

Target Market Determination

Made by: Anax Metals Limited (ACN 106 304 787) (**Company**)

Effective Date: 29 September 2023

Product: Free-attaching options in connection with an entitlement offer under a prospectus dated 29 September 2023

Important information about this document

This target market determination (**TMD**) has been prepared by the Company in relation to the following offers pursuant to the Company's prospectus (available at <https://anaxmetals.com.au/news/>) dated 29 September 2023 (**Prospectus**):

- (a) an offer of up to 71,650,652 free attaching unquoted options exercisable at \$0.06 each and expiring on 31 December 2025 (**New Options**) in connection with an entitlement offer; and
- (b) an offer of up to 10,015,545 New Options as partial consideration for lead managerial and bookrunner services to be provided by Veritas Securities Limited (**Veritas**).

Capitalised terms used, but not defined, in this TMD have the meaning ascribed to them in the Prospectus.

Pursuant to the Prospectus:

- (a) Eligible Shareholders who apply for New Shares under the Entitlement Offer, Top-Up Offer and Shortfall Offer are being offered 1 New Option for every 2 New Shares subscribed for under the Entitlement Offer, Top-Up Offer and Shortfall Offer (**New Option Offer**); and
- (b) Veritas (or its nominees) is being offered, pursuant to the Lead Manager Mandate, up to 10,015,545 New Options,

(together, the **Offers**).

Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire New Options under the Offers will need to complete the Application Form. There is no cooling off period in respect of the issue of the New Options. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the New Options.

Details

TMD requirement	Determination
Investment Objective	<p>The Company expects that an investment in New Options will be suitable to investors who wish to gain exposure to equities in a small/mid-cap mining company listed on the ASX.</p>
Investment Timeframe	<p>The target market of investors will take a short to medium term outlook on their investment. Investors with a short-term outlook for their investment should be aware that the Company will not be seeking quotation of the New Options on ASX. The New Options are not transferable, except with the prior written approval of the Company at its sole discretion and subject to compliance with the Corporations Act and the ASX Listing Rules.</p> <p> Holders of New Options will have an ability to exercise Options and trade the underlying Shares issued on exercise, however, investors should be aware that such a dealing is only likely to be commercially viable in the event the trading price of the Shares exceeds the exercise price of the New Options and sale of the underlying Shares.</p> <p> Investors with a medium-term outlook will benefit from an ability to exercise New Options within the approximate 2-year term of the New Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future.</p> <p> Given the need to pay the exercise price in order to acquire Shares, investors in the target market are those in a financial position sufficient for them to invest their funds on exercise of the New Options over the time horizon ending on the expiry of the New Options (31 December 2025), during which their ability to liquidate their New Options in the Company may be limited by a lack of liquidity in the New Options and by the trading price of the underlying Shares.</p>
Investment Metrics	<p>While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The New Options offer no guaranteed income or capital protection.</p>
Risk	<p>The Company considers that, while the issue price of the New Options is free, an investment in the Company offered in connection with the Prospectus (for example, through the exercise of the New Options) should be considered highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in New Options</p>

TMD requirement	Determination
	<p>as an asset class generally and the more specific risks of investing in an Australian listed mining company.</p>
Distribution Conditions	<p>The New Option Offer is being made to Eligible Shareholders who apply for New Shares under the Entitlement Offer, Top-Up Offer and Shortfall Offer.</p> <p>The Prospectus includes jurisdictional conditions on eligibility. The Company will also include on its web landing page for Offers a copy of this TMD and require that Eligible Shareholders confirm that they meet the eligibility criteria of the expected target market outlined in this TMD.</p> <p>The Entitlement Offer is partially underwritten by Directors Peter Cordin and Philip Warren, and Chief Financial Officer Jenine Owen or entities associated with Messrs Cordin, Warren and Mrs Owen (together, the Underwriters) for up to 6,285,712 New Shares (and 3,142,856 New Options).</p> <p>Accordingly, to the extent any entitlement to New Options is not taken up by Eligible Shareholders under the Entitlement Offer or Top-Up Offer they will be subscribed for by the Underwriters (as defined in the Prospectus) for up to a maximum of 3,142,856 New Options. The balance of any shortfall of New Shares and New Options after the close of the Entitlement Offer, Top-Up Offer, and the Underwriter's partial underwriting may be placed by the Company (in consultation with Veritas) within 3 months of the Closing Date.</p> <p>The Company considers that these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.</p>
Review Triggers	<p>The New Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the New Options will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period up to the issue of the New Options (Offer Period).</p> <p>To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the New Options and should be reviewed, the following review triggers apply for the Offer Period:</p> <ul style="list-style-type: none"> a) a new offer of New Options that requires preparation of a disclosure document is made after completion of the Offer Period; b) any event or circumstance that would materially change a factor taken into account in making this TMD;

TMD requirement	Determination									
	<p>c) the existence of a significant dealing of the New Options that is not consistent with this TMD. The Company does not consider that an on-sale of the New Options on market is a significant dealing;</p> <p>d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the New Options or this TMD; and</p> <p>e) material changes to the regulatory environment that applies to an investment in the New Options.</p>									
Review Period	<p>If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger.</p> <p>The Company will otherwise complete a review of the TMD immediately prior to the issue of New Options under the Offers.</p>									
Information Reporting	<p>The reporting requirements of all distributors is set out in the table below:</p> <table border="1" data-bbox="584 981 1386 2016"> <thead> <tr> <th data-bbox="584 981 850 1155">Reporting Requirement</th> <th data-bbox="850 981 1121 1155">Period for reporting to the Company by the distributor</th> <th data-bbox="1121 981 1386 1155">Information to be provided</th> </tr> </thead> <tbody> <tr> <td data-bbox="584 1155 850 1632">Whether the distributor received complaints about the New Options.</td> <td data-bbox="850 1155 1121 1632"> <ul style="list-style-type: none"> For such time as the duration of the Offer Period remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Offer Period. </td> <td data-bbox="1121 1155 1386 1632"> <ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint. </td> </tr> <tr> <td data-bbox="584 1632 850 2016">A significant dealing of the New Options that is not consistent with this TMD.</td> <td data-bbox="850 1632 1121 2016">As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.</td> <td data-bbox="1121 1632 1386 2016"> <ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not consistent with this TMD. </td> </tr> </tbody> </table>	Reporting Requirement	Period for reporting to the Company by the distributor	Information to be provided	Whether the distributor received complaints about the New Options.	<ul style="list-style-type: none"> For such time as the duration of the Offer Period remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Offer Period. 	<ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint. 	A significant dealing of the New Options that is not consistent with this TMD.	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not consistent with this TMD.
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TMD requirement	Determination		
	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the Offer Period of New Options (which will occur upon the date the New Options are issued) in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

Contact Details

Contact details in respect of this TMD for the Company are:

Steven Wood

Company Secretary

Anax Metals Limited

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