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**METALSTECH LIMITED**

**ACN 612 100 464**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10:00am (WST)

**DATE:** 30 April 2021

**PLACE:** MetalsTech Limited  
Unit 1, 44 Dennis Street  
SUBIACO WA 6008

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on 28 April 2021.***

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## BUSINESS OF THE MEETING

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### AGENDA

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**1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO COURCHEVEL 1850 PTY LTD ATF COURCHEVEL INVESTMENT TRUST - A RELATED PARTY OF RUSSELL MORAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,000,000 Shares to Courchevel 1850 Pty Ltd as trustee for Courchevel Investment Trust (or their nominee) on the terms and conditions set out in the Explanatory Statement."*

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**2. RESOLUTION 2 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

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**3. RESOLUTION 3 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – INTERNATZIONALE CONSULTING PTY LTD - A RELATED PARTY OF GINO D'ANNA**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 2, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 4,000,000 Performance Rights to Internazionale Consulting Pty Ltd (or its nominee) under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement."*

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**4. RESOLUTION 4 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – QINGTAO ZENG**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 2, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,000,000 Performance Rights to Qingtao Zeng (or their nominee) under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement."*

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**5. RESOLUTION 5 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – PAUL FROMSON**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to grant 1,200,000 Performance Rights to Mr Paul Fromson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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**6. RESOLUTION 6 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – QUINTON HILLS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to grant 1,000,000 Performance Rights to Mr Quinton Hills (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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**7. RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO RELATED PARTY – GEOSMART CONSULTING PTY LTD – AN ENTITY CONTROLLED BY QINGTAO ZENG**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,250,000 Shares to Geosmart Consulting Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

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**Dated: 24 March 2021**

**By order of the Board**

**MR PAUL FROMSON**  
**Company Secretary**

## Voting Prohibition Statements

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| <b>RESOLUTION 2 - ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN</b>                                                                               | <p>A person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>RESOLUTION 3 - APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – INTERNATZIONALE CONSULTING PTY LTD - A RELATED PARTY OF GINO D'ANNA</b> | <p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 3 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul> |
| <b>RESOLUTION 4 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – QINGTAO ZENG</b>                                                        | <p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 4 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul> |

**RESOLUTION 7 - APPROVAL TO ISSUE SHARES TO RELATED PARTY – GEOSMART CONSULTING PTY LTD – AN ENTITY CONTROLLED BY QINGTAO ZENG**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Voting Exclusion Statements**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

|                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                      |
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| <b>RESOLUTION 1 - APPROVAL TO ISSUE SHARES to COURCHEVEL 1850 PTY LTD ATF COURCHEVEL INVESTMENT TRUST – A RELATED PARTY OF RUSSELL MORAN</b>      | Courchevel 1850 Pty Ltd ATF Courchevel Investment Trust, Natres Services Pty Ltd (or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. |
| <b>RESOLUTION 2 - ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN</b>                                                                               | A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.                                                                                                                                                                                                                            |
| <b>RESOLUTION 3 - APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – INTERNATZIONALE CONSULTING PTY LTD - A RELATED PARTY OF GINO D'ANNA</b> | Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Internazionale Consulting Pty Ltd) or an associate of that person or those persons.                                                                                                        |
| <b>RESOLUTION 4 - APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – QINGTAO ZENG</b>                                                        | Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Qingtao Zeng) or an associate of that person or those persons.                                                                                                                             |
| <b>RESOLUTION 5 - APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – PAUL FROMSON</b>                                                            | A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, Paul Fromson) or an associate of that person (or those persons).                                                           |
| <b>RESOLUTION 6 - APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – QUINTON HILLS</b>                                                           | A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, Quinton Hills) or an associate of that person (or those persons).                                                          |
| <b>RESOLUTION 7 - APPROVAL TO ISSUE SHARES TO RELATED PARTY – GEOSMART CONSULTING PTY LTD – AN ENTITY CONTROLLED BY QINGTAO ZENG</b>              | Geosmart Consulting Pty Ltd (or its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.                                                         |

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 419 942 112.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO COURCHEVEL 1850 PTY LTD ATF COURCHEVEL INVESTMENT TRUST - A RELATED PARTY OF RUSSELL MORAN

#### 1.1 General

On 20 November 2019, the Company released an announcement to the ASX (**Announcement**) that it had signed a binding option agreement to acquire 100% of the issued share capital of a United Kingdom-resident entity (Ortac Resources UK Limited) and accordingly that entity's wholly owned Slovakian subsidiary (Ortac s.r.o) which owns the Sturec Gold Project in Slovakia (**Project**).

As part of the transaction, the Company entered into an agreement with Courchevel 1850 Pty Ltd (ACN 633 457 502) ATF Courchevel Investment Trust (**Courchevel**) (an entity controlled by Ms Fiona Paterson, the spouse of director Mr Russell Moran), Natres Services Pty Ltd (**Natres**) (an entity associated with director Mr Russell Moran and Ms Fiona Paterson) and MetalsTech Limited (the **Facilitation Agreement**) pursuant to which the Company agreed, subject to obtaining Shareholder approval, to:

- (a) assign a 2% net smelter royalty (**Gold Royalty**) over the Project to Courchevel (the **Assignment**); and
- (b) issue Courchevel with 9,000,000 performance rights which would convert into ordinary shares on a one for one basis upon the MTC share price exceeding 6 cents for more than 20 trading days (**Facilitation Shares**).

The Facilitation Agreement was entered into for the purpose of documenting the remuneration that Courchevel would receive for introducing the Project to the Company.

Mr Moran is a director and an employee of Natres. Ms Fiona Paterson is the sole shareholder and an employee of Natres.

Courchevel is an entity which is controlled by Ms Fiona Paterson (the spouse of director Mr Russell Moran). The Gold Royalty and the Facilitation Shares were to be assigned by the Company as a facilitation fee payable to Courchevel in connection with the proposed acquisition of the Project.

Subsequently, the Company engaged an independent expert to opine on whether the Assignment was fair and reasonable to the non-associated Shareholders in the Company in accordance with ASX Listing Rule 10.1 (the **Proposed Transaction**). The independent expert concluded that the proposed assignment of the Gold Royalty was neither fair nor reasonable to the holders of ordinary securities (excluding those persons not entitled to vote under the voting exclusion).

The basis for the opinion of the independent expert regarding the Assignment and the issue of the Facilitation Shares, is set out below:



- (a) the Proposed Transaction is not fair because the upside of the consideration payable by MetalsTech is substantially greater than the services provided by Courchevel; and
- (b) the Proposed Transaction to be not reasonable on the basis that (among other factors) MetalsTech will issue 9,000,000 performance rights to Courchevel as partial compensation for the introduction of the Project and not approving the Proposed Transaction will not have an impact on the share price.

In relation to "fairness", the independent expert considered the Proposed Transaction to not be fair to the non-associated shareholders of the Company on the basis that, despite there being an overlap in values, the independent expert's preferred value of the Gold Royalty was greater than the independent expert's preferred value of the consideration and the independent expert considered there to be significant upside in the value of the Royalty that was far in excess of the value of the introductory service provided.

In relation to "reasonableness", the independent expert considered the future prospects of the Company if the Proposed Transaction was not approved and other commercial advantages and disadvantages to the non-associated shareholders of the Company as a consequence of approving the Proposed Transaction. The two key factors identified by the independent expert when considering reasonableness was that Courchevel would receive 9,000,000 performance rights and there would be no impact on the share price if the Proposed Transaction was not approved. Further, whilst the independent expert did not consider it uncommon for royalties in resource projects to be provided as payment, it was noted that it is more common for these royalties to be issue to the vendor of an asset rather than an entity that has introduced a project.

In light of this (and other matters), ASX declined to approve the notice of general meeting that the Company intended to send to Shareholders to approve the Assignment.

Since this time, the Company has entered into 'without prejudice' negotiations with Courchevel to settle any potential contractual claim against the Company in respect of the Facilitation Shares and the Gold Royalty as provided for in the the "Sturec Gold Project - Binding Facilitation Agreement" dated 15 November 2019 between the Company, Courchevel and Natres Services Pty Ltd (**Natres**) (**Facilitation Agreement**). The culmination of that process is that the Company, Courchevel and Natres have entered into a deed of settlement, termination and release (**Deed of Release**) pursuant to which the parties agree to settle any and all outstanding claims by the Company issuing 6,000,000 Shares to Courchevel (**Related Party Shares**).

By terminating the Facilitation Agreement between the Company and each of Courchevel and Natres and entering into the Deed of Release, the Company will have greater certainty regarding the future development of the Sturec Gold Project due to the removal of the 2% gross revenue royalty which was the subject of the Facilitation Agreement and will be less dilutive to shareholders as the number of securities proposed to be issued to Courchevel pursuant to the Deed of Release is considerably less than what would have otherwise been the case under the Facilitation Agreement. Therefore, the Company considers that the negotiated position pursuant to the Deed of Release is in the best interests of the non-associated shareholders. The Company has also commissioned an Independent Expert to provide an opinion on the proposed Settlement Deed between the Company and each of Natres and Courchevel, which is attached to this Notice of Meeting.

The key terms of the Deed of Release are as follows:

- (a) The Parties have agreed to terminate the Facilitation Agreement and to fully, finally, absolutely and forever release each other from all claims, obligations and undertakings arising under the Facilitation Agreement or in relation to the Facilitation Agreement, any conduct in relation to the Agreement or Sturec Gold Project, any associated issue of securities or agreement to issue securities, along with any and all shareholder or regulatory approvals the Company has sought, or may in the future seek, in relation to the Agreement (the **Released Matters**) on the terms set out in the Deed of Release.
- (b) In consideration of the issue of the Related Party Shares, Natres and Courchevel agree and acknowledge that any claim Natres and Courchevel may have against the Company, related bodies corporation of the Company and the past and present shareholders, officers, directors, employees, administrators, representatives, consultants, advisors, fiduciaries and assigns, of the Company and its related bodies corporate arising out of or in respect of the Released Matters are settled in full.
- (c) The issue of the Related Party Shares, the approval of Shareholders and any additional approvals required under the ASX Listing Rules or the Corporations Act.
- (d) The Related Party Shares will be issued following satisfaction of the conditions set out in paragraph (c) above at a deemed issue price of the last traded share price of the Company as at the date on which the Related Party Shares are issued or as reasonably determined by the parties acting reasonably.
- (e) The Related Party Shares must be issued no later than 12 June 2021, being the date which is three (3) months from the execution date of the Deed of Release.
- (f) Subject to issue of the Related Party Shares pursuant to the Deed of Release, the Deed of Release may be pleaded by any party as an absolute bar and defence to any claim commenced or continued by any other party in breach of the terms of the Deed of Release.
- (g) If the Related Party Shares are not issued to Courchevel pursuant to the terms of the Deed of Release, unless extended by mutual written agreement of the Parties, the Deed of Release will come to an end and the parties will be released of their respective obligations under it.

Pursuant to the terms of the Deed of Release, the Company has obtained an independent report from BDO Corporate Finance (WA) Pty Ltd in relation to the issue of the Related Party Shares to Courchevel (**Independent Report**). The Independent Report has concluded that the issue of 6,000,000 Shares to Courchevel in return for the Facilitation Agreement being terminated and Natres, Courchevel and the Company settling all claims against one another in full (the **Proposed Transaction**), in the absence of an alternative offer, is not fair but reasonable to Shareholders.

The expert has determined that the Proposed Transaction is not fair because the expert has insufficient information to conclude on the value of the expected course of action should the Facilitation Agreement be set aside, expected to result in a cost to MetalsTech/consideration payable by MetalsTech the

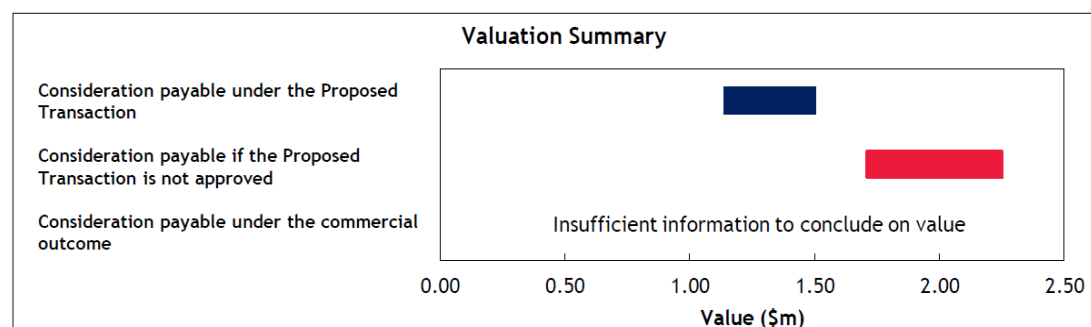
quantum of which is materially uncertain (**Commercial Outcome**), and therefore the expert is unable to opine that the Proposed Transaction is fair for Shareholders. As a result, by default the expert considers the Proposed Transaction to be not fair to Shareholders.

