

CZR enters into binding agreement to sell Robe Mesa Iron Ore Project for \$102m

CZR to receive \$102m cash for its 85% interest in Robe Mesa, representing a substantial premium to CZR's market capitalisation (~\$47M), with CZR retaining its high quality Croydon and Buddadoo exploration assets in WA

CZR Resources Ltd (ASX:CZR) (**Company** or **CZR**) is pleased to announce it has entered into a binding Share Sale Agreement (the **Agreement**) for the sale of Zanthus Resources Pty Ltd (**Zanthus**), a wholly owned subsidiary that controls an 85% interest in the Robe Mesa Iron Ore Project (**Project**), to Miracle Iron Resources Pty Ltd (**Miracle Iron**) (the **Transaction**).

Miracle Iron, which is based in Perth, Western Australia, is an emerging resource development company closely linked with its parent company, Shenzhen Nao Jianglan Investment Co. Ltd (**SNIC**), headquartered in Shenzhen City, China. SNIC is a subsidiary of Xinjiang Jiangna Mining Corporation Limited, a Chinese incorporated company, which is a multi-faceted enterprise involved in resources, power generation, investment, finance, industrial operations and the research and development of zero-carbon technologies.

Highlights

- CZR to receive \$102m cash consideration (**Purchase Price**) for its 85% interest in Robe Mesa, equal to approximately 43c per CZR share (undiluted shares on issue, excluding costs and taxes) and a significant premium to CZR's current market capitalisation:
 - 120% premium to CZR's 10-day VWAP
 - 93% premium to CZR's 30-day VWAP
 - 130% premium to CZR's 90-day VWAP
 - 112% premium to CZR's last capital raising (5 October 2022 Entitlement Issue)
- All cash offer, with 80% of the cash consideration payable on completion of the transaction and the remaining 20% on the earlier of first shipment or 30 June 2025
- In addition to the Purchase Price, there is also a \$1 million exclusivity fee (**Exclusivity Fee**) payable to CZR and Miracle Iron has committed to funding up to \$3.9 million in project related expenditure until Transaction completion
- CZR retains its world-class exploration portfolio, including the Croydon gold project, along strike from De Grey Mining's multi-million ounce Hemi gold discovery, and the Buddadoo vanadium-titanium project in the emerging mid-west vanadium production hub

- The Transaction requires shareholder approval, which will be sought early in 2024, and other conditions, including Australian Foreign Investment Review Board (**FIRB**) and Chinese Government approvals

The CZR Board unanimously recommends that CZR shareholders support the Transaction by voting in favour of the Transaction in the absence of a superior proposal being received. The Company's initial discussions with ASX have indicated that its major shareholder, Mr Mark Creasy and associated entities, will likely be ineligible to vote on the Transaction due to Mr Creasy also being in discussions to sell his 15% minority interest in the Robe Mesa iron ore project to Miracle Iron. Further information on whether Mr Creasy will be excluded from voting will be included in the notice of meeting seeking CZR shareholder approval for the Transaction.

CZR Managing Director, Stefan Murphy, said: “This sale will unlock substantial value for CZR shareholders with a cash transaction in a very timely fashion.

“The sale price reflects not only the value we have created at Robe Mesa but also the significant potential of the project, ensuring CZR shareholders get appropriate value for the project.

“The transaction will also remove CZR’s funding and development risks associated with the project while delivering CZR a very substantial cash balance.

“At the same time we will retain our Croydon gold project, along strike from De Grey Mining’s multi-million ounce Hemi gold discovery, and the Buddadoo vanadium-titanium project in WA.”

