares will be issued, subject to shareholder approval, on completion of the Assignment (**Completion**).

MCM has paid an exclusivity fee of $20,000 to GVC separate from the Consideration.

Under the Terms Sheet, A$60,000 in cash and/or shares is payable to the Vendor on exercise of the Option (**Option Exercise Fee**), which will occur contemporaneously with the payment of the Consideration.

The parties have agreed that the Consideration payable under the HOA will be reduced by the Option Exercise Fee. For example, if the Vendor elects for the Option Exercise Fee to be paid entirely by way of the issue of M2M Shares, the value of the Consideration Shares to be issued to GVC will be reduced by A$60,000.

At Completion, M2M will also grant the Vendor a 0.5% NSR royalty in favour of the Vendor.

Completion is conditional upon the satisfaction (or waiver by M2M) of the following conditions precedent:

(d) **Capital raising**: M2M undertaking a capital raising and receiving valid applications for at least A$1,100,000 worth of M2M Shares under the Placement;

(e) **Approvals**: M2M having obtained all necessary shareholder and regulatory approvals required to complete the transaction as required by the listing rules of the ASX and the Corporations Act, including shareholder approval for the issuance of the Consideration Shares;

(f) **Third party approvals**: the parties obtaining all third party approvals and consents, including the consent of the Minister responsible for the Mining Act (if required), necessary to lawfully complete the matters set out in this Agreement;

(g) **Vendor consent**: the Vendor providing written consent to the Assignment;

(h) **Royalty Deeds**: M2M entering into the Royalty Deeds with GVC and the Vendor; and

(i) **Deed of assignment**: M2M, the Vendor and, if necessary, the relevant third party, executing a deed of assignment with respect to a Heritage Agreement that the Tenement is subject to,

(together, the **Conditions Precedent**).

If the Conditions Precedent are not satisfied (or waived by the Party with the benefit of the Condition Precedent) on or before 30 April 2024 (End Date), then any Party may terminate the HOA.

The balance of the HOA contains standard terms and conditions in agreements of its type.