In Section 11 of the Independent Report, the expert determined that the Proposed Transaction consideration compares to the value of the consideration if the Proposed Transaction is not approved as detailed below.

|                                                                                                                                                                      | Ref  | Low<br>\$m                                    | Preferred<br>\$m | High<br>\$m |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------------------------|------------------|-------------|
| Value of the consideration payable under the Proposed Transaction                                                                                                    | 9.3  | 1.140                                         | 1.320            | 1.500       |
| Value of the consideration payable under the Facilitation Agreement, if the Proposed Transaction is not approved (excluding the value of the 2% net smelter royalty) | 10.1 | 1.710                                         | 1.980            | 2.250       |
| Value of the commercial outcome                                                                                                                                      | 10.2 | Insufficient information to conclude on value |                  |             |

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternative offer, the Proposed Transaction is more favorable to Shareholders in comparison to the execution of the Facilitation Agreement, even prior to the addition of the net smelter royalty. However, given that the expert has insufficient information to conclude on the value of the Commercial Outcome, the expert is therefore unable to opine that the Proposed Transaction is fair for Shareholders. As a result, the expert considers the Proposed Transaction to be not fair for Shareholders.

However, the expert has considered that the Proposed Transaction is reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, if the Proposed Transaction is approved, the Company will be able to continue its operations at the Sturec Project, unhindered by a potential litigation proceeding. Additionally, approval of the Proposed Transaction will not impact the Company's working capital, and further aligns the interests of the Executive Chairman and the Company's Shareholders. If the Proposed Transaction is not approved, it is possible that the Company will be required to issue a greater consideration under the Facilitation Agreement.

For the avoidance of doubt, if Shareholders do not approve the issue of the Related Party Shares, the Company will not be released of any potential claims against it in respect of the Facilitation Shares and Gold Royalty.

Resolution 1 seeks Shareholder approval for the issue of the Related Party Shares to Courchevel (or its nominee).

## **1.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Related Party Shares to Courchevel (or its nominee) constitutes giving a financial benefit and Courchevel is a related party of the Company by virtue of Courchevel being an entity controlled by Ms Fiona Paterson, the spouse of Director Mr Russell Moran.

The Directors (other than Mr Moran who has a material personal interest in the Resolution by virtue of the fact that Ms Paterson is a related party of Mr Moran) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Shares because the agreement to issue the Related Party Shares, which is proposed as part of the settlement negotiations with Courchevel in relation to the Assignment and Facilitation Shares (further described in Section 1.1), was negotiated on an arm's length basis.

## **1.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Related Party Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 1 seeks the required Shareholder approval for the issue of the Related Party Shares under and for the purposes of Listing Rule 10.11.

#### **1.4 Technical information required by Listing Rule 14.1A**

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Related Party Shares to Courchevel within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Related Party Shares and the Company will not be released from any potential claims by Courchevel in respect of the Facilitation Shares and the Assignment.

#### **1.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 1:

- (a) the Related Party Shares will be issued to Courchevel 1850 Pty Ltd (ACN 633 457 502) ATF Courchevel Investment Trust (or its nominee), which falls within the category set out in Listing Rule 10.11.1 as Courchevel is controlled by Ms Fiona Paterson (the spouse of Director Mr Russell Moran);
- (b) the maximum number of Related Party Shares to be issued is 6,000,000;
- (c) the Related Party Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Related Party Shares will be issued at a deemed issue price of the last traded share price of the Company as at the date on which the Related Party Shares are issued or as reasonably determined by the parties acting reasonably;
- (e) the Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (f) the purpose of the issue of the Related Party Shares is to settle any potential contractual claim against the Company by Courchevel in relation to the Assignment and the Facilitation Shares (further details of which are set out in Section 1.1);
- (g) for the period ended 30 June 2020, Natres Services Pty Ltd, which provides consulting services performed by Mr Russell Moran and Ms Fiona Paterson was paid total remuneration of \$382,500. For the year-to-date period (1 July 2020 – 11 March 2021), Natres Services Pty Ltd, was

paid \$373,670 (including GST). These payments represent the total remuneration package for Mr Russell Moran and Ms Fiona Paterson. If the Related Party Shares are issued, the value of the consideration payable to Courchevel 1850 Pty Ltd (ACN 633 457 502) ATF Courchevel Investment Trust, an entity controlled by Ms Fiona Paterson, will total \$1,080,000, being the value of the Shares (based on a deemed issue price of \$0.18 per Share, being the closing price of the Company's Shares on 18 March 2021); and

- (h) the Related Party Shares will be issued pursuant to a deed of settlement and release between the Company and Courchevel. The terms of the deed of settlement and release are summarised in Section 1.1; and
- (i) a voting exclusion statement is included in Resolution 1 of the Notice.

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## **2. RESOLUTION 2 – ADOPTION OF PERFORMANCE RIGHTS PLAN**

### **2.1 General**

Resolution 2 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Incentive Performance Rights Plan" (**Performance Rights Plan**) and for the issue of Performance Rights under the Performance Rights Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Performance Rights Plan is to attract, motivate and retain key employees and consultants and the Company considers that the adoption of the Performance Rights Plan and the future issue of Performance Rights under the Performance Rights Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 2 is passed, the Company will be able to issue Performance Rights under the Performance Rights Plan to eligible participants over a period of 3 years. The issue of any Performance Rights to eligible participants under the Performance Rights Plan (up to the maximum number of Performance Rights stated in Section 2.2 (c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained. For this reason, the Company is seeking Shareholder approval for the issue of Performance Rights to Directors (or their nominees), Gino D'Anna and Qingtao Zeng pursuant to Resolutions 3 and 4.

If Resolution 2 is not passed, the Company will be able to proceed with the issue of Performance Rights under the Performance Rights Plan to eligible participants, but any issues of Performance Rights will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights.

## 2.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 2:

- (a) a summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (b) the Company has previously issued 11,000,000 Performance Rights to some of the Directors (or their nominees) under the Performance Rights Plan last adopted by Shareholders on 22 June 2018. There are currently only 250,000 Performance Rights on issue under the Performance Rights Plan last adopted by Shareholders on 22 June 2018 as follows:

|                      | Performance Rights previously issued on 22 June 2018 | Performance Rights converted to shares upon achievement of milestones | Performance Rights cancelled by mutual agreement | Performance Rights currently held |
|----------------------|------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|-----------------------------------|
| <b>Russell Moran</b> | 1,375,000                                            | (275,000)                                                             | (1,100,000)                                      | Nil                               |
| <b>Gino D'Anna</b>   | 1,375,000                                            | (275,000)                                                             | (1,100,000)                                      | Nil                               |
| <b>Shane Uren</b>    | 250,000                                              | Nil                                                                   | Nil                                              | 250,000                           |
| <b>David Riekie</b>  | 5,000,000                                            | Nil                                                                   | (5,000,000)                                      | Nil                               |
| <b>Cherie Leeden</b> | 2,250,000                                            | Nil                                                                   | (2,250,000)                                      | Nil                               |
| <b>Paul Fromson</b>  | 750,000                                              | (150,000)                                                             | (600,000)                                        | Nil                               |

- (c) the maximum number of Securities proposed to be issued under the Performance Rights Plan, following Shareholder approval, is 7,200,000 Performance Rights, which includes the Performance Rights proposed to be issued under Resolutions 3 to 6; and
- (d) a voting exclusion statement is included in Resolution 2 of this Notice.

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### 3. RESOLUTIONS 3 AND 4 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

#### 3.1 Background

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Performance Rights Plan (refer Resolution 2) to issue 5,000,000 Performance Rights to Gino D'Anna and Qingtao Zeng (or their nominees) (**Related Parties**) pursuant to the Performance Rights Plan (**Plan**) and on the terms and conditions set out below (**Director Performance Rights**).

**For the avoidance of doubt, the Company confirms that the previous proposed issue of 10,000,000 Performance Rights to Directors Gino D'Anna and Qingtao Zeng, and previous director Noel O'Brien, as set out in the Company's ASX announcement of 20 November 2019, is not proceeding.**

Mr Russell Moran is not being offered any Director Performance Rights.

The Director Performance Rights will be issued in three equal tranches and will vest upon achievement of the following milestones:

(a) **Class 1**

Upon achievement of a 25% or greater increase in the combined Mineral Resource across all categories of Measured, Indicated and Inferred (as each of those terms is defined in The JORC Code 2012 Edition (or the current edition at the time) (**JORC Code**)) at the Sturec Gold Mine and as verified by an Independent Technical Consultant.

(b) **Class 2**

Upon achievement of a 40% or greater increase in the combined Mineral Resource across all categories of Measured, Indicated and Inferred (as each of those terms is defined in the JORC Code) at the Sturec Gold Mine and as verified by an Independent Technical Consultant.

(c) **Class 3**

Upon completion of a revised scoping study in accordance with the guidelines prescribed by the JORC Code, independently verified by an Independent Technical Consultant, which indicates that the Sturec Gold Mine contains a JORC Code compliant Mineral Resource which delivers a pre-tax net present value (**NPV**) in excess of AUD\$100 million and a pre-tax internal rate of return (**IRR**) of 20% or higher using a 5% discount rate.

For the purposes of the Milestones set out above, "**Independent Technical Consultant**" means a technical consultant (either as part of a multi-person consulting organisation or individually) that is independent of MetalsTech Limited and has the required qualifications and experience to opine on:

- (a) in relation to Classes 1 and 2: the relevant report that has been prepared or is under consideration for the purpose of confirming the achievements in accordance with the requirements of the JORC Code; and



- (b) in relation to Class 3: the relevant study that has been prepared or is under consideration in accordance with the requirements of the JORC Code.

When a milestone has been achieved, the Director Performance Rights in that class will vest and will, at the election of the holder, convert into Shares on a one-for-one basis. All Shares issued upon the vesting of Director Performance Rights will upon issue rank pari passu in all respects with other Shares.

### **3.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 1.2.

The issue of the Director Performance Rights to the Related Parties constitutes giving a financial benefit and Messrs D'Anna and Zeng are related parties of the Company by virtue of each being a Director.

As the Director Performance Rights are proposed to be issued to two of the three Directors (or their nominees), the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Director Performance Rights. Accordingly, Shareholder approval for the issue of Director Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

### **3.3 ASX Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Director Performance Rights to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 3 and 4 seeks the required Shareholder approval for the issue of the Director Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

### **3.4 Technical information required by Listing Rule 14.1A**

If Resolutions 3 and 4 are passed, the Company will be able to proceed with the issue of the Director Performance Rights to the Related Parties under the Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 3 and 4 are not passed, the Company will not be able to proceed with the issue of the Director Performance Rights to the Related Parties under the Performance Rights Plan and the Company will be required to enter into discussions with the Directors in relation to implementing a suitable alternative incentive plan to retain and incentivise key management.

### 3.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 3 and 4:

- (a) the related parties are Internatzionale Consulting Pty Ltd (an entity controlled by Mr Gino D'Anna) and Dr Qingtao Zeng, who are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Director Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 4,000,000 Performance Rights to Internatzionale Consulting Pty Ltd pursuant to Resolution 3; and
  - (ii) 1,000,000 Performance Rights to Dr Zeng (or his nominee) pursuant to Resolution 4.

The Director Performance Rights will be issued in the following amounts and Classes:

|                                           | Class 1   | Class 2   | Class 3   |
|-------------------------------------------|-----------|-----------|-----------|
| <b>Internatzionale Consulting Pty Ltd</b> | 1,400,000 | 1,300,000 | 1,300,000 |
| <b>Qingtao Zeng</b>                       | 350,000   | 325,000   | 325,000   |

- (c) 2,750,000 Performance Rights have previously been issued to Directors Gino D'Anna and Russell Moran for nil cash consideration under the Performance Rights Plan previously adopted by the Company as follows:

|                      | Performance Rights previously issued on 22 June 2018 | Performance Rights converted to shares upon achievement of milestones | Performance Rights cancelled by mutual agreement | Performance Rights currently held |
|----------------------|------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|-----------------------------------|
| <b>Russell Moran</b> | 1,375,000                                            | (275,000)                                                             | (1,100,000)                                      | Nil                               |
| <b>Gino D'Anna</b>   | 1,375,000                                            | (275,000)                                                             | (1,100,000)                                      | Nil                               |

- (d) a summary of the material terms and conditions of the Director Performance Rights is set out in Schedule 2;

- (e) the Director Performance Rights are unquoted securities. The Company has chosen to issue Director Performance Rights to the Related Parties for the following reasons:
- (i) the milestones have been constructed on the basis that they reward superior future performance and are clearly linked to appropriate performance benchmarks. In addition, the Company has aligned itself to ensuring transparency, accountability and fairness are met in both the design of the Performance Rights Plan and disclosing the information to Shareholders to enable them to determine whether to approve the Plan;
  - (ii) the Performance Rights Plan is intended to encourage members of the Company's executive team to ensure the Company performs well for Shareholders through long-term growth and increasing Shareholder value;
  - (iii) as the Performance Rights will not convert until the relevant milestone is achieved, the Company has agreed specific milestones to incentivise and align the interests of the recipients with the interests of shareholders. Accordingly, the relevant milestone will only be satisfied consistently with the achievement of the Company's key business objectives;
  - (iv) the milestones attaching to the Incentive Performance Rights will align the interests of the Related Parties with those of Shareholders; and
  - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Performance Rights on the terms proposed.
- (f) the number of Director Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and practices of other ASX listed companies of a similar size and stage of development to the Company; and
  - (ii) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed.

