



PAYMENT COMMITMENT TO MUTUAL HOLDINGS PTY LTD

Surefire Resources NL (ASX: SRN) (“**Surefire**” or “**the Company**”) reported increases to the Mineral Resource at its Victory Bore Tenement (E57/1036) (“**Victory Bore**”) on 1 February 2023 (“**First Upgrade Announcement**”) and then as part of its Pre-Feasibility Study announced to ASX on 5 December 2023 (“**Second Upgrade Announcement**”).

The Company has also announced to ASX on 8 June 2023 a Maiden Mineral Resource of Aluminium Oxide, also at Victory Bore (“**Maiden Aluminium Resource Announcement**”).

The release of each of these announcements triggered certain payment obligations to Mutual Holdings Pty Ltd (“**MH**”) pursuant to the terms of a pre-existing agreement in respect of Victory Bore which was entered into by the Company at the time it completed the acquisition of Victory Bore in April 2019 (“**HGM Agreement**”).

The Company’s shareholders approved any potential payments by the Company to MH in accordance with its obligations under the HGM Agreement at a general meeting held on 6 March 2019. Shareholders should refer to the notice of extraordinary general meeting released to ASX on 5 February 2019 for further details on the Company’s acquisition of Victory Bore and the terms of the MH Agreement.

As announced to ASX on 5 April 2023, the First Upgrade Announcement triggered a payment by the Company to MH of \$3,754,000. MH had agreed (as noted in the 5 April 2023 announcement) to accept part of the balance of the payments in the form of equity in the Company, subject to regulatory and shareholder approvals, so as to preserve the Company’s cash and to further align MH’s interests with the Company’s shareholders. The Company has not yet sought approval for the equity issues referred to in the 5 April 2023 announcement.

The significantly increased Mineral Resources announced by way of both the Maiden Aluminium Resource Announcement and the Second Upgrade Announcement has triggered further payments by the Company to MH of \$8,293,000 under the terms of the HGM Agreement. When added to the \$3,754,000 yet to be paid in respect of the First Upgrade Announcement, this results in a total amount payable to MH of \$12,047,000 (“**Total Payment**”). After deducting the cash payment of \$450,000 and the Offset Credit of \$312,012.79, the balance payable to MH is \$11,284,987.21.

MH is controlled by Mr Vladimir Nikolaenko, Surefire’s Executive Chairman. MH and the Company have agreed that the balance of the Total Payment is to be satisfied as follows:

- The payment of \$450,000 in cash, which payment has already been received by MH on 29 May 2023;
- The offset of \$312,012.79 (**Offset Credit**) credited in respect of full entitlements taken up by the Vladimir Nikolaenko Group in the Non-Renounceable Rights Issue conducted by SRN pursuant to a prospectus dated 9 November 2023;
- The balance owing in respect of the Triggered Payments is to be paid as and when funds will allow, and only upon mutual agreement being reached with Surefire’s un-interested board members prior to each corporate action or event which is likely to result in Surefire receiving cash funds of any description;
- MH retains the option of converting up to a maximum of \$3 million in value of the Triggered Payments into a combination of fully paid ordinary shares and/or partly-paid ordinary shares in SRN, with any issue of equity securities to MH being subject to, and conditional upon SRN obtaining shareholder approval in accordance with the requirements of the ASX Listing Rules and/or the *Corporations Act 2001* (Cth) (as applicable);

- As from the date of execution of this Deed, SRN will be liable to pay interest to MH at the rate of interest stipulated as the *Benchmark Interest Rate* as determined by the Australian Taxation Office pursuant to Division 7A of Part III of the *Income Tax Assessment Act 1936*, currently 8.27% per annum, which non-compounding interest is to be calculated on the outstanding daily balance (together, the **Amended Payments**).

The above proposal has the effect of MH having an option of meeting the requirement to pay some of the Amended Payments in the form of equity rather than in cash (which the Company would only be able to fund by way of borrowings or by raising further equity). Payments in equity would further align MH's interests with those of all shareholders.

MH and the Company have agreed that the above possible issues of equity securities to MH remain subject to and conditional on approval by the shareholders of the Company in accordance with the requirements of the ASX Listing Rules and/or the Corporations Act 2001 (Cth) (as applicable). The Company would call a general meeting of shareholders ("**General Meeting**") to seek the necessary approvals.

MH agrees that it will not make any demand for payment of the Triggered Payments and any accrued interest, which would have the effect of placing Surefire into a financial position of not being able to pay its debts as and when they fell due, for a period of at least twelve months from the date of signing the Deed of Amendment.

The above amended payment arrangements supersede those announced to ASX on 5 April 2023 (noting that the cash amount of \$450,000 already paid under the previous arrangements and the Offset Credit has been taken into account when calculating the Amended Payments as noted above).

Authorised for ASX release by the SRN Board of Directors:

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About Surefire Resources

Surefire Resources is an Australian mineral exploration company based in Perth, Western Australia (WA). The Company holds mineral exploration licences over Vanadium, Magnetite and Gold projects located in WA. Its focus is on adding value to shareholders by advancing its Victory Bore vanadium critical and battery minerals project, located close to existing infrastructure and currently in Pre-Feasibility stage. In addition, its large magnetite project with up to 1B tonnes of high-grade Iron, and its Gold project, have potential to add considerable value to the Company.