

AGREEMENT FOR SALE OF COPPER ASSETS

Metals X Limited (**Metals X**) is pleased to announce that it has signed an agreement with Cyprum Metals Limited (ASX: CYM) (**Cyprum** or the **Buyer**) for the sale of its copper asset portfolio, including the Nifty Copper Operation, Maroochydore Copper Project and the Paterson Exploration Project (which includes the farm-in agreement with IGO Limited) (together **Copper Assets**) (the **Agreement**).

Cyprum is a copper focused mining company that is rapidly developing advanced stage Australian copper projects. Cyprum have a board and management team in place that are very experienced in successfully developing and turning around copper and other base metals projects.

The Agreement is for the sale of all of the shares in Paterson Copper Pty Ltd (**Paterson Copper**), a 100%-owned subsidiary of Metals X (the **Transaction**). Paterson Copper holds the Copper Assets through its two 100%-owned subsidiaries Nifty Copper Pty Ltd (**Nifty**) and Maroochydore Copper Pty Ltd.

The Transaction is conditional upon Metals X and its subsidiaries obtaining relevant contractual consents (**Contracts Condition Precedent**), receipt of commitments for a minimum \$30 million capital raising by the Buyer, and on the Buyer obtaining relevant shareholder approval under ASX Listing Rule 7.1 by 8 April 2021. Cyprum have advised Metals X that the capital raising commitments condition has been met.

Completion of the Transaction will occur within five business days of satisfaction of the last of the conditions precedent under the Agreement (**Completion**). The parties are targeting a close of the Transaction within two months, and the Buyer intends to convene a general meeting of its shareholders to be held in mid-March 2021 seeking the necessary shareholder approval.

The key commercial terms and conditions of the Agreement are:

- A cash deposit of A\$1.0 million (which has been receipted) on or before the date of execution of the Agreement to be held in an escrow account until the earlier of the termination of the Agreement or Completion of the Transaction.
 - ◆ The deposit is only refundable to the Buyer if the Contracts Condition Precedent is not fulfilled, or if Metals X fails to meet its obligations for Completion of the Transaction.
- Consideration of A\$60 million payable as follows:
 - ◆ payment upon Completion of A\$24.0 million cash (inclusive of the A\$1.0 million deposit), subject to a working capital adjustment.
 - ◆ working capital adjustment to the Completion payment based on the Paterson Copper balance sheet at 31 December 2020. The working capital adjustment is expected to result in approximately A\$0.2 million to A\$0.3 million payable by Metals X to the Buyer.
 - ◆ A\$36 million in convertible notes issued by the Buyer on the following basis:
 - a four-year maturity from date of issue (being at Completion);
 - convertible at maturity at the election of Metals X, or otherwise redeemable by Cyprum at maturity;
 - conversion price based on the Buyer's 20-day VWAP to Completion x 1.3;
 - annual coupon of 4% to be capitalised and paid annually on a default basis on each anniversary of Completion until maturity (with annual interest to be paid in shares at the same conversion price, at the election of Metals X):
 - Buyer can elect annually to repay all or some of the convertible notes at face value x 1.15, with Metals X able to convert the convertible notes into shares in the Buyer instead in the event the Buyer elects to repay early.

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- Based on the number of Buyer shares to be issued upon conversion of the convertible notes (to be calculated at Completion based on the conversion price), Metals X will be issued at Completion two free attaching Buyer options for every five Buyer shares that are issuable on the following terms:
 - the 1st option is exercisable for 1 year from Completion at a 15% premium to the Buyer's 20-day VWAP to the Completion date;
 - the 2nd option is exercisable for 2 years from Completion at a 30% premium to the Buyer's 20-day VWAP to the Completion date.
- Buyer shares to be issued from option exercise include a copper price adjustment factor as follows:
 - 1.0 shares for each option if the copper price is at or below US\$7,000/t at date of exercise;
 - 1.1 shares for each option if the copper price is between US\$7,000/t to US\$7,999.99/t at date of exercise;
 - 1.2 shares for each option if the copper price is between US\$8,000/t to \$8,999.99 at date of exercise; or
 - 1.3 shares for each option if the copper price is above US\$9,000/t at date of exercise.
- Buyer management permitted site access from execution of the Agreement.
- Replacement of existing security bonds held by Metals X, securing Paterson Copper obligations for Nifty rehabilitation provisions and key commercial contracts, prior to (and subject to) Completion of the Transaction. The replacement of these bonds will release approximately A\$6.5 million cash to the account of Metals X at Completion.
- Holding costs of the Copper Assets, with Nifty currently under care and maintenance, up to 31 December 2020, will be funded by Metals X at which point the holding costs will accrue to the account of Buyer. Reimbursement of the accrued holding costs from 1 January 2021 from Buyer to Metals X will occur upon, and subject to Completion of the Transaction.
- Prior to Completion the Buyer may conduct project works at Nifty relating to the proposed development of the open pit and heap leach operations at Nifty, subject to approval of Metals X, such project works to be directly funded by the Buyer.

Metals X Executive Director, Mr Brett Smith, commented:

"This sale of the Copper Assets reinforces Metals X strategy of focussing on the development of its Tin Portfolio. The combination of a cash payment at completion, plus the release of our cash-backed bonds, will provide working capital to Metals X allowing a reduction in debt. While the convertible notes and the free attaching options provide upside exposure to the successful operation of the assets in the future."

This announcement has been authorised by the board of directors of Metals X Limited

ENQUIRIES

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