

Potential acquisition of near-term Lithium production asset

[MEDCAW INVESTMENTS PLC](#)

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- **Signing of conditional implementation agreement with Abyssinian Metals Limited**
- **Equity Fundraise & Suspension of Trading**

Medcaw Investments plc (LSE:MCI), an acquisition vehicle, is pleased to announce that it has entered into a conditional implementation agreement with Abyssinian Metals Limited ("AML"), a company incorporated in Australia and developing the Kenticha lithium project located in Oromia State, Southern Ethiopia.

Subject to the Company being satisfied with technical, legal, accounting, tax, financial, commercial and environmental due diligence on AML the Company will consider making an offer to acquire up to 100% of the entire issued share capital of AML ("AML Shares") in consideration for the issue and allotment of new ordinary shares ("Ordinary Shares") in the Company to the shareholders of AML ("Proposed Transaction"). As at the date of this announcement no decision has been made by the Company whether to proceed with an offer for the AML Shares or otherwise and there is no offer that is capable of being accepted by the shareholders of AML.

AML is a clean energy metals company with a focus on the development of the Kenticha lithium project in which it has a 51% legal and beneficial interest and manager of the project with the Oromia State holding 49%.

Highlights:

- The Company has entered into a conditional implementation agreement with AML ("AML Agreement") which details, inter alia, an agreement for the Company to finalise technical, legal, accounting, tax, financial, commercial and environmental due diligence on AML with a view of advancing a timetable and negotiations for a potential offer;
- Medcaw has today raised £400,000 at 8p per share ("Placement Shares") through an equity placement to various high net worth and institutional investors introduced by GIS Global Investment Strategy ("GIS") ("Placement").
- Subject to satisfactory due diligence any formal offer by the Company for the shares in AML is expected to be conditional on:
 - receiving acceptances under the Offer from shareholders of AML holding at least 51% of the voting rights of AML;

- o if required, a waiver by the UK Takeover Panel (the "Panel") in respect of the obligations under Rule 9 of the Takeover Code on the shareholders of AML to make a mandatory offer for the shares in the Company having been granted;
- o if required, approval by shareholders of Medcaw Investments of the waiver granted by the Takeover Panel and as required any other approvals of the shareholders of the Company having been granted;
- o there having been no material adverse change in the business, results of operations, condition (financial or otherwise) or prospects of AML or any of its subsidiaries from the date prior to completion of the Proposed Transaction;
- o various board and shareholder approvals; and
- o other conditions to be confirmed in due course.
- If completed, the Proposed Transaction will constitute a reverse takeover under the Listing Rules. The Company is currently unable to provide full disclosure under Listing Rule 5.6.15 in relation to AML and it has requested a suspension of trading in its shares with immediate effect. The trading of the Company's shares will remain suspended until such time as a prospectus is published in relation to the Proposed Transaction or the Company announces that the discussions have been terminated.
- Given the conditionality of the implementation agreement, including a due diligence condition before an offer is agreed, there can therefore be no guarantee that the Proposed Transaction will proceed as envisaged or that it will proceed at all. No offer has been made by the Company at this stage.

The Company and AML have engaged professional advisors to finalise due diligence and, should the due diligence condition be satisfied and an offer for the AML Shares be confirmed, assist with the documentation to implement the timetable in the implementation agreement.

Highlights of the Kenticha project:

- The Kenticha project has JORC, open-pitiable, inferred resource of 87.7mt @ 0.78% Li₂O with exploration upside of up to 51mt Li₂O. Assay re-sampling of historic pulps, which is 60% completed with CSA Global, expected to increase the Li₂O grade by up to 25%.
- 3 high grade starter pits identified @ 1% Li₂O cut-off of c. 20mt @ 1.2% Li₂O (pre re-assay of pulps - post expected Li₂O 1.5%+)

Near term production highlights

- o Stage 1 (a) of 80,000 tpa (annualised) of 5.5% spodumene concentrate (SC5.5) from the first of the Dense Medium Separation ("DMS") plants at the Kenticha project is due to be commissioned in late 2023.
- o Stage 1 (b) - 240,000 tpa (annualised) SC5.5 from end of 2024 as the second DMS plant is commissioned.
- o 2025 production equates to circa USD720m annualised revenue assuming USD3,000 per tonne of SC5.5. Significant profit margin given forecast of all in sustaining cost of USD750 per tonne which is

estimated to reduce to USD525 per tonne once production hits nameplate capacity of Stage 1 (b) DMS.

- o Feasibility Study underway on Bespoke Model production plant - 5mtpa plant producing an additional 600,000 tpa SC5.5 with scheduled production early 2027.
- 840,000 tpa of SC5.5 on commissioning of the Bespoke Model is targeted from the end of 2027 putting AML in the top quartile of lithium spodumene concentrate producers globally.
- AML has developed strong relationships in Ethiopia including vital support from both the federal, state and local governments including the local community in which it operates.
- AML has entered into a credit facility with New York based institutional asset manager which enables AML to draw down up to USD25m at its option.
- AML has secured additional project funding of USD60m secured over 180 ktpa SC5.5 production for 3 years.
- AML as manager of the Kenticha project has 100% of the marketing rights of the SC5.5 product.
- AML directors and management have a wealth of experience in bringing tier 1 mining assets into production across Africa.
- World leading third party consultants engaged for all aspects of the project are as follows:-
 - o Neuplan - engineers and project managers for Stage 1 (a) and (b) of the DMS plants
 - o CSA Global - geological modelling and resource reporting
 - o Knight Piesold - geotechnical consultants
 - o Min-met Projects - construction of DMS plants

Kenticha Lithium Project

Kenticha is a highly evolved, rare element, Lithium Caesium Tantalum (LCT) pegmatite project comparable to other major rare-element pegmatites such as Greenbushes, Tanco, Wodgina, Volta Grande and Altai No.3. Kenticha is a late-stage development asset which AML intends to develop with the production of spodumene concentrate planned in stages, with near-term production through a Dense Medium Separation (DMS) modular plant.