The Transaction has the following key terms:

- CZR will sell its 85% interest in the Robe Mesa iron ore project and associated assets through a share sale of its wholly owned subsidiary Zanthus Resources Pty Ltd
- \$1 million Exclusivity Fee to CZR. Exclusivity commences on the date of the Agreement and will finish on the earlier of completion, the 'Sunset Date' for satisfaction of the conditions precedent to the Agreement, which is currently 31 May 2024 (**Sunset Date**), or the date on which the Agreement is terminated (**Exclusivity Period**).
- CZR to receive \$102 million cash, comprised of:
 - \$81.6m on completion; and
 - \$20.4m on the earlier of first shipment or 30 June 2025
- Completion is conditional upon shareholder approval, FIRB and Chinese government approvals and other conditions customary for a transaction of this nature
- CZR is subject to exclusivity arrangements requiring it, amongst other things, not to engage with third parties during the Exclusivity Period, subject to customary fiduciary carve outs
- Up until completion occurs or the Sunset Date, Miracle Iron will provide funding to Zanthus of up to \$4 million to cover project expenditure during the pre-completion period.

Indicative Timetable and Next Steps

Event	Date
Despatch of notice of meeting to shareholders	Late January 2024
Company shareholder meeting	On or before 29 February 2024
Transaction completion	Mid/Late May 2024
Last day to satisfy the conditions	31 May 2024

The above timetable is indicative only and all dates are subject to change, with any such change likely to have consequential effects on other anticipated dates in the indicative timetable.

Miracle Iron Resources

Miracle Iron Resources Pty Ltd, based in Perth, Western Australia, is an emerging resource development company. Its parent company, Shenzhen Naojiang Investment Co. Ltd. (**SNIC**), is headquartered in Shenzhen City, China. SNIC is the investment subsidiary of Xinjiang Jiangna Mining Corporation Limited (**XJMC**), a Chinese incorporated company with total assets of over USD\$800m as at 30 September 2023.

XJMC's strategic emphasis is on key regions such as Shandong, Shenzhen and Western China, focusing on advancing resource development and innovation. XJMC is one of the largest producers of titanium metal in China and a major hub for the production of iron ore as a by-product of its downstream titanium processing business.

XJMC is also committed to the sustainable development and recycling of coal resources in Western China. It spearheads the creation of a modern industrial economic park. This industrial park integrates multiple resources - coal, charcoal, gas, electricity, oil, and chemicals showcasing the company's dedication to sustainable resource solutions.

The Company has conducted due diligence on Miracle Iron and based on the financial position of Miracle Iron and its parent companies (SNIC and XJMC), the Company is satisfied of Miracle Iron's financial capacity to perform its obligations under the Transaction. This includes the fact that XJMC has provided a parent company guarantee to guarantee all of Miracle Iron's obligations under the Agreement and the Company is satisfied based on the audited accounts of XJMC of the financial capacity of Miracle Iron and its parent companies to pay 80% of the Purchase Price at completion, with the remaining 20% of the Purchase Price to be secured against the assets of the Company post completion.

Summary of Share Sale Agreement

CZR Resources Ltd has entered into a share sale agreement (**Agreement**) with Miracle Iron on the following material terms:

- 1 **(Transaction)** Miracle Iron will acquire all of the issued share capital in Zanthus for cash consideration of A\$102,000,000:
 - (a) of which A\$81,600,000 is payable at completion; and
 - (b) A\$20,400,000 is payable on the earlier of 30 June 2025 or the first commercial shipment of iron ore mined from M08/519 or M08/533 being loaded onto a vessel for export. This deferred consideration will be secured against the assets and shares of Zanthus.

CZR will retain its interests in E08/1826 and E08/1686 (**Excluded Assets**) which do not form part of the Transaction.

- 2 **(Conditions Precedent)** The Transaction is conditional upon:
 - (a) CZR's shareholders passing an ordinary resolution to approve the Transaction, including for the purposes of ASX Listing Rule 11.2 (**Shareholder Resolution**);
 - (b) Miracle Iron obtaining certain regulatory approvals from the People's Republic of China in relation to the Transaction, being

- (i) a notice from the National Development and Reform Commission with respect to the filing of the Transaction;
- (ii) an outbound investment certificate from the Ministry of Commerce with respect to the filing of the Transaction; and
- (iii) all relevant foreign exchange registrations from a qualified bank supervised by the State Administration of Foreign Exchange in connection with the Transaction.