- (g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

| Related Party                   | Current Financial Year - 2021 (\$) | Previous Financial Year – 2020 (\$) |
|---------------------------------|------------------------------------|-------------------------------------|
| Gino D'Anna – cash remuneration | 235,200                            | 235,200                             |

|                                                     |         |        |
|-----------------------------------------------------|---------|--------|
| (Note 1)                                            |         |        |
| Gino D'Anna – value of proposed Performance Rights  | 258,000 | -      |
| Qingtao Zeng – cash remuneration (Note 2)           | 36,000  | 90,500 |
| Qingtao Zeng – value of proposed Performance Rights | 64,500  | -      |

**Notes:**

1. Mr D'Anna is paid \$3,000 per month in Director fees plus additional services are paid at a day rate of \$1,200 per day.
  2. Dr Zeng is paid \$3,000 per month for Non-Executive Director Fees and also additional fees at a day rate of \$1,200 per day for services outside his normal Director duties.
- (h) the value of the Director Performance Rights and the pricing methodology is set out in Schedule 3;
- (i) the Director Performance Rights will be issued to the Related Parties no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Performance Rights will be issued on one date;
- (j) the issue price of the Director Performance Rights will be nil, as such no funds will be raised from the issue of the Director Performance Rights;
- (k) the purpose of the issue of the Director Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (l) a summary of the material terms and conditions of the Plan is set out in Schedule 1;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Director Performance Rights;
- (n) details of any Director Performance Rights issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Plan after Resolution 2 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;

- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

| Related Party | Shares                  | Options                | Existing Performance Rights |
|---------------|-------------------------|------------------------|-----------------------------|
| Gino D'Anna   | 14,001,940 <sup>1</sup> | 3,000,000 <sup>2</sup> | Nil                         |
| Qingtao Zeng  | Nil                     | Nil                    | Nil                         |

**Notes:**

1. Securities are held by Mr Gino D'Anna <Internazionale A/C> and Mrs Rachel D'Anna.
  2. Each Option is exercisable at \$0.25 each on or before 23 February 2022.
- (q) if the vesting conditions attaching to the Director Performance Rights are satisfied and all Director Performance Rights vest and are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 146,567,638 to 151,567,638 (assuming that no Options or other Performance Rights are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.30%, comprising 2.64% by Mr Gino D'Anna (by virtue of Internazionale Consulting Pty Ltd's holding) and 0.66% by Dr Qingtao Zeng.
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

|                | Price      | Date          |
|----------------|------------|---------------|
| <b>Highest</b> | 3.2 cents  | 24 March 2020 |
| <b>Lowest</b>  | 28.5 cents | 22 July 2020  |
| <b>Last</b>    | 20 cents   | 17 March 2021 |

- (s) Directors Gino D'Anna and Qingtao Zeng have a material personal interest in the outcome of Resolutions 3 and 4 on the basis that the Directors (or their nominees) are to be issued Director Performance Rights should Resolutions 3 and 4 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 and 4 of this Notice;
- (t) Director Russell Moran has no material interest in the outcome of Resolutions 3 and 4, and accordingly recommends shareholders vote in favour of Resolutions 3 and 4 of this Notice on the basis that the proposed issue of the Director Performance Rights will provide a suitable incentive to the Directors Gino D'Anna and Qingtao Zeng in aligning their interests with the interests of all Shareholders;
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4; and
- (v) a voting exclusion statement is included in Resolutions 3 and 4 of the Notice.

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## **4. RESOLUTIONS 5 AND 6 – ISSUE OF EXECUTIVE PERFORMANCE RIGHTS – PAUL FROMSON AND QUINTON HILLS**

### **4.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,200,000 Performance Rights to Mr Paul Fromson (1,200,000 Performance Rights) and Dr Quinton Hills (1,000,000 Performance Rights) (**Executives**) (or their nominees) (**Executive Performance Rights**) on the terms and conditions set out below.

Mr Fromson is the Company's Chief Financial Officer and Company Secretary. Dr Hills is the Company's Exploration Manager.

### **4.2 ASX Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

While the issue of the Executive Performance Rights does not exceed the 15% limit in ASX Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under ASX Listing Rule 7.1. To do this the Company is asking Shareholders to approve the issue of the Executive Performance Rights under ASX Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in ASX Listing Rule 7.1.

Resolutions 5 and 6 seek the required shareholder approval for the issue of the Executive Performance Rights under and for the purposes of Listing Rule 7.1.

If Resolutions 5 and 6 are passed, the issue of the Executive Performance Rights can proceed without using up any of the Company's 15% limit on issuing equity securities without Shareholder approval set out in ASX Listing Rule 7.1.

If Resolutions 5 and 6 are not passed, the Executive Performance Rights can still be issued but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following their issue.

### **4.3 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolutions 5 and 6:

- (a) the maximum number of Executive Performance Rights to be granted is 2,200,000 as follows:
  - (i) 1,200,000 Executive Performance Rights to be issued to Paul Fromson (or his nominee) pursuant to Resolution 6; and
  - (ii) 1,000,000 Executive Performance Rights to be issued to Quinton Hills (or his nominee) pursuant to Resolution 7.

The Executive Performance Rights will be issued in the following amounts and Classes:

|                      | Class 1 | Class 2 | Class 3 |
|----------------------|---------|---------|---------|
| <b>Paul Fromson</b>  | 420,000 | 390,000 | 390,000 |
| <b>Quinton Hills</b> | 350,000 | 325,000 | 325,000 |

- (b) the Executive Performance Rights will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Executive Performance Rights will occur on the same date;
- (c) the Executive Performance Rights will be issued for nil consideration, accordingly no funds will be raised;
- (d) the recipients of the Executive Performance Rights will be:
  - (i) Paul Fromson (or his nominee) pursuant to Resolution 5, who is not a related party of the Company; and
  - (ii) Quinton Hills (or his nominee) pursuant to Resolution 6, who is not a related party of the Company.
- (e) the terms and conditions of the Executive Performance Rights are the same as the Director Performance Rights and are therefore set out in Schedule 2;
- (f) the Executive Performance Rights are not being issued pursuant to an agreement, but rather in accordance with the Company's Performance Rights Plan; and
- (g) a voting exclusion statement is included in Resolutions 5 and 6 of the Notice.

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## 5. **RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY – GEOSMART CONSULTING PTY LTD – AN ENTITY CONTROLLED BY QINGTAO ZENG**

### 5.1 **General**

The Company has agreed, subject to obtaining Shareholder approval, to issue 1,250,000 Shares (**Related Party Shares**) to Geosmart Consulting Pty Ltd (or its nominee) on the terms and conditions set out below. Geosmart Consulting Pty Ltd is a related party of the Company on the basis that it is controlled by Director, Qingtao Zeng.

Resolution 7 seeks Shareholder approval for the issue of the Related Party Shares to Geosmart Consulting Pty Ltd (or its nominee).

### 5.2 **Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 1.2 above.

The issue of Related Party Shares to Geosmart Consulting Pty Ltd (or its nominee) constitutes giving a financial benefit and Geosmart Consulting Pty Ltd is a related party of the Company by virtue of being controlled by a Director, Qingtao Zeng.

The Directors (other than Qingtao Zeng who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Shares because the agreement to issue the Related Party Shares, reached as part of the remuneration of Geosmart Consulting Pty Ltd as a performance bonus for consulting services provided beyond the scope of a non-executive director in relation to a previous debt raising, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **5.3 Listing Rule 10.11**

A summary of Listing Rule 10.11 is set out in Section 1.3 above.

The issue of Related Party Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 7 seeks the required Shareholder approval for the issue of the Related Party Shares under and for the purposes of Listing Rule 10.11.

### **5.4 Technical information required by Listing Rule 14.1A**

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Related Party Shares to Geosmart Consulting Pty Ltd within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Related Party Shares and will need to seek alternative means by which the Company is able to offer Dr Zeng a performance bonus, such as a cash performance bonus, which will reduce the available cash reserves of the Company to direct towards its operations in Slovakia.

### **5.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the Related Party Shares will be issued to Geosmart Consulting Pty Ltd (or its nominee), who falls within the category set out in Listing Rule 10.11.1 as Geosmart Consulting Pty Ltd is a related party of the Company by virtue of being an entity controlled by a Director, Qingtao Zeng;
- (b) the maximum number of Related Party Shares to be issued is 1,250,000 Shares;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any



ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;

- (e) the issue price of the Related Party Shares will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Shares;
- (f) the purpose of the issue of the Related Party Shares is to provide Geosmart Consulting Pty Ltd with a performance bonus for consulting services provided beyond the scope of a non-executive director in relation to the debt raising that was completed by the Company in April 2020 and which was announced to the ASX on 2 April 2020 in an announcement titled "MetalsTech Awarded Extension to Underground Mining Permit for Sturec Gold Mine in Slovakia" (the **Debt Raising**). The Related Party Shares also provide cost effective remuneration to Geosmart Consulting Pty Ltd, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Geosmart Consulting Pty Ltd;
- (g) Dr Zeng was responsible for marketing the Debt Raising to interested parties on behalf of the Company and securing the funds. Dr Zeng is not a related party of any of the Debt Raising participants, the details of which are contained in the ASX announcement dated 2 April 2020, referred to above;
- (h) the current total remuneration package for Qingtao Zeng is \$3,000 per month for Non-Executive Director fees. Dr Zeng is also a proposed recipient of Performance Rights with a value of \$64,500. If the Related Party Shares are issued, the total remuneration package of Qingtao Zeng will increase by \$250,000 to \$286,000 being the value of the Related Party Shares (based on the closing price of the Company's securities as traded on the ASX as at 25 January 2021);
- (i) the Related Party Shares are not being issued under an agreement; and
- (j) a voting exclusion statement is included in Resolution 7 of the Notice.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** or **MetalsTech** means MetalsTech Limited (ACN 612 100 464).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Performance Rights** means a right to acquire a Share, subject to satisfaction of any vesting conditions.

**Performance Rights Plan** or **Plan** means the incentive performance rights plan to be adopted by the Company, being the subject of Resolution 2 as summarised in Schedule 1.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS PLAN (RESOLUTION 2)

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The material terms and conditions of the Performance Rights Plan are summarised below:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any Associated Body Corporate of the Company (each, a **Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a company with whom a Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the body and where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body
  - (iv) a casual employee or contractor of a Group Company (but, if ASIC Class Order 14/1000 (**Class Order**) is being relied on, only to the extent permitted by the Class Order); or
  - (v) a prospective participant, being a person to whom the Offer is made but **who** can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules (i), (ii), (iii) or (iv) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written invitation to any Eligible Participant (including an Eligible Participant who has previously received an Offer) to apply for Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** Where the Company has relied or intends relying on the Class Order to make an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Performance Rights offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Vesting conditions:** A Performance Right may be made subject to Vesting Conditions as determined by the Board in its discretion and as specified in the Offer for the Performance Right (**Vesting Conditions**).

- (f) **Vesting:** Vesting Conditions are deemed to be automatically waived in the event of:
- (i) special circumstances arising in relation to an Eligible Participant to whom Performance Rights have been granted under the Plan or a nominee of the Eligible Participant to whom Performance Rights have been granted under the Plan (**Participant**) in respect of those Performance Rights, being:
    - (A) a Participant ceasing to be an Eligible Participant due to:
      - (I) death or total or permanent disability of a Relevant Person; or
      - (II) retirement or redundancy of a Relevant Person;
    - (B) a Relevant Person suffering severe financial hardship;
    - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
    - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
  - (Special Circumstances), or
  - (ii) a change of control occurring; or
  - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company; or
  - (iv) as otherwise agreed between the Company and Participant.
- (g) **Lapse of a Performance Right:** A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring;
  - (ii) a Vesting Condition in relation to the Performance Right is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board acting reasonably, unless the Board exercises its discretion to waive the Vesting Condition and vest the Performance Right in accordance with the terms of the Performance Rights Plan;
  - (iii) the expiry date of the Performance Rights; or
  - (iv) as otherwise agreed between the Company and Eligible Participant.
- (h) **Not transferrable:** Subject to the Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the

Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy or by agreement between the Company and Participant.

- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, subject to any sale restrictions (refer to paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued or transferred to a Participant on exercise of those Performance Rights (**Restricted Shares**), up to a maximum of 12 months from the Grant Date of the Performance Rights (**Restriction Period**), unless no Restriction Period is agreed between the Company and the Participant.
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends. The Company will not apply for quotation of any Performance Rights on the ASX.
- (l) **No participation rights:** There are no participation rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (m) **No change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules (if applicable) at the time of the reorganisation.
- (o) **Amendments:** Subject to express restrictions set out in the Performance Rights Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Rights granted under the Performance Rights Plan including giving any amendment retrospective effect.

## SCHEDULE 2 - TERMS AND CONDITIONS OF PERFORMANCE RIGHTS (RESOLUTIONS 3, 4, 5 AND 6)

A summary of the terms and conditions of the Performance Rights to be issued to Directors (or their nominees) pursuant to Resolutions 3 and 4 (inclusive) and Paul Fromson and Quinton Hills pursuant to Resolutions 5 and 6 are set out below:

### (a) **Milestones**

The Performance Rights shall convert to Shares on a one-for-one basis upon the Company achieving the applicable Milestone for that Class of Rights, prior to the applicable expiry date of that Class of Rights:

| Class of Rights | Milestone                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Expiry Date of Performance Rights       |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 1.              | Upon achievement of a 25% or greater increase in the combined Mineral Resource across all categories of Measured, Indicated and Inferred (as each of those terms is defined in The JORC Code 2012 Edition (or the current edition at the time) ( <b>JORC Code</b> )) at the Sturec Gold Mine and as verified by an Independent Technical Consultant..                                                                                                      | Three (3) years from the date of issue. |
| 2.              | Upon achievement of a 40% or greater increase in the combined Mineral Resource across all categories of Measured, Indicated and Inferred (as each of those terms is defined in the JORC Code) at the Sturec Gold Mine and as verified by an Independent Technical Consultant.                                                                                                                                                                              | Three (3) years from the date of issue. |
| 3.              | Upon completion of a revised scoping study in accordance with the guidelines prescribed by the JORC Code, independently verified by an Independent Technical Consultant, which indicates that the Sturec Gold Mine contains a JORC Code compliant Mineral Resource which delivers a pre-tax net present value ( <b>NPV</b> ) in excess of AUD\$100 million and a pre-tax internal rate of return ( <b>IRR</b> ) of 20% or higher using a 5% discount rate. | Three (3) years from the date of issue. |

For the purposes of the Milestones set out above, "**Independent Technical Consultant**" means a technical consultant (either as part of a multi-person consulting organisation or individually) that is independent of MetalsTech Limited and has the required qualifications and experience to opine on:

- (a) in relation to Classes 1 and 2: the relevant report that has been prepared or is under consideration for the purpose of confirming the achievements in accordance with the requirements of the JORC Code; and
- (b) in relation to Class 3: the relevant study that has been prepared or is under consideration in accordance with the requirements of the JORC Code.