Recent progress of the Kenticha site includes initial camp construction to accommodate the operating team and security personnel, provision of services to the local community, and civil works including roads, water, and power. There have been discussions and provisional agreements with port authorities for port access and freight forwarding arrangements, as well as mobilisation of contractors and equipment for the start-up of operations including drilling programmes which recently commenced. The construction and fabrication of the

DMS modular plant for the Stage 1 (a) Near Term Production has been custom-built in Johannesburg and is in the process of being packed up and shipped to Ethiopia. It is anticipated that the Stage 1 (a) DMS will be in-situ at the Kenticha site in August 2023 and commissioning will start thereafter with the first SC5.5 being produced by the end of 2023.

The Proposed Transaction

Subject to, and conditional upon, the Company being satisfied with due diligence on AML, Medcaw Investments and AML have agreed to work together in order to formalise a potential offer by Medcaw to the shareholders of AML for up to 100% of the issued share capital of AML in accordance with the indicative timetable set out in the AML Agreement.

As at the date of this announcement no decision has been made by the Company whether to proceed with an offer for the AML Shares or not and, for the avoidance of doubt, nothing in this Agreement is a statement of intention by the Company to make a takeover bid for the Offeree under section 631 of the *Corporations Act 2001* (Cth). Further, this announcement is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to any binding contract or commitment.

There is no certainty that the further discussions between the Company and AML will result in any offer being made for the shareholders of AML to consider. The shareholders of AML do not need to take any action at this time as no offer has been made.

Should the Company elect to proceed with a takeover bid it will update the market at that time.

Any takeover offer by the Company is likely to be subject to a number of conditions, some of which are briefly mentioned above.

Details of Equity Fundraise

Medcaw has today raised gross proceeds of £400,000 at 8p per share ("New Ordinary Shares") through an equity placement to various high net worth and institutional investors introduced by GIS Global Investment Strategy ("GIS") ("Placement"). The Company has therefore allotted and issued a total of 5,000,000 new Ordinary Shares in the Company. These shares rank *pari passu* with the existing Ordinary Shares in the Company. Application will be made to the Financial Conduct Authority ("FCA") for the New Ordinary Shares to be admitted to listing on the Official List (standard listing segment) of the FCA, and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together "the New Ordinary Share Admission") in due course.

Following the issue of the 5,000,000 New Ordinary Shares the Company's issued share capital will consist of 22,132,095 Ordinary Shares with voting rights. No Ordinary Shares are held in treasury at the date of this announcement and therefore following the allotment, the total number of Ordinary Shares in the Company with voting rights will be 22,132,095.

The above total voting rights figure may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in the Company.

Director Participation in the Placing

Charlie Wood, a director of the Company has subscribed for a total of 500,000 New Ordinary shares in aggregate. The beneficial holdings of the Directors before and after the fundraise are set out below:-

Director	Current Shares Held	New Placing Shares	Total Ordinary Shares	%of Issued Share Capital On Issue
Sarah Cope	176,000		176,000	0.80%
Marcus Yeoman	176,000		176,000	0.80%
Charlie Wood*	1,056,000	500,000	1,556,000	7.0%

*125,000 of Mr Wood Placing Shares are subscribed via Orana Corporate LLP of which he is Partner and 33.3% shareholder

Warrants

The broker, GIS will be issued 300,000 broker warrants at the placing price of 8p per share and 1,600,000 warrants at 4p will be issued to a third-party consultant for transactional services.

Charlie Wood, Executive Director of Medcaw Investments:

"The acquisition of AML will bring a world class mining asset and one of the largest rich spodumene lithium ore bodies to the market in the UK. The near-term production of spodumene concentrate of up to 240ktpa will make the combined group a significant global player in the lithium market and will aim to become one of the first lithium producers on the London Stock Exchange.

Stephen Miller, Managing Director of Abyssinian Metals Limited: "The transaction outlined with Medcaw is a significant milestone within the AML financing and listing strategy and in addition provides the enlarged shareholder base with capital appreciation and liquidity as AML builds out its Kenticha lithium production profile within the on-going electric vehicle and battery revolution.

"The combination of a highly experienced mining, finance and technical team, which have developed multiple projects across Africa, combined with our strong Ethiopian stakeholders, provides a significant platform to ensure that this project will reach its near-term production goals."

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company accept responsibility for the contents of this announcement.

ENDS

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Abyssinian Metals Ltd Overview

Abyssinian Metals Ltd (“AML”) is developing the Kenticha lithium project in Ethiopia together with its joint venture partner – the Oromia State Government. Kenticha has a current JORC resource of 87.7 mt @ 0.78% Li₂O with an exploration target of up to 51 mt @ 0.9% Li₂O which CSA Global is currently finalising.

Kenticha is a late-stage development with near term production of spodumene concentrate (SC5.5%) beginning at the end of 2023 with the imminent commissioning of the DMS modular plants. AML is looking to produce 240ktpa of SC5.5% by the end of 2024 (on an annualized basis) and then build a Bespoke production plant by the end of 2027 and producing up to 850ktpa SC5.5 in total (on an annualized basis) and thereby putting AML into the top quartile of global lithium spodumene producers at that time.

Kenticha is a tier 1 resource which fits well as the industry needs multi-decade lithium resources to feed the EV revolution. AML is led by a very strong management team who have a wealth of experience in bringing tier 1 mining assets into production in Africa. AML is well supported by its relationships with the Ethiopia federal, state and local governments including the local communities in which we operate.

Note:

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.