It is anticipated that these regulatory approvals from the People's Republic of China will be received prior to the Sunset Date;

- (c) Miracle Iron obtaining approval from FIRB in relation to the Transaction;
 - (d) CZR, Zanthus and Miracle Iron entering into deeds of assignment and assumption or novation with named counterparties to effect the assignment and assumption or novation of CZR's rights, interests and obligations under such contracts to Zanthus and agreeing certain other agreements between the parties;
 - (e) Existing security arrangements over the shares and/or assets of Zanthus being released;
 - (f) Mr Mark Creasy entering into a deed poll waiving his rights under the Yarraloola Joint Venture Agreement;
 - (g) CZR, Zanthus and Zanf Pty Ltd (**Zanf**) (the 15% participant in the Yarraloola joint venture) entering into a deed to effect the resignation of CZR as agent of the manager of the Yarraloola joint venture with effect from completion;
 - (h) CZR implementing a restructure to transfer the Excluded Assets relating to the Ashburton Magnetite Project from Zanthus to CZR; and
 - (i) Zanf waiving its pre-emption rights over Zanthus' interest in the Yarraloola Joint Venture.
- 3 **(Exclusivity Obligations)** CZR undertakes to immediately terminate (and procure that its related bodies corporate immediately terminate) all negotiations or discussions with any persons in respect of any Competing Proposal (other than Miracle Iron).

From the date of the Agreement until the earlier of 31 May 2024 (unless extended pursuant to the Agreement or by mutual agreement between the parties), completion or the termination of the Agreement (**Exclusivity Period**), CZR is prohibited from:

- (a) **(No Shop)** soliciting, inviting, facilitating, encouraging or initiating any Competing Proposal, or any enquiries, negotiations or discussions with any third party in relation to, or that may reasonably be expected to lead to, a Competing Proposal;
- (b) **(No Talk)** subject to the fiduciary exception (described below), negotiating or entering into or participating in negotiations or discussions with any person regarding a Competing Proposal; or
- (c) **(No Due Diligence)** subject to the fiduciary exception (described below), soliciting, inviting, initiating or encouraging or facilitating or permitting, any person to undertake due diligence investigations of, or make available to any person (other than Miracle Iron) or permitting any such person to receive any non-public information relating to CZR, its subsidiaries or the Project in connection with or which could reasonably be expected to assist or result in such person formulating, developing or finalising a Competing Proposal.

- 4 A "**Competing Proposal**" is any offer, proposal or expression of interest, transaction or arrangement under which, if ultimately completed substantially in accordance with its terms, a person (other than Miracle Iron or a related body corporate of Miracle Iron) or two or more persons who are associates would:
- (a) acquire control of CZR or Zanthus within the meaning of section 50AA of the *Corporations Act 2001* (Cth);
 - (b) acquire, or acquire a significant economic interest in, the assets of the Project (other than an interest exclusively in relation to the excluded assets), or the share capital in any of CZR or Zanthus or Ashburton Link Pty Ltd (**Ashburton JV Company**) whether by way of sale or purchase (including a sale of assets or shares), joint venture, encumbrance or other similar transaction; or
 - (c) propose a transaction that otherwise prevents or would be inconsistent with the consummation of the Transaction in accordance with the transaction documents (in all material respects),

but, notwithstanding the above, a Competing Proposal does not include an offer, proposal or expression of interest, transaction or arrangement for any person whose primary business is providing financial accommodation to third parties to provide secured or unsecured debt funding directly to the Ashburton JV Company (and not to CZR or Zanthus) for the purposes of funding the development operations of the Ashburton JV Company in accordance with the memorandum of understanding relating to the Ashburton Port, the Ashburton JV Company term sheet or any Ashburton JV Company joint venture agreement entered into in accordance with the Agreement.

- 5 (**Fiduciary Exception**) The no-talk and no-due diligence restrictions do not apply to the extent they restrict CZR or the CZR board of directors (**CZR Board**) from taking or refusing to take any action with respect to a bona fide Competing Proposal (which was not solicited, invited, facilitated, encouraged or initiated by CZR or its associates (or their representatives) in a contravention of the Agreement), provided that the CZR Board has determined, acting in good faith, that:
- (a) the Competing Proposal is or could reasonably be considered to become a Superior Proposal; and
 - (b) after receiving written legal advice from CZR's external legal advisers, failing to respond to the Competing Proposal would be reasonably likely to constitute a breach of the CZR Board's fiduciary duties or statutory obligations.

A "**Superior Proposal**" is a bona fide Competing Proposal which the CZR Board, acting in good faith and having taken advice from its legal and financial advisers, determines:

- (a) is reasonably likely to be completed in accordance with its terms, taking into account all financial, regulatory and other aspects of such proposal, including the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and
 - (b) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to CZR shareholders as a whole than the Transaction, taking into account all of the terms and conditions of the Competing Proposal, including consideration, conditionality, funding, certainty and timing.
- 6 (**Notification**) CZR must promptly notify Miracle Iron in writing of:

- (a) any approach, inquiry or proposal made by any person to CZR or any of its associates (or their representatives), to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal;
- (b) any request made by any person to CZR or any of its associates (or their representatives), for any non-public information relating to CZR, its subsidiaries or the Project, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of a Competing Proposal, or which CZR has reasonable grounds to suspect may relate to a current or future Competing Proposal; and
- (c) any provision by CZR or its associates (or their representatives) of any non-public information relating to CZR, its subsidiaries or the Project, to any person in connection with or for the purposes of a current or future Competing Proposal,

with such notice to include all material details of the relevant event, including the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations or who made the relevant request for information or to whom information was provided, and the material terms and conditions (including price, conditions precedent, timetable and any break fee) of any Competing Proposal or any proposed Competing Proposal.

7 **(Matching Right)** If CZR receives a Competing Proposal and the CZR Board proposes to enter into, or to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to the Competing Proposal with the person who has made the applicable Competing Proposal, CZR must not do so unless and until each of the following has occurred:

- (a) CZR has given Miracle Iron written notice (**Relevant Notice**) of the CZR Board's proposal to take the action referred above, including details of the material terms and conditions of the proposed agreement, commitment, arrangement or understanding relating to the Competing Proposal (to the extent not already provided to Miracle Iron); and
- (b) Miracle Iron's matching rights (described below) have been exhausted.

If CZR gives a Relevant Notice to Miracle Iron, Miracle Iron will have the right, but not the obligation, at any time during the 5 business days following receipt of the Relevant Notice, to amend the terms of the Transaction including increasing the amount of consideration or proposing another form of transaction (each a **Counter Proposal**), and if Miracle Iron does so then the CZR Board must consider the Counter Proposal in good faith. If the CZR Board determines that the Counter Proposal would be more favourable, or at least no less favourable, to CZR and CZR's shareholders as a whole than the Competing Proposal, then CZR and Miracle Iron must use their reasonable endeavours to agree the formal binding agreements in respect of the Counter Proposal before the expiry of the Exclusivity Period. Each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

8 **(CZR Board Recommendation)** CZR must ensure that the notice of meeting for the purposes of proposing the Shareholder Resolution states that each CZR director considers the Transaction to be in the best interests of CZR's shareholders and that the CZR directors unanimously recommend that CZR shareholders vote in favour of the Transaction, and intends to cause the CZR shares in which they have a relevant interest to be voted in favour of the Transaction in the absence of a Superior Proposal. The CZR Board collectively, and the members of the CZR Board individually, must not change, withdraw or modify its, his or her recommendation or voting intention unless:

- (a) CZR has received a Competing Proposal (other than as a result of a breach of the exclusivity obligations);