(b) **Notification to holder**

The Company shall notify the holder in writing when the Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share.

(d) **Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(e) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(f) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(g) **Lapse of a Performance Right**

If the Milestone attached to the relevant Performance Right has not been satisfied within the time period set out in paragraph (a), the relevant Performance Rights will automatically lapse.

(h) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.



(l) **Change in Control**

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
  - (B) having been declared unconditional by the bidder.
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Subdivision 83AC-C**

Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Performance Rights.

(r) **Ceasing to be an Executive**

Unless otherwise agreed between the holder and the Company, if a holder's services agreement with the Company is terminated, the holder will continue to have legal ownership of all Performance Rights that remain unvested from the date of termination until the date which is 6 months from the date of termination. On the date which is 6 months from the date of termination, any Performance Rights that remain unvested will be forfeited by the holder and cancelled by the Company.

## **SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS (RESOLUTIONS 3 AND 4)**

The Related Party Performance Rights to be issued to the Related Parties pursuant to Resolutions 3 and 4 (and to Paul Fromson and Quinton Hills pursuant to Resolutions 5 and 6) have been valued by an independent accounting firm with internal management applying probability weightings to each class.

The Class 1, 2 and 3 Performance Rights have non-market-based conditions and BDO valued them using a Black Scholes pricing model.

The key assumptions in the pricing models are as follows:

|                                                               |                                                            |
|---------------------------------------------------------------|------------------------------------------------------------|
| <b>Assumptions:</b>                                           |                                                            |
| Valuation date                                                | 18 March 2021                                              |
| Market price of Shares                                        | 20 cents per share (market closing price on 17 March 2021) |
| Risk free interest rate                                       | 0.1%                                                       |
| Volatility (discount)                                         | 130%                                                       |
| Probability Weightings                                        | Class 1: 30%    Class 2: 30%<br>Class 3: 30%               |
| Class 1: Indicative value per Related Party Performance Right | 6 cents                                                    |
| Class 2: Indicative value per Related Party Performance Right | 6 cents                                                    |
| Class 3: Indicative value per Related Party Performance Right | 6 cents                                                    |
| Total Value of Performance Rights                             | \$300,000                                                  |
|                                                               | Gino D'Anna – 4,000,000 Performance Rights                 |
|                                                               | Qingtao Zeng – 1,000,000 Performance Rights                |

## PROXY FORM

### METALSTECH LIMITED ACN 612 100 464 GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am, on 30 April 2021 at MetalsTech Limited, Unit 1, 44 Dennis Street, Subiaco WA 6008, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 2, 3, 4 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 3, 4 and 7, are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

| Voting on business of the Meeting |                                                                                                                            | FOR                      | AGAINST                  | ABSTAIN                  |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1                      | APPROVAL TO ISSUE SHARES TO COURCHEVEL 1850 PTY LTD ATF COURCHEVEL INVESTMENT TRUST – A RELATED PARTY OF RUSSELL MORAN     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2                      | ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN                                                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3                      | APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – INTERNAZIONALE CONSULTING PTY LTD – A RELATED PARTY OF GINO D'ANNA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4                      | APPROVAL TO GRANT PERFORMANCE RIGHTS TO RELATED PARTY – QINGTAO ZENG                                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5                      | APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – PAUL FROMSON                                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6                      | APPROVAL TO GRANT PERFORMANCE RIGHTS TO EXECUTIVE – QUINTON HILLS                                                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7                      | APPROVAL TO ISSUE SHARES TO RELATED PARTY – GEOSMART CONSULTING PTY LTD – AN ENTITY CONTROLLED BY QINGTAO ZENG             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Signature of Shareholder(s):

Individual or Shareholder 1

Shareholder 2

Shareholder 3

---

Sole Director/Company Secretary

---

Director

---

Director/Company Secretary

**Date:**

---

**Contact name:**

---

**Contact ph (daytime):**

---

**E-mail address:**

---

**Consent for contact by e-mail  
in relation to this Proxy Form:**

YES ☐ NO ☐

## Instructions for completing Proxy Form

### 1. **Appointing a proxy**

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

### 2. **Direction to vote**

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

### 3. **Compliance with Listing Rule 14.11**

In accordance with Listing Rule 14.11, if you hold Shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the Shares, you are required to ensure that the person(s) or entity/entities for which you hold the Shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the Company that you are in compliance with Listing Rule 14.11.

### 4. **Signing instructions:**

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

### 5. **Attending the Meeting**

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

6. **Lodgement of Proxy Form**

Proxy forms can be lodged:

- (a) post to the share registry  
  
Automic  
GPO Box 5193  
Sydney NSW 2001;
- (b) hand delivering to Automic at Level 5, 126 Phillip Street, Sydney NSW 2000; or
- (c) email to the share registry – [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au);

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

## **ANNEXURE A – INDEPENDENT EXPERT'S REPORT**





**METALSTECH LIMITED**  
**Independent Expert's Report**

**OPINION: NOT FAIR BUT REASONABLE**

9 March 2021



## Financial Services Guide

9 March 2021

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by MetalsTech Limited ('MetalsTech') to provide an independent expert's report on the proposal to issue six million fully paid ordinary shares to Courchevel 1850 Pty Ltd, a related entity to Mr Russell Moran, the Chairman of MetalsTech. You are being provided with a copy of our report because you are a shareholder of MetalsTech and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by MetalsTech to assist you in deciding on whether or not to approve the proposal.

### Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

**Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$27,500.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in MetalsTech.

**Other Assignments**

BDO Audit (WA) Pty Ltd is the appointed Auditor of MetalsTech. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

**Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from MetalsTech for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

**Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**Complaints resolution***Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

**Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website [www.afca.org.au](http://www.afca.org.au) or by contacting it directly via the details set out below.

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
AFCA Free call: 1800 931 678  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)

You may contact us using the details set out on page 1 of the accompanying report.

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9 March 2021

The Independent Directors  
MetalsTech Limited  
Unit 1, 44 Denis Street  
Subiaco, WA, 6008

Dear Independent Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 17 February 2020 MetalsTech Limited (**'MetalsTech'** or **'the Company'**) acquired all of the issued capital of Ortac Resources (UK) Ltd (**'Ortac UK'**) which through its wholly owned subsidiary Ortac s.r.o. owns the Sturec Gold Mine in Slovakia.

Prior to this on, or around, 15 November 2019 MetalsTech entered into a facilitation agreement (**'the Facilitation Agreement'**) with Natres Services Pty Ltd (**'Natres'**) and Courchevel 1850 Pty Ltd (**'Courchevel'**), entities which are related to the Company's Chairman Mr Russell Moran. Under the Facilitation Agreement Courchevel would receive nine million performance rights and a 2% net smelter royalty over the Sturec Gold Mine, in connection with MetalsTech's acquisition of Ortac UK. The enactment of the Facilitation Agreement is subject to the approval of MetalsTech shareholders which has not been sought or obtained.

MetalsTech plan to enter into a deed of settlement with Courchevel and Natres (**'Deed of Settlement'**) under which MetalsTech will issue six million fully paid ordinary shares in the Company to Courchevel and in return the Facilitation Agreement will be terminated and Natres, Courchevel and MetalsTech will settle all claims against one another in full (**'the Proposed Transaction'**).

As the Deed of Settlement is with entities related to Mr Moran and relates to amounts in excess of 5% of the reported net assets of the Company, approval from MetalsTech shareholders not associated with Mr Moran (**'the Shareholders'**) is required for the Company to enter into the Proposed Transaction.

### 2. Summary and Opinion

#### 2.1 Requirement for the report

The independent directors of MetalsTech have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the Shareholders.

Our Report is prepared pursuant to ASX listing rule 10.1 and 10.5, and Chapter 2E of the Corporations Act 2001 (**'Corporations Act'** or **'the Act'**) and is to be included in the Explanatory Memorandum for

MetalsTech in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guides Regulatory Guide 76 'Related party transactions' ('RG 76'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of the 'consideration' to be paid if the Proposed Transaction proceeds compares to the value of the 'consideration' payable if the Proposed Transaction does not proceed;
- The likelihood of an alternative proposal being available to MetalsTech;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

## 2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is not fair but reasonable to Shareholders.

In our opinion, the Proposed Transaction is not fair because there is material uncertainty in relation to the value of the Commercial Outcome should the Proposed Transaction not be approved and the Facilitation Agreement set aside, and therefore we cannot opine that the Proposed Transaction is fair for Shareholders. As a result, by default we consider the Proposed Transaction to be not fair for Shareholders.

However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, if the Proposed Transaction is approved, the Company will be able to continue its operations at the Sturec Project, unhindered by a potential litigation proceeding. Additionally, approval of the Proposed Transaction will not impact the Company's working capital, and further aligns the interests of the Executive Chairman and the Company's Shareholders. If the Proposed Transaction is not approved, it is possible that the Company will be required to issue a greater consideration under the Facilitation Agreement.



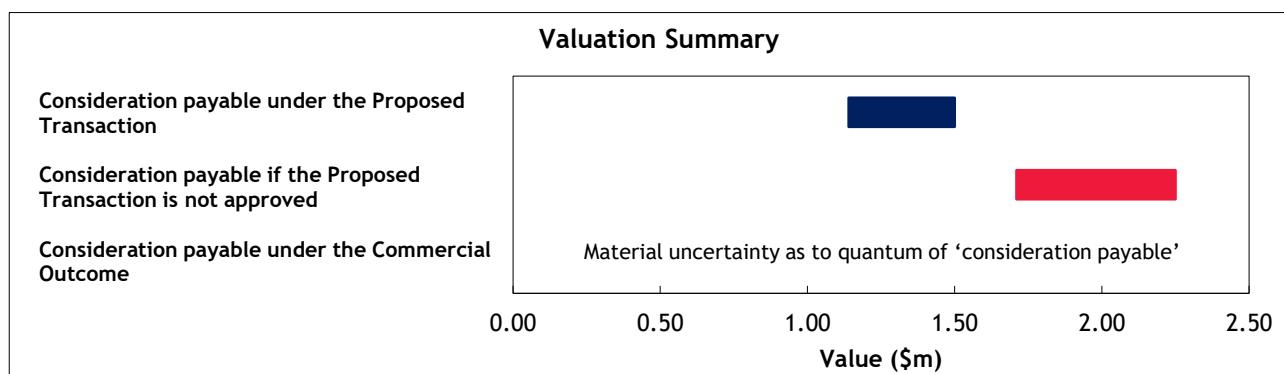
## 2.4 Fairness

In section 11 we determined that the Proposed Transaction consideration compares to the value of the consideration if the Proposed Transaction is not approved as detailed below.

|                                                                                                                                                                      | Ref  | Low<br>\$m                                                            | Preferred<br>\$m | High<br>\$m |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------------------------------------------------|------------------|-------------|
| Value of the consideration payable under the Proposed Transaction                                                                                                    | 9.3  | 1.140                                                                 | 1.320            | 1.500       |
| Value of the consideration payable under the Facilitation Agreement, if the Proposed Transaction is not approved (excluding the value of the 2% net smelter royalty) | 10.1 | 1.710                                                                 | 1.980            | 2.250       |
| Value of the Commercial Outcome                                                                                                                                      | 10.2 | Material uncertainty as to the quantum of the 'consideration payable' |                  |             |

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternative offer, the Proposed Transaction is more favourable to Shareholders in comparison to the execution of the Facilitation Agreement, even prior to the addition of the net smelter royalty. However, given that there is material uncertainty as to the value of the Commercial Outcome, we do not have reasonable grounds to determine value and therefore cannot opine that the Proposed Transaction is fair for Shareholders. As a result, we consider the Proposed Transaction to be not fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 12 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other

relevant information and/or an alternative proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES |                                                                                                                             |         |                                              |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------------|
| Section                      | Advantages                                                                                                                  | Section | Disadvantages                                |
| 12.3                         | The Company's operations have been constrained as a result of uncertainty re the Facilitation Agreement.                    | 12.4    | Dilution of existing Shareholders' interests |
| 12.3                         | The Proposed Transaction further aligns the interests of Mr Moran and MetalsTech Shareholders                               |         |                                              |
| 12.3                         | The issue of six million shares, rather than a cash payment will not have a negative impact on MetalsTech's working capital |         |                                              |

The consequences of not approving the Proposed Transaction are summarised below:

| Section | Description                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12.2    | If Shareholders do not approve the Proposed Transaction, it is likely that there will need to be a Commercial Outcome which may lead to litigation proceedings against the Company. This could result in MetalsTech being legally obliged to issue nine million shares and a 2% net smelter royalty over production at the Sturec Project, in addition to any legal fees expensed in the process. |

Other key matters we have considered include:

| Section | Description          |
|---------|----------------------|
| 12.1    | Alternative Proposal |



### 3. Scope of the Report

#### 3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed of constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party or person of influence of the listed entity as defined under the ASX Listing Rules.

Based on the audited accounts as at 30 June 2020, 5% of the equity interest of MetalsTech is approximately \$236,000. The value of assets and consideration in the Proposed Transaction is in excess of this figure.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Chapter 2E of the Corporations Act 2001 ('Chapter 2E') requires a public company to obtain shareholder approval when giving a financial benefit to any party defined as a related party. What constitutes a financial benefit and who falls under the definition of a related party is set out under Chapter 2E.2. Exceptions apply to this requirement, including the arm's length exception however MetalsTech has determined to seek shareholder approval under Chapter 2E.

If shareholder approval is sought, the company must lodge with the ASIC the material that will be put to members. RG 76 sets out the information expected to be in the explanatory statements to the resolution being put to shareholders and requires, when necessary, an independent valuation of the financial benefit, particularly if the financial benefit is an issue of securities or involves the sale or purchase of an asset.

#### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. RG 111 provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 and Chapter 2E, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

Further RG 111.53 and RG 111.54 state that "when analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism. For example, where a related party transaction is made up of a number of separate components, the expert should consider the overall effect of the related party transaction. Where the related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party aspect is required: see also RG 111.4. In this consideration, the expert should

bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction”.

We do not consider the Proposed Transaction to be a control transaction.

### 3.3 Adopted basis of evaluation

RG 111.57 states that a proposed related party transaction is ‘fair’ if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

Here the financial benefit being provided by the entity to the related party is six million fully paid ordinary shares. The consideration being provided to the entity is the termination of the Facilitation Agreement and that Natres, Courchevel and MetalsTech will settle all claims against one another in full.

RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have not included a premium for control when considering the value of shares in MetalsTech.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the ordinary shares to be issued to Courchevel and the value of the termination of the Facilitation Agreement and the settlement of all claims to the Company. (fairness - see Section 11 ‘Is the Proposed Transaction Fair?’); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness - see Section 12 ‘Is the Proposed Transaction Reasonable?’).

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’ (**‘APES 225’**).

A Valuation Engagement is defined by APES 225 as follows:

*‘an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.’*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Proposed Transaction

On 17 February 2020 MetalsTech acquired all of the issued capital of Ortac UK which, through its wholly owned subsidiary Ortac s.r.o., owns the Sturec Gold Mine in Slovakia. To acquire the issued capital of Ortac UK, MetalsTech paid an option fee of \$30,000, an initial payment of \$420,000 (**'the First Payment'**) and a further payment of \$300,000, which was paid in the September 2020 quarter.

Prior to this on, or around, 15 November 2019 MetalsTech entered into the Facilitation Agreement with Natres and Courchevel, entities which are related to the Company's Chairman Mr Russell Moran. Under the Facilitation Agreement, Courchevel would receive nine million performance rights and a 2% net smelter royalty over the Sturec Gold Mine, in connection with MetalsTech's acquisition of Ortac UK. The enactment of the Facilitation Agreement is subject to the approval of MetalsTech shareholders which has not been sought or obtained.

The nine million performance rights to be issued under the Facilitation Agreement are convertible to ordinary shares on a one-for-one basis, subject to the following

- Completion of the First Payment; and
- The 20-day trading price of the ordinary shares in MetalsTech trading at six cents or more.

Completion of the acquisition of Ortac UK including the First Payment occurred on 17 February 2020. MetalsTech shares met the second condition of trading above six cents for more than 20 days in April 2020. As such both the conditions above have been met but Shareholder approval has not been sought or obtained.

The 2% net smelter royalty would be fully assignable and transferable and would apply to all gold and other minerals produced from the Sturec Gold Mine, payable quarterly in arrears.

MetalsTech plan to enter into the Deed of Settlement with Courchevel and Natres under which MetalsTech will issue six million fully paid ordinary shares in the Company to Courchevel and in return the Facilitation Agreement will be terminated and Natres, Courchevel and MetalsTech will release each other from all claims, obligations and undertakings arising under the Facilitation Agreement.

## 5. Profile of MetalsTech

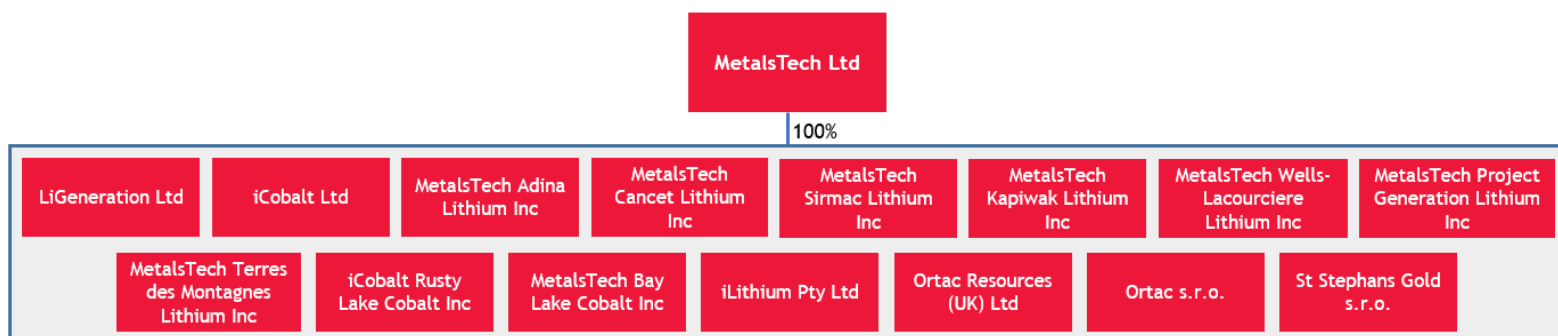
### 5.1 History

MetalsTech is an ASX-listed mineral exploration company, with gold and lithium projects located in central Slovakia and Canada. The Company's flagship asset is the Sturec Gold Mine, located in central Slovakia, approximately 150 kilometres ('kms') northeast of the country's capital, Bratislava. The Company also holds the rights to a number of lithium projects in Canada, in which MetalsTech endeavours to maintain a minimum level expenditure on in the near term. The Company's head office is located in Perth, Western Australia.

The Company's current board of directors and senior management are:

- Russell Moran - Executive Chairman;
- Gino D'Anna - Executive Director;
- Qingtao Zeng - Non-Executive Director (Technical); and
- Paul Fromson - Chief Financial Officer and Company Secretary.

MetalsTech has a number of wholly owned subsidiaries as outlined below:



### 5.2 Projects

#### Sturec Gold Mine

The Sturec Gold Mine (the 'Project') was acquired by MetalsTech in February 2020, and is located approximately 150kms northeast of Bratislava in central Slovakia. The Sturec Gold Mine spans across an area of approximately 64.9 square kms ('km<sup>2</sup>'), with its main area of interest being the Sturec zone. MetalsTech's mining licence at the Project is the Kremnica Mining License, which originally permitted mining operations to continue until 2021, but was subsequently extended until 2024.

The Sturec Gold Mine is surrounded by existing infrastructure, including an underground mine, paved roads, a network of old mining and forestry tracks, a regularly operating rail line to the nearby town of Kremnica, high voltage power lines and a network of historic water storage impounds. Prior to the acquisition, significant operations had been undertaken at the Sturec Gold Mine, with historical production of over 1.5 million ounces ('oz') of gold, and 6.7 million oz of silver, amongst substantial exploration activity from 1962 to 2005.

On 20 November 2019, the Company announced it had signed an option to acquire the Sturec Gold Mine with Arc Minerals Limited ('Arc Minerals'), through the purchase of Ortac UK, which was a wholly owned subsidiary of Arc Minerals. Under the option, MetalsTech had 45 days to complete technical, legal and financial due diligence on the Project, for the consideration of \$30,000. On 30 December 2019, the Company announced the exercising of the option to acquire the Project after the completion of due diligence work. As a result, the Company would be required to pay a First Payment upon exercise, and \$300,000 cash within 6 months of exercise. In addition, the Company agreed to the Facilitation Agreement. MetalsTech announced that it would commence metallurgy and mineralogy technical work shortly after the acquisition, with the Company planning on upgrading the existing JORC 2004 mineral resource estimate ('MRE') to a JORC 2012 standard.

In February 2020, MetalsTech announced it had partnered with Clean Earth Technologies Pte Ltd ('CET') for the use of proprietary cyanide-free thiosulphate-based gold recovery technology at the Project. Under the agreement, the companies would work together to expand the distribution of the technology beyond Slovakia, Romania, Bosnia and Herzegovina, allowing MetalsTech to generate strategic value through the use of the technology in other jurisdictions.

In April 2020, the Company released a JORC 2012 MRE for the Project of 21.2 million tonnes ('Mt') at a grade of 1.50 grams per tonne ('g/t') of measured and indicated gold resource. The Company announced that mining operations would commence later in the month, with primary focus being placed on the extraction of ore from the Andrej Adit from within the Kremnica Mining License. The Company commenced a diamond drilling program in July 2020, with MetalsTech planning a 3km exploration program through 9 diamond drill holes. The drill program was commissioned as part of the Company's underground mine scoping study, in which the mined ore would be shipped to Australia for bulk metallurgical testing.

Through December 2020, the Company completed seven diamond drill holes as part of its maiden underground drilling program from within the Andrej Adit. The Company remains focussed on achieving its near term goals at the Sturec Gold Mine, most notably, the development of an underground roadway to facilitate further resource expansion drilling, the completion of a scoping study and a pre-feasibility study, including a new mine plan, mine design and processing route.

## Other Projects

The Company has a portfolio of hard rock lithium exploration assets located in Quebec, Canada, comprising the Adina Project, the Cancet Project, the Kapiwak Project and the Sirmac-Clapier Project. The projects are all at differing exploration stages, with the Cancet and Adina Projects being the most advanced, having received drilling permits and approvals in March 2017. The Cancet Project is located approximately 185kms east of La Grande, Quebec, whilst the Adina Project is located approximately 60kms south of the Mirage Lodge, in the James Bay region of Quebec.

On 7 March 2017, MetalsTech announced it had received drilling permits and approvals to undertake drilling campaigns at the Cancet and Adina Projects. The Company announced that it would commence a 4km diamond drilling program at the Cancet Project on or about 15 March 2017, and a 2km diamond drilling program at the Adina Project towards the end of May 2017, with the goal of targeting resource definition at both projects.

In the June quarter 2017, the Company announced the completion of its first diamond drilling program at the Cancet Project, completing 40 diamond drill holes for 4,350km. The Company announced that the program had confirmed the existence of heavily spodumene mineralised pegmatite, and suggested the

potential of a high grade open cut mining operation. By October 2017, MetalsTech had completed a second phase of the diamond drilling program, in addition to a detailed field mapping program, and a magnetic survey program. The programs were intended to underpin a MRE as part of a scoping study for the Cancet Project.

In February 2018, MetalsTech began its drilling campaign at the Adina Project. The Company completed 10 diamond drill holes in its maiden campaign at Adina over a 3-month period. The Company announced that the program had proven the prospective nature of the Adina Project and planned to undertake additional field work in order to advance the project, however, in late 2018, following the acquisition of a number of cobalt projects in Canada, the Company decided to commence discussions with investors and development partners regarding a sell-down of its lithium portfolio. The Company proceeded to undertake multiple drilling programs at its Bay Lake, Bay Lake North, and Rusty Lake cobalt projects through June 2019, before announcing that it would not continue developing its cobalt assets as a result of a softening of the cobalt market.

In the year ended 30 June 2019, MetalsTech impaired all of its exploration and acquisition expenditure in relation to its Canadian cobalt portfolio, and ceased funding for the projects in the process of winding up the entities that hold the projects.

During the year ended 30 June 2020, the Company impaired the entire carrying value of some of its lithium assets as it discontinued exploration in several areas. MetalsTech intends to continue exploration on its Adina, Cancet, Kapiwak and Sirmac-Clapier projects whilst looking for joint venture or farm-in opportunities for external parties. The primary focus of the Company moving forward is the Sturec Gold Project.

## Recent Corporate Events

On 4 October 2019, the Company announced that it had secured approximately CAD\$1.57 million in funding from the Quebec Taxation Department as consideration for the Company's claims for Resource Exploration Tax refunds and credits on duties refundable for losses. The Company subsequently announced that it was sufficiently funded to complete its acquisition of the Sturec Gold Mine.

On 15 April 2020, the Company issued 700,000 fully paid ordinary shares due to outstanding performance rights hurdles being satisfied. Additionally, MetalsTech issued 280,000 fully paid ordinary shares due to the conversion of options, with an exercise price of \$0.06, for the total consideration of \$16,800. On 22 April 2020, MetalsTech issued 2,300,000 fully paid ordinary shares upon the conversion of outstanding options, with an exercise price of \$0.06, for total proceeds of \$138,000.

On 29 April 2020, the Company secured a \$3.63 million strategic funding package, with \$2.50 million from Mr Zhengrong Chen by way of fixed price convertible notes, and \$1.13 million through the completion of a placement of 7,031,250 fully paid ordinary shares at \$0.16 per share, to sophisticated investors. The convertible notes have a two year term with an interest rate of 10% per annum, and a fixed conversion price of \$0.25 per share. On 16 September 2020, the Company announced that it had terminated the convertible note funding package.

On 6 July 2020, the Company issued 500,000 unlisted options to its newly appointed technical advisor, Mark Calderwood. The unlisted options have an exercise price of \$0.20 and expire on 6 July 2022.

On 21 July 2020, the Company announced it had successfully completed a bookbuild and sell down of the remaining equity held by Wuxi Baichuan Chemical Industrial Co Ltd ('BCC'), representing 7,790,000 fully

paid ordinary shares. The bookbuild was subscribed for by institutional and sophisticated investors, and was managed by the Company.

On 31 July 2020, the Company issued 240,000 fully paid ordinary shares upon the conversion of unlisted options with an exercise price of \$0.06, for the total consideration of \$14,400.

On 25 September 2020, the Company issued 20,000,000 fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.165 per share, in order to assist with working capital requirements, allowing the Company to continue exploration activities at the Sturec Gold Mine. The total consideration for the placement was \$3.30 million.

On 30 October 2020, the Company released an Appendix 3B stating the proposed issue of 500,000 options with an exercise price of \$0.20, expiring on 6 July 2022. Upon exercise, the Company will receive \$100,000 in proceeds.

### 5.3 Historical Balance Sheet

| Statement of Financial Position        | Audited as at<br>30-Jun-20<br>\$ | Audited as at<br>30-Jun-19<br>\$ | Audited as at<br>30-Jun-18<br>\$ |
|----------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>CURRENT ASSETS</b>                  |                                  |                                  |                                  |
| Cash and cash equivalents              | 1,030,660                        | 74,418                           | 1,526,761                        |
| Trade and other receivables            | 76,680                           | 1,952,031                        | 283,092                          |
| <b>TOTAL CURRENT ASSETS</b>            | <b>1,107,340</b>                 | <b>2,026,449</b>                 | <b>1,809,853</b>                 |
| <b>NON-CURRENT ASSETS</b>              |                                  |                                  |                                  |
| Property, plant and equipment          | 12,610                           | 18,625                           | 26,764                           |
| Exploration and evaluation expenditure | 5,540,381                        | 6,500,164                        | 9,644,796                        |
| <b>TOTAL NON-CURRENT ASSETS</b>        | <b>5,552,991</b>                 | <b>6,518,789</b>                 | <b>9,671,560</b>                 |
| <b>TOTAL ASSETS</b>                    | <b>6,660,331</b>                 | <b>8,545,238</b>                 | <b>11,481,413</b>                |
| <b>CURRENT LIABILITIES</b>             |                                  |                                  |                                  |
| Trade and other payables               | 1,271,059                        | 880,021                          | 288,281                          |
| Provisions                             | 19,423                           | 10,385                           | 6,640                            |
| <b>TOTAL CURRENT LIABILITIES</b>       | <b>1,290,482</b>                 | <b>890,406</b>                   | <b>294,921</b>                   |
| <b>NON-CURRENT LIABILITIES</b>         |                                  |                                  |                                  |
| Borrowings                             | 650,000                          | -                                | -                                |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   | <b>650,000</b>                   | <b>-</b>                         | <b>-</b>                         |
| <b>TOTAL LIABILITIES</b>               | <b>1,940,482</b>                 | <b>890,406</b>                   | <b>294,921</b>                   |
| <b>NET ASSETS</b>                      | <b>4,719,849</b>                 | <b>7,654,830</b>                 | <b>11,186,492</b>                |
| <b>EQUITY</b>                          |                                  |                                  |                                  |
| Share capital                          | 15,207,322                       | 14,115,782                       | 14,010,415                       |
| Reserves                               | 2,642,083                        | 1,964,581                        | 1,485,778                        |
| Accumulated losses                     | (13,129,556)                     | (8,425,533)                      | (4,309,701)                      |
| <b>TOTAL EQUITY</b>                    | <b>4,719,849</b>                 | <b>7,654,830</b>                 | <b>11,186,492</b>                |

Source: MetalsTech's audited financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

We note that the Company's auditor highlighted the ability of MetalsTech to continue as a going concern as a key audit matter, in its reports for the years ended 30 June 2018, 30 June 2019 and 30 June 2020. The matter was raised due to the existence of a material uncertainty relating to the Company's ability to realise its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue to operate as a going concern is dependent on the securing of additional funding through equity to continue to fund its exploration activities.

### Commentary on Historical Statement of Financial Position

- Cash and cash equivalents declined from \$1.53 million as at 30 June 2018 to \$0.07 million as at 30 June 2019. The decrease of approximately \$1.46 million was primarily the result of payments for exploration and evaluation expenditure of \$0.78 million, and payments to suppliers and employees of \$0.69 million. Cash and cash equivalents increased from \$0.07 million as at 30 June 2019 to \$1.03 million as at 30 June 2020. The increase of approximately \$0.96 million was primarily the result of taxation refunds for exploration credits of \$2.07 million, proceeds from the issue of shares of \$1.13 million and proceeds from redeemable notes of \$1.05 million. This was partially offset by payments to suppliers and employees of \$1.96 million.
- Trade and other receivables declined from \$1.95 million as at 30 June 2019 to \$0.08 as at 30 June 2020, largely as a result of the receipt of Canadian exploration rebates of \$1.94 million.
- Exploration and evaluation expenditure of \$5.54 million as at 30 June 2020 is outlined below.

| Exploration and evaluation expenditure                  |  | \$          |
|---------------------------------------------------------|--|-------------|
| Balance at 30 June 2019                                 |  | 6,500,164   |
| Impairment of exploration expenditure                   |  | (2,391,869) |
| Canadian tax rebates for remote exploration expenditure |  | (109,252)   |
| Acquisition costs and exploration expenditure           |  | 192,893     |
| Acquired with acquisition of subsidiary                 |  | 1,452,455   |
| Net exchange differences on translation                 |  | (104,010)   |
| Balance at 30 June 2020                                 |  | 5,540,381   |

- Borrowings of \$0.65 million as at 30 June 2020 comprises four redeemable note agreements dated 11 March 2020, attracting a 20% interest rate per annum, for a term of 18 months from their respective drawdown dates. The redeemable notes have since been fully drawn by the Company.



## 5.4 Historical Statement of Comprehensive Income

| Statement of Comprehensive Income                        | Audited for year ended<br>30-Jun-20<br>\$ | Audited for year ended<br>30-Jun-19<br>\$ | Audited for year ended<br>30-Jun-18<br>\$ |
|----------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Revenue</b>                                           |                                           |                                           |                                           |
| Other revenue                                            | 8,728                                     | 5,181                                     | 6,234                                     |
| <b>Total revenue</b>                                     | <b>8,728</b>                              | <b>5,181</b>                              | <b>6,234</b>                              |
| <b>Expenses</b>                                          |                                           |                                           |                                           |
| Administration expenses                                  | (314,921)                                 | (268,537)                                 | (197,375)                                 |
| Advertising and marketing                                | (403,560)                                 | (13,272)                                  | (65,729)                                  |
| Audit fees                                               | (51,148)                                  | (37,211)                                  | (52,699)                                  |
| Consulting fees                                          | (9,359)                                   | (80,275)                                  | (193,565)                                 |
| Corporate compliance                                     | (42,471)                                  | (40,549)                                  | (69,967)                                  |
| Depreciation                                             | (7,923)                                   | (8,139)                                   | (6,365)                                   |
| Directors and consulting fees                            | (758,300)                                 | (386,600)                                 | (699,027)                                 |
| Directors benefit expense                                | (63,990)                                  | -                                         | -                                         |
| Employment benefits                                      | (223,288)                                 | (174,207)                                 | (104,862)                                 |
| Impairment - exploration and evaluation expenditure      | (2,391,869)                               | (2,885,301)                               | (2,535,526)                               |
| Finance costs                                            | (78,751)                                  | -                                         | -                                         |
| Legal fees                                               | (77,496)                                  | (94,980)                                  | (92,588)                                  |
| Occupancy costs                                          | (49,743)                                  | (42,464)                                  | (43,928)                                  |
| Share based payments                                     | (179,331)                                 | (42,173)                                  | (52,068)                                  |
| Travelling expenses                                      | (60,601)                                  | (47,305)                                  | (225,995)                                 |
| <b>Total expenses</b>                                    | <b>(4,712,751)</b>                        | <b>(4,121,013)</b>                        | <b>(4,339,694)</b>                        |
| <b>Loss from continuing operations before income tax</b> | <b>(4,704,023)</b>                        | <b>(4,115,832)</b>                        | <b>(4,333,460)</b>                        |
| Income tax expense                                       | -                                         | -                                         | -                                         |
| <b>Loss from continuing operations after income tax</b>  | <b>(4,704,023)</b>                        | <b>(4,115,832)</b>                        | <b>(4,333,460)</b>                        |
| Other comprehensive income                               | (84,936)                                  | 431,756                                   | -                                         |
| <b>Total comprehensive loss for the year</b>             | <b>(4,788,959)</b>                        | <b>(3,684,076)</b>                        | <b>(4,333,460)</b>                        |

Source: MetalsTech's audited financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

As noted above, the Company's auditor highlighted the ability of MetalsTech to continue as a going concern as a key audit matter, in its reports for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

### Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Administration expenses of \$0.31 million for the year ended 30 June 2020 primarily comprise an interest expense of \$0.09 million, auditors fee in relation to taxation services of \$0.07 million, borrowing costs of \$0.03 million and accounting fees of \$0.02 million.
- Advertising and marketing expenses increased from \$0.01 million for the year ended 30 June 2019 to \$0.40 million for the year ended 30 June 2020. The increase of approximately \$0.39 million was in relation to a number of large payments for promotion across Australia and Europe. The

advertising payments across Europe are the result of a large presence of German shareholders on the Company's share register.

- The Company recorded an impairment of exploration expenditure of \$2.39 for the year ended 30 June 2020 in relation to the impairment of the acquisition and exploration costs on a number of Canadian lithium assets, to a fair value of nil. The Company's impairment expense of \$2.89 million for the year ended 30 June 2019 was in relation to the impairment of the exploration and acquisition expenditure in relation to the cobalt projects held by the Company's wholly owned subsidiaries. MetalsTech has commenced action to wind up the Canadian entities that hold the relevant lithium and cobalt projects.
- Directors and consulting fees of \$0.76 million for the year ended 30 June 2020 primarily comprise remuneration to the Directors of MetalsTech of \$0.65 million.

## 5.5 Capital Structure

The share structure of MetalsTech as at 15 January 2021 is outlined below:

|                                                   | Number        |
|---------------------------------------------------|---------------|
| Total ordinary shares on issue                    | 146,567,638   |
| Top 20 shareholders                               | 95,798,924    |
| <b>Top 20 shareholders - % of shares on issue</b> | <b>65.36%</b> |

Source: MetalsTech share registry information

The range of shares held in MetalsTech as at 15 January 2021 is as follows:

| Range of Shares Held | Number of Ordinary Shareholders | Number of Ordinary Shares | Percentage of Issued Shares (%) |
|----------------------|---------------------------------|---------------------------|---------------------------------|
| 1 - 1,000            | 50                              | 6,969                     | 0.00%                           |
| 1,001 - 5,000        | 360                             | 1,213,880                 | 0.83%                           |
| 5,001 - 10,000       | 263                             | 2,206,149                 | 1.51%                           |
| 10,001 - 100,000     | 547                             | 20,162,815                | 13.76%                          |
| 100,001 - and over   | 140                             | 122,977,825               | 83.91%                          |
| <b>TOTAL</b>         | <b>1,360</b>                    | <b>146,567,638</b>        | <b>100.00%</b>                  |

Source: MetalsTech share registry information

The ordinary shares held by the most significant shareholders as at 15 January 2021 are detailed below:

| Name                                      | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|-------------------------------------------|--------------------------------|---------------------------------|
| J P Morgan Nominees Australia Pty Limited | 35,180,300                     | 24.00%                          |
| Natres Services Pty Ltd                   | 18,639,182                     | 12.72%                          |
| Mrs Rachel D'Anna                         | 11,991,000                     | 8.18%                           |
| Mr Kenneth Joseph Hall                    | 6,050,196                      | 4.13%                           |

| Name                                  | Number of Ordinary Shares Held | Percentage of Issued Shares (%) |
|---------------------------------------|--------------------------------|---------------------------------|
| Subtotal                              | 71,860,678                     | 49.03%                          |
| Others                                | 74,706,960                     | 50.97%                          |
| <b>Total ordinary shares on Issue</b> | <b>146,567,638</b>             | <b>100.00%</b>                  |

Source: MetalsTech share registry information

The derivative securities on issue as at 15 January 2021 are outlined below:

| Current Derivatives on Issue                                                                   | Number            |
|------------------------------------------------------------------------------------------------|-------------------|
| Performance rights vesting upon the achievement of a 20-day VWAP of \$0.40 before 30 June 2021 | 125,000           |
| Performance rights vesting upon the achievement of a 20-day VWAP of \$0.60 before 30 June 2021 | 125,000           |
| Unlisted options exercisable at \$0.25, expiring on 8 July 2021                                | 9,600,000         |
| Unlisted options exercisable at \$0.25, expiring on 1 November 2021                            | 100,000           |
| Unlisted options exercisable at \$0.20, expiring on 6 July 2022                                | 1,000,000         |
| Unlisted options exercisable at \$0.25, expiring on 6 May 2023                                 | 604,600           |
| Unlisted options exercisable at \$0.25, expiring on 19 November 2023                           | 500,000           |
| Unlisted options exercisable at \$0.06, expiring on 31 December 2023                           | 160,000           |
| <b>TOTAL</b>                                                                                   | <b>12,214,600</b> |

Source: MetalsTech share registry information

## 6. Economic analysis

MetalsTech is primarily exposed to the risks and opportunities of the Slovakian market, due to its operations at the Sturec Gold Mine. As a result, we have presented an economic analysis on Slovakia.

### 6.1. Slovakia

#### Overview

The Slovakian economy grew at 2.3% over 2019. The National Bank of Slovakia ('NBS') had predicted economic growth of approximately 2.2% for 2020, based on weak foreign demand, strong domestic output and a recovery in global trade. However, as a result of the COVID-19 outbreak, this momentum has been substantially disrupted.

COVID-19 has led to the largest contraction in global economic activity since the 1930s. Labour markets have been severely disrupted, and inflation has declined. The easing of containment measures in some nations led to a new surge in infections, postponing a fuller and faster economic recovery. The global economic downturn has been concentrated in the services (mainly travel and hospitality) sector, with the manufacturing sector staging a recovery, initially in China, but then in other industrial nations.

The pandemic has had a significant impact on the Slovakian economy and financial system, along with creating considerable volatility in financial markets. Equity prices experienced sharp declines, whilst the financial sector experienced a high degree of turmoil, with interest rates declining substantially, and banks experiencing collapses in profitability.

Globally, financial market conditions have rebounded from the period of dislocation in March 2020, and over the past few months financial conditions have remained accommodative as interest rates have fallen to historical lows. The expectation that significant fiscal and monetary stimulus will be provided for an extended period, is supporting sentiment in financial markets. The continuance of low global interest rates would be a positive outcome for MetalsTech, as the Company would benefit from a relatively cheaper cost of debt, and could potentially consolidate its current debt from redeemable notes that was acquired at higher rates.

#### Economic Indicators

According to the NBS's third quarter of 2020 forecast, the Slovakian economy is expected to contract by approximately 8.2% over 2020, before growing approximately 5.6% over 2021 and 4.2% over 2022. If realised, this would still leave the level of output below a counterfactual scenario, had the pandemic not occurred. The expected recovery will be supported by considerable fiscal and monetary policy easing.

Despite strong growth in economic activity throughout the third quarter of 2020, the unemployment rate continued to rise, increasing by 0.3% compared to the previous quarter, and by 2.5% year on year. The increase was largely accounted for by the lack of creation of new jobs throughout the country. There is a mismatch in supply and demand for labour across all industries, with labour shortages evident for skilled positions, particularly in plant and machinery operation, which is expected to be the result of the decline in foreign labour due to the COVID-19 pandemic. The Slovakian Government has implemented a number of employment-related measures to negate the impact of the pandemic, primarily through the provision of subsidies for individuals and businesses who were impacted by the pandemic.

CPI inflation climbed to approximately 3% in 2019, after sitting just below 2% for the prior two year period. This increase in inflation was related to wage growth, rising demand and higher food prices. In

addition, the Slovakian Government announced that it planned to increase the wages of public sector employees by 10% in each of 2019 and 2020, which was indirectly forecast to increase wages in the private sector. As a result of the COVID-19 crisis, inflation fell to a 3-year low of 1.8% for the month of July 2020, and 1.4% in August 2020. Despite reaching 3-year lows, prices remained stronger than expected as a result of upward pressure on the prices of non-durable consumption goods and the prices of personal care and food services. The impact of deteriorating labour market conditions was expected to have a lagged impact on prices, as the CPI inflation rate for 2020 was forecast to fall below 2%. Inflation for 2020 is estimated to be 1.53%, and is expected to remain subdued in the near term.

The Euro strengthened throughout 2020 during the market turmoil experienced as a result of the COVID-19 pandemic. Compared to the United States Dollar ('USD') the Euro improved from an exchange rate of 1.12 EUR:USD on 1 Jan 2020, to a rate of 1.22 on 31 December 2020. This increase is likely the result of the Euro growing a reputation as a safe haven currency. Prior to the COVID-19 pandemic, the European Union ('EU') held debt of only 78% of GDP, and ran a current account surplus, whilst nearly one third of all global payments involved the Euro. It is possible that the Euro will continue to gain momentum if the fallout from the US election continues to steer investors away from the USD, and towards other safe haven currencies. As the price of gold is denominated in USD, it is possible that MetalsTech will receive greater cash inflows.

## Outlook

The NBS predicts a high level of uncertainty in the near term for the Slovakian economy, however, there are not predicted to be any further lockdown measures implemented on the entire economy, which will allow the economy the opportunity to return to pre-pandemic levels in the medium term.

Inflation is expected to stall due to the ongoing impact of weaker consumer demand, reductions in administered prices and a fall in export prices. Inflation is forecast to remain weak, but recover in line with economic growth. As output and other economic conditions recover, unemployment is expected to improve. The normalisation of the economic environment from mid-2021 is expected to drive a recovery in output, productive capacity, and as a result, a decline in the unemployment rate.

For MetalsTech, progress at the Sturec Project has appeared to be largely unhindered by the COVID-19 pandemic and the State of Emergency entered into by Slovakia. The Company remains focussed on its' near term objectives, and aims to capitalise on the positive impact that the global pandemic has had on the price of gold.

**Source:** [www.nbs.sk](http://www.nbs.sk) Statistical Bulletin Q4 2020, Monthly Bulletin, January to December 2020, Medium Term Forecast, Q3 2020, Financial Stability Report, May 2020, Trading Economics, OECD Statistics, December 2020, Reuters, July 2020.

## 7. Industry analysis

MetalsTech operates primarily in the gold industry through its flagship Sturec Gold Mine. As such, we have presented an industry analysis on the gold and gold ore mining industry.

### 7.1. Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

| Gold supply (tonnes) | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | To Q3 2020   |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Mine production      | 2,940        | 3,128        | 3,242        | 3,336        | 3,459        | 3,492        | 3,554        | 3,530        | 2,477        |
| Net producer hedging | (45)         | (28)         | 105          | 13           | 38           | (26)         | (12)         | (1)          | (28)         |
| Recycled gold        | 1,648        | 1,215        | 1,149        | 1,086        | 1,249        | 1,128        | 1,147        | 1,281        | 944          |
| <b>Total supply</b>  | <b>4,543</b> | <b>4,315</b> | <b>4,496</b> | <b>4,435</b> | <b>4,746</b> | <b>4,594</b> | <b>4,689</b> | <b>4,810</b> | <b>3,393</b> |

Source: World Gold Council Quarter 3 2020 Statistics, 29 October 2020

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Growing uncertainty on the back of the recent coronavirus outbreak has caused the price of gold to rally, as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry, and will continue to do so if economic uncertainty prevails.

The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening global economic growth and gold price volatility will continue to drive gold demand in the near term.

The gold ore mining industry has performed steadily in recent years, with growth driven by price increases and slow economic growth. However, gold mine production in 2019 was 1.3% lower than in 2018, the first annual decline in production since 2008. This decline can be mainly attributed to China's fall in mine output by 6% due to strict environmental restrictions that have come into force in recent years.

#### Key external drivers

Global gold prices have a significant impact on the revenue generated by industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders industry growth.

The global gold price is denominated in US dollars and therefore, the exchange rate directly affects the returns received by local industry operators. A weaker Australian Dollar benefits the domestic industry by reducing prices in export markets and pushing up domestic prices, likely resulting in higher volumes.

Global demand for gold is also inversely related to global economic performance. As gold is regarded as a store of value and is particularly sought after during periods of economic uncertainty, demand follows a counter cyclical pattern. Strong global GDP growth can therefore have a negative impact on gold demand and the industry. The recent rally in gold prices, which saw it reach a historical high during early August 2020, is a reflection of ongoing easing of global monetary policies, continued geopolitical uncertainty, and the outbreak of COVID-19.

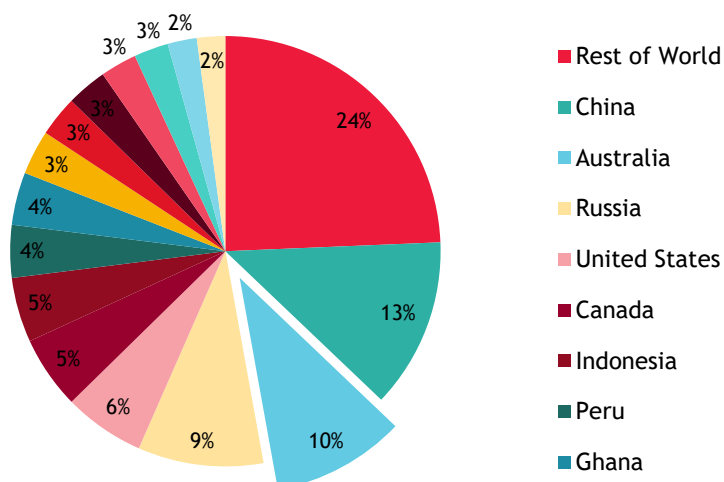
### Gold ore mining trends

Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore reserves diminishes. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the industry has diversified geographically and China and Australia now dominate global gold production. According to the United States Geological Survey ('USGS'), total estimated global gold ore mined for 2019 was approximately 3,287 metric tonnes. The chart below illustrates the estimated global gold production by country for 2019.

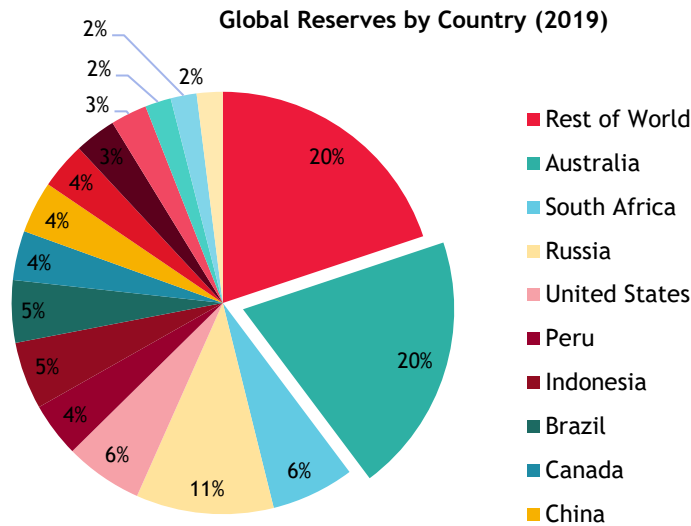
Global gold production is expected to decline in 2020 following the effects of COVID-19. The virus led to a number of gold mine closures across the world due to lockdown restrictions imposed by individual countries across the March 2020 quarter. Notably, the production from the world's largest gold producers, including Newmont Corporation, Barrick Gold Corporation, AngloGold Ashanti Limited and Newcrest Mining Limited, has more than halved in the June 2020 quarter to 1.4 million oz, down from 2.9 million oz in the June 2019 quarter. As a result, global gold production is expected to decline 1.7% over 2020.

Global Production by Country (2019)



Source: 2020 United States Geological Survey and BDO analysis

Despite China leading global gold production in 2019, Australia, South Africa and Russia hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively these three countries account for approximately 37% of global gold reserves.

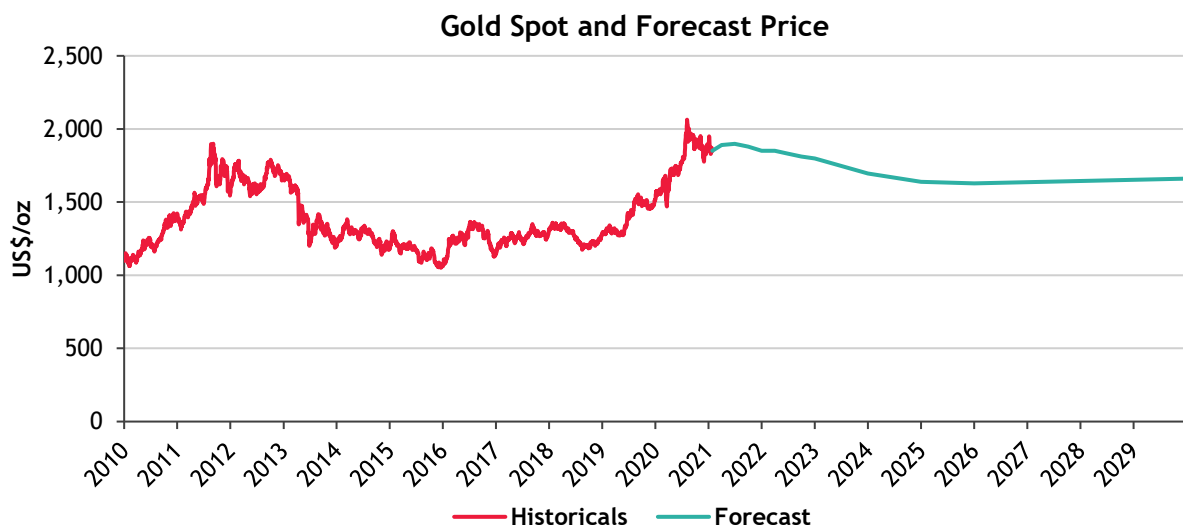


Source: 2020 United States Geological Survey and BDO analysis.

According to the 2020 USGS, Australia's gold reserves amount to 10,000 tonnes, representing 20% of global reserves and the largest percentage held by any one country. IBIS World estimates domestic industry revenue will grow by an annualised 2% over the five year period through to 2024-25, reaching approximately \$21.1 billion. However, rising production costs due to lower ore quality and higher transportation costs are anticipated to reduce industry profitability over the period.

### Gold prices

The gold spot price since 2010 and forecast prices through to 2029 are depicted in the graph below.



Source: Bloomberg and Consensus Economics



The price of gold reached US\$1,900 on 5 September 2011, largely due to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw investors opt for the stability offered by gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the EU. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 to US\$1,300 throughout 2017.

The gold price fluctuated throughout 2018. In January 2018, the gold price strengthened, rising to approximately US\$1,360, spurred on by a weak US dollar. From April 2018 through to August 2018, the price of gold trended downwards. Prices remained flat through August and September of 2018, before increasing in October and November of 2018.

The price of gold declined to US\$1,270 in May 2019, before rallying past US\$1,500 to reach a six year high. Demand for gold was primarily driven by investors looking to avoid US-China trade war uncertainties, while civil unrest in Hong Kong prompted investors to abandon riskier asset classes for safe haven assets. The gold price continued to remain around US\$1,500 throughout October 2019, although it dipped slightly to US\$1,465 in mid-November 2019.

Gold prices have fluctuated significantly throughout 2020 to date. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US\$1,471, before rallying. Throughout May and June 2020, prices remained elevated around US\$1,700.

Through early July 2020, gold prices steadily increased to above the US\$1,800 level, before spiking in late July and early August to exceed US\$2,000. The COVID-19 crisis remains the primary driver of the gold price, as central banks continue to inject trillions of dollars into financial markets and investors further prioritise safe haven assets. Additionally, the availability of cheap money through low global interest rates is further spurring investment in gold. Gold prices reached a record high of approximately US\$2,064 on 6 August 2020, before declining slightly below the US\$2,000 mark through to November 2020. Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US\$1,900 after remaining in the US\$1,800s through most of December 2020.

According to Consensus Economics forecasts, the price of gold will decline over the medium term but still remain high in comparison to historical levels. This medium term decline is likely on the back of developments in relation to a COVID-19 vaccination as well as stability in the United States following the presidential election of Joe Biden. Future price movements are expected to depend on the duration and severity of the crisis, and its impact on government policies globally.

Source: Bloomberg and Consensus Economics

## 8. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

### 8.1 Fairness assessment in the Proposed Transaction

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Essentially our fairness assessment is a comparison between:

- the value of the consideration in the Proposed Transaction, being 6 million ordinary shares in MetalsTech; and
- the value of the 'consideration' which will be payable by MetalsTech if the Proposed Transaction does not proceed. This represents the 'consideration' payment which is avoided because of the other component of the Proposed Transaction being the termination of the Facilitation Agreement.

#### Assessing the value of the consideration in the Proposed Transaction

In our assessment of the value of 6 million MetalsTech shares prior to the Proposed Transaction we have chosen to employ the following methodologies:

- QMP as our primary valuation methodology; and
- NAV on a going concern basis as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- MetalsTech's mineral assets do not currently generate any income nor are there any historical profits that could be used to represent future earnings, so the FME approach is not appropriate;
- MetalsTech currently has no foreseeable future net cash inflows, so the application of the DCF valuation approach is not appropriate;
- MetalsTech's mineral assets are currently not producing assets, and no revenue or cash flows are currently generated by these assets. We have not commissioned an independent technical specialist to value MetalsTech's assets prior to the Proposed Transaction because its assets are not sufficiently advanced, nor is the value of these assets material in the context of the Proposed Transaction. Therefore, we consider that the NAV approach is an appropriate methodology to use in assessing the value of a MetalsTech share prior to the Proposed Transaction; and
- The QMP basis is a relevant methodology to consider because MetalsTech's shares are listed on the ASX. This means there is a regulated and observable market where MetalsTech's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the Company's activities. As detailed in Section 9.2, we consider there to be a liquid and active market for MetalsTech's shares, therefore we have been

able to utilise the QMP approach in determining the value of a MetalsTech share prior to the Proposed Transaction.

#### Assessing the value of the 'consideration' if the Proposed Transaction does not proceed

In our assessment of the value of the 'consideration' if the Proposed Transaction does not proceed, we have considered the value of what we perceive to be the possible scenarios for MetalsTech if the Proposed Transaction does not proceed. We consider that there are effectively two courses of action which may arise:

- The original Facilitation Agreement is approved and MetalsTech therefore have to issue 9 million shares (subject to the performance conditions being achieved) and have to pay a net smelter royalty; or
- MetalsTech seeking to set aside the Facilitation Agreement and therefore incurring the costs of pursuing the negotiations/ potential legal action and settlement.

## 9. Valuation of MetalsTech shares prior to the Proposed Transaction

### 9.1 Quoted Market Prices for MetalsTech's Securities

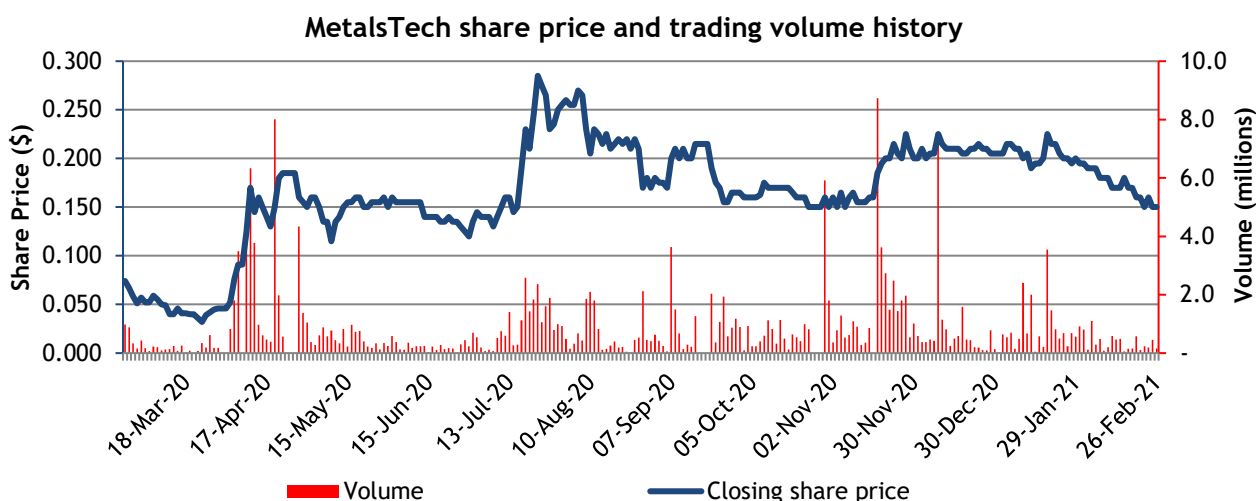
We have assessed the value of a MetalsTech share prior to the Proposed Transaction using the QMP and NAV methodology as our primary and secondary valuation methodology, respectively. Our analysis is set out below, followed by our conclusion on the value of a MetalsTech share prior to the Proposed Transaction.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

#### Minority interest value

Our analysis of the quoted market price of a MetalsTech share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of a MetalsTech share after the announcement may include the effects of any change in value as a result of the Proposed Transaction.

We have analysed the quoted market price of a MetalsTech share from 26 February 2020 to 26 February 2021.



Source: Bloomberg

The daily price of MetalsTech shares from 26 February 2020 to 26 February 2021 has ranged from a low of \$0.030 on 30 January 2020 to a high of \$0.290 on 24 July 2020. The highest single trading day over the assessed period was 17 November 2020, where 8,729,133 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

| Date       | Announcement                                                | Closing Share Price Following Announcement |   |     | Closing Share Price Three Days After Announcement |   |     |
|------------|-------------------------------------------------------------|--------------------------------------------|---|-----|---------------------------------------------------|---|-----|
|            |                                                             | \$ (movement)                              |   |     | \$ (movement)                                     |   |     |
| 25/02/2021 | Visible Gold Identified in UGA-07 and UGA-12 at Sturec Mine | 0.150                                      | ▼ | 6%  | 0.140                                             | ▼ | 7%  |
| 19/01/2021 | Visible Gold Identified in UGA-10 Drill Core at Sturec      | 0.225                                      | ▲ | 13% | 0.205                                             | ▼ | 9%  |
| 08/12/2020 | CONTINUOUS HIGH GRADE MINERALISATION INTERSECTED AT STUREC  | 0.225                                      | ▲ | 10% | 0.210                                             | ▼ | 7%  |
| 23/11/2020 | EXTENSION OF HIGH GRADE MINERALISATION AT STUREC GOLD MINE  | 0.215                                      | ▲ | 8%  | 0.225                                             | ▲ | 5%  |
| 18/11/2020 | Visible Gold Identified in UGA-06 Drill Core at Sturec Mine | 0.195                                      | ▲ | 5%  | 0.215                                             | ▲ | 10% |
| 16/11/2020 | MAJOR EXTENSION POTENTIAL AT STUREC GOLD MINE               | 0.160                                      | ► | 0%  | 0.200                                             | ▲ | 25% |
| 04/11/2020 | Visible Gold Identified in Drill Core at Sturec Gold Mine   | 0.165                                      | ▲ | 10% | 0.165                                             | ► | 0%  |
| 29/10/2020 | High Grade Extension Discovered at Sturec Gold Mine         | 0.160                                      | ▲ | 7%  | 0.150                                             | ▼ | 6%  |
| 21/09/2020 | Placement to Accelerate Development at Sturec Gold Mine     | 0.190                                      | ▼ | 12% | 0.155                                             | ▼ | 18% |
| 15/09/2020 | Planned Underground Roadway Development and Drilling Update | 0.215                                      | ▲ | 8%  | 0.215                                             | ► | 0%  |
| 07/09/2020 | Excellent Drilling Progress at Sturec Gold Mine             | 0.200                                      | ▲ | 18% | 0.210                                             | ▲ | 5%  |
| 25/08/2020 | Excellent Gravity and Flotation Recoveries at Sturec Gold   | 0.220                                      | ▲ | 5%  | 0.180                                             | ▼ | 18% |
| 07/08/2020 | Diamond Drilling Update at Sturec Gold Mine                 | 0.230                                      | ▼ | 13% | 0.225                                             | ▼ | 2%  |
| 27/07/2020 | Response to ASX Aware Query                                 | 0.230                                      | ▼ | 13% | 0.255                                             | ▲ | 11% |
| 23/07/2020 | Diamond Drilling Commences at Sturec Gold Project           | 0.275                                      | ▼ | 4%  | 0.235                                             | ▼ | 15% |
| 21/07/2020 | BCC Bookbuild and Sell Down Completed                       | 0.245                                      | ▲ | 17% | 0.265                                             | ▲ | 8%  |
| 17/07/2020 | Response to ASX Price Query                                 | 0.230                                      | ▲ | 21% | 0.285                                             | ▲ | 24% |
| 29/04/2020 | MetalsTech Secures \$3.6 million Strategic Funding Package  | 0.160                                      | ▼ | 14% | 0.160                                             | ► | 0%  |
| 21/04/2020 | MetalsTech Targets High Grade Gold Zone at Sturec           | 0.150                                      | ▲ | 15% | 0.185                                             | ▲ | 23% |
| 14/04/2020 | NWR Small-Cap Virtual Conference Presentation               | 0.145                                      | ▼ | 15% | 0.140                                             | ▼ | 3%  |
| 08/04/2020 | JORC 2012 Mineral Resource Estimate for Sturec Gold Mine    | 0.125                                      | ▲ | 37% | 0.160                                             | ▲ | 28% |
| 02/04/2020 | MetalsTech Awarded Extension to Underground Mining Permit   | 0.052                                      | ▲ | 13% | 0.091                                             | ▲ | 75% |

Source: Bloomberg and BDO analysis

On 2 April 2020, the Company released an announcement stating that it had received an extension to its underground mining permit for the Sturec Project, extending the permit for a further three years to 2024. On the date of the announcement, the share price increased 13% to close at \$0.052, before increasing a further 75% over the subsequent three day trading period to close at \$0.091.

On 8 April 2020, the Company released an announcement highlighting its JORC 2012 MRE for the Sturec Project, indicating over 1 million oz of gold within the project. On the date of the announcement, the share price increased 37% to close at \$0.125, before increasing a further 28% over the subsequent three day trading period to close at \$0.160.

On 29 April 2020, MetalsTech released an announcement stating that it had secured a \$3.6 million strategic funding package to accelerate progress at the Sturec Project. On the date of the announcement, the share price increased 14% to close at \$0.160, and remained unchanged over the subsequent three day trading period.

On 17 July 2020, the Company released its response to an ASX price query, stating that the Company was not aware of any information that had not been released to the market, which resulted in the share price increasing from \$0.150 to \$0.215. On the date of the announcement, the share price increased 21% to close at \$0.230, before increasing a further 24% over the subsequent three day trading period to close at \$0.285.

On 21 July 2020, MetalsTech announced it had successfully completed a bookbuild and selldown of the remaining equity held by BCC, representing approximately 7.79 million ordinary shares. On the date of the announcement, the share price increased 17% to close at \$0.245, before increasing a further 8% over the subsequent three day trading period to close at \$0.265.

On 7 August 2020, the Company released an announcement highlighting its drilling progress at the Sturec Project. On the date of the announcement, the share price decreased 13% to close at \$0.230, before declining a further 2% over the subsequent three day trading period to close at \$0.225.

On 7 September 2020, the Company released an announcement highlighting