

Critical Metals PLC: Issue of Convertible Loan Notes and Corporate Update

written by Raj Shah | April 10, 2024

Advancing the Molulu Copper/Cobalt Project

April 10, 2024 ([Source](#)) – Critical Metals plc, developer and operator of the Molulu Copper/Cobalt Project (“Molulu”) in the Democratic Republic of Congo (“DRC”), is pleased to announce that it has raised £1,603,600 through an oversubscribed private placement of convertible loan notes to existing shareholders and new investors (the “CLN Holders”).

The funds raised will be used for the following purposes:

1. Improve the public road to Molulu, which is key step implementing sales of copper ore;
2. Advance the initiated Phase 1 drilling plan and drilling programme with the aim of establishing a JORC resource;
3. Create a block model and mine plan; and
4. General working capital purposes.

Terms of the Convertible Loan Notes

On 9th April 2024 the Company created £1,603,600 unsecured convertible loan notes (“CLNs”). The principal amount due under the CLNs shall be converted into a corresponding number of new fully paid ordinary shares of £0.005 each (“Ordinary Shares”) at the conversion price of the lower of: 4.8 pence per Ordinary Share or 10% discount to the volume weighted average price of the Ordinary Shares on the Main Market for the 5 trading days

prior to the publication of the Secondary Prospectus (as defined below) ("Conversion Price").

As the Company does not currently have sufficient headroom to admit the Ordinary Shares to be issued on conversion of the CLNs to trading on the London Stock Exchange's Main Market, the conversion of the CLNs into Ordinary Shares is conditional upon (i) publication by the Company of a simplified prospectus approved by the Financial Conduct Authority ("FCA"), which includes a disclosure referring to the conversion of the CLNs ("Secondary Prospectus") and (ii) admission to the standard segment of the Official List of the FCA and trading on the London Stock Exchange's Main Market of the new Ordinary Shares to be issued on conversion of the CLNs provided that the issue of such new Ordinary Shares will not result in any such CLN Holder, together with any persons acting in concert, holding 30% or more of the voting rights of the Company at any time (the "Conversion Conditions"). The Company will endeavour to meet the Conversion Conditions as soon as reasonably practicable.

Other key terms are as follows:

- all the CLNs when issued and while they are outstanding shall rank pari passu, equally and rateably;
- the Ordinary Shares arising on conversion of the CLNs shall be credited as fully paid and rank pari passu with the Ordinary Shares already in issue;
- interest shall be payable on any outstanding CLNs (so far as not converted) at a fixed coupon of 10 per cent of the outstanding principal amount of the CLNs on the first anniversary of the CLNs or on conversion, such interest to be paid in cash or Ordinary Shares at the option of the CLN Holders;
- if the Company fails to pay redemption monies when due, interest will continue to accrue on the unpaid amount at

the default interest rate of 5 per cent per annum above the Barclays Bank plc's base rate during the relevant period of default.

Terms of the Subscriptions

The CLN Holders irrevocably subscribed in cash for and agreed to purchase from the Company on a private placement basis the CLNs ("Subscription").

The Company has created a warrant instrument pursuant to which it has granted on completion of the Subscription, 600,675 warrants over new Ordinary Shares to Fox Davies Capital Limited exercisable at the Conversion Price for a period of three years from the date of issue of the CLNs.

Background, Rational for the Placing & Allocation of Funds

Molulu is a historically producing copper/cobalt project situated within the prolific Katangan Copperbelt. It is in close proximity to copper smelters in Lubumbashi and Likasi, and there was an off-take agreement with OM Metals & Resources SARL in the Project that the Company intends to renew. The Company aims to recommence production in H2 2024 upon successful restart and conclusion of its planned drilling campaign, the creation of a block model, and approving a restart mining plan to target monthly production of 10,000 tonnes of copper ore. A mining contractor has been selected.

The initial use of the CLNs funds will be for the rehabilitation the 17 mile/28 kilometre public road leading to Molulu Project, which the Company will upgrade to make it more resilient to the anticipated traffic and the effect of the rainy season. This work will allow the resumption of sales of existing copper ore currently sitting on the ore pad and extend benefits to the surrounding community, aligning with the

Company's ongoing commitment to engage with local villages and stakeholders. The Company has already selected a road contractor (see RNS dated 8 January 2024), which will commence work as soon as a deposit is lodged, which is anticipated to happen shortly after this announcement. The Company will update the market once the road improvements begin. The Company has been advised the works may take between 60 and 90 days.

It is the intention of the Company to advance the Phase 1 drill programme in order to increase the input data for the block model, in order to construct the mine restart plan, and ultimately create a JORC report. The timing of the commencement of the drill programme is currently under discussion and the market will be updated in due course.

The remaining portion of the capital raised will be allocated towards finalising the OTCQB listing in the United States and supporting general working capital requirements.

US\$100,00 of the net proceeds of the CLN will be used to repay to sums borrowed by the Company under the facility announced on 18 September 2023. The lender of that facility has agreed to apply US\$79,500 of interest and fees due under, and related to, that facility to subscribe for CLNs. This US\$79,500 forms part of the £1,603,600 gross sums raised from the issue of the CLNs.

New Non-Executive Director

As mentioned in the RNS dated 11 March 2024, Gordon Thompson has now joined the Board of Critical Metals plc as a Non-Executive Director. Gordon has been instrumental in building mines, improving processing operations, and designing copper/cobalt plants in the DRC at mines such as Boss Mining (Mukundo Mountain), SEK (Kipoi), and Chemaf. Gordon's expertise in this area is unmatched and his next visit to Molulu will be in April 2024 along with the Company's CEO.

US Government Funding

The US Government has many programmes that support corporate expansion in the DRC. One of these programmes is guaranteeing bank loans that are provided by African financial institutions.

Critical Metals has recently received a term sheet from one of the partner financial institutions to provide a \$11,000,000 loan at a market related interest rate. As this term sheet is under discussion, further details will be provided only once a term-sheet is executed. There is no guarantee this term-sheet will be executed, and negotiations can take an extended time period.

Meanwhile, other funding applications have been submitted to US Government supported agencies. We will update the market on these applications as required.

KASTRO SARL Plant Transaction

After a lengthy due diligence process, it was mutually agreed to terminate the proposed transaction to rent and potentially acquire the assets of the Kastro SARL processing plant. The Company has entered early-stage discussions with another processing plant and has visited the plant several times, which is on care and maintenance in the Katanga province. Negotiations and discussions are complex and further news will be released when appropriate.

Total Number of Shares

The total number of Ordinary Shares in issue is 67,389,680 and not 67,392,680 as set out in the Company's announcement of 8 January 2024, which was incorrect due to an administration error. 67,389,680 Ordinary Shares is the figure which may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their

interest in, or a change to their interest in the Company under the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules.

Appointment of Broker

The Company has appointed Fox-Davies Capital Limited broker. Fox-Davies has a 23-year track record of specialising in assisting junior natural resources companies raise capital and advising on investor relations.

CEO Comment

Company CEO Russell Fryer commented: *"I am delighted the Company has received such strong support from existing and new institutional investors leading to this placing being oversubscribed. The additional funds will allow the Company to significantly progress key items to help resume production and move the Company closer to being cash generative.*

The improvements to the road will allow the Company to ship ore in the near term. The JORC report will be an important milestone to allow the company to implement the recommencement of the mine. With the recent strong improvement in the copper price, the entire Company is keen to move to cash flow as soon as possible. The appointment of Gordon Thompson to the team will greatly enhance our inhouse technical resource and will be a great addition help in meeting our objectives.

I am also looking forward to working with Fox-Davies Capital. Peter Rose, senior mining analyst at Fox-Davies, and I have known each other for over 20 years since we both worked together at Duetsche Bank, and I have great deal of respect for his knowledge and experience. I was delighted to have hosted Peter on a site visit to the DRC last year. We will work closely with the entire team to increase investor engagement and

awareness. “

PDMR Dealing

The Company has recently noted that although it announced on 31 May 2023 Russell Fryer’s participation in its placing, this announcement did not include the information in the prescribed form. This information has been included below at the request of the Financial Conduct Authority.

****ENDS****

For further information on the Company please visit www.criticalmetals.co.uk or contact:

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About Critical Metals

London listed Critical Metals plc is focused on identifying low CAPEX and OPEX brown-field projects with near-term production and cash-flow, concentrating on minerals that have strategic importance to future global economic growth. In line with this, and with an off-take partner already in place, the Company is currently focused on recommencing production at the formerly producing Molulu Copper/Cobalt Project in the Katangan Copperbelt in Democratic Republic of Congo (‘DRC’).

Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely

associated with them

1	Details of the person discharging managerial responsibilities / person closely associated				
a)	Name	Russell Fryer			
2	Reason for the notification				
a)	Position/status	Director of Critical Metals PLC			
b)	Initial notification /Amendment	Initial notification			
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor				
a)	Name	CRITICAL METALS PLC			
b)	LEI	213800MU3B7CS88PY290			
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted				
a)	Description of the financial instrument, type of instrument	Ordinary Shares			
	Identification code	GB00BJVR6M63			
b)	Nature of the transaction	Off market purchase of shares			
c)	Price(s) and volume(s)				
			Price(s)	Volume(s)	
			£0.25	40,000	

d)	Aggregated information	
	– Aggregated volume	N/A Single transaction
	– Price	
e)	Date of the transaction	30 May 2023
f)	Place of the transaction	London Stock Exchange

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