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- (b) CZR has entered into a legally binding agreement to undertake or give effect to the Competing Proposal; and
- (c) CZR has complied with its exclusivity obligations (including ensuring that all of Miracle Iron's matching rights have been exhausted).
- 9 **(Exclusivity Fee)** Miracle Iron has agreed to pay A\$1,000,000 (excluding GST) to CZR **(Exclusivity Fee)** subject to receipt of Chinese government approvals. These Chinese government approvals are the same as the approvals for the Transaction described in paragraph 2(b) and are expected to be received prior to the Sunset Date. The Exclusivity Fee is a non-refundable fee paid by Miracle Iron as consideration for CZR entering into and granting the exclusivity rights in favour of Miracle Iron. The Exclusivity Fee shall only be repayable by CZR to Miracle Iron if the agreement is terminated because CZR pursues a Competing Proposal or CZR changes its recommendation (refer to paragraphs 11(b), 11(c) and 11(d) for further details).
- 10 **(Budget Expenditure Amount)** Until completion, CZR and Zanthus will incur expenditures in accordance with an agreed budget for the benefit of Zanthus up to \$3,900,000. Miracle Iron will pay into Zanthus's account the forecast expenditure amounts for each relevant month in the agreed budget (or such other revised amount as may be agreed between the parties). If completion occurs, all budget expenditure amounts will remain due by Zanthus to Miracle Iron. However if the Agreement is terminated such that completion does not occur, Zanthus must repay (and if Zanthus doesn't repay, CZR must repay) all budget expenditure amounts within 10 business days of a Competing Proposal being entered into or the next capital raising (of at least the lesser of \$4,000,000 or the amounts advanced by Miracle Iron pursuant to the budget) after the termination of the Agreement, such capital raising to be undertaken by CZR within 3 months of termination of the agreement.
- 11 **(Termination)** The Agreement may be terminated by:
- (a) either party, if one or more conditions expressed to be for its benefit are not satisfied or waived by 5.00pm on 31 May 2024 (unless extended pursuant to the Agreement or by mutual agreement between the parties);
- (b) CZR, if the CZR Board determines that a Competing Proposal is a Superior Proposal that is not matched by Miracle Iron provided that CZR has complied with its exclusivity obligations under the Agreement;
- (c) CZR, if the majority of the CZR Board publicly changes, withdraws or modifies their recommendation that CZR shareholders vote in favour of the Transaction due to a Competing Proposal having emerged and CZR entering into a legally binding agreement to undertake or give effect to the Competing Proposal after having complied with the exclusivity provisions of the Agreement;
- (d) Miracle Iron, where any CZR director fails to recommend the Transaction, withdraws, adversely revises or adversely modifies their recommendation of the Transaction, or makes a public statement indicating that they no longer recommend the Transaction or recommend, endorse or support a Competing Proposal;
- (e) Miracle Iron, if there is a material breach by CZR of the prohibited actions under the Agreement or there is a material breach of any of the warranties provided by CZR, which is not remedied within 10 business days of receipt by CZR of notice from Miracle Iron setting out details of the breach and requesting CZR to remedy that breach;

- (f) CZR, if Miracle Iron materially breaches its obligations to pay the Exclusivity Fee or the budget expenditure amounts of the agreed budget, or there is a material breach of the warranties provided by Miracle Iron which is not remedied within 10 business days of receipt by Miracle Iron of notice from CZR setting out the details of the breach and requesting Miracle Iron to remedy that breach; or
 - (g) Miracle Iron, if there is a project authorisation granted on terms and conditions, or a material part of the Project is subject to an environmental assessment, where the impact of these matters results in the net present value of the Roba Mesa definitive feasibility study announced on 10 October 2023 being reduced to less than \$125,000,000.
- 12 **(Other)** The Agreement contains other clauses customary for a transaction of this nature including, but not limited to, warranties, limitations of claims and indemnities.

XJMC has provided a parent company guarantee to guarantee all of Miracle Iron's obligations under the Agreement.

This announcement is authorised for release to the market by the Board of Directors of CZR Resources Ltd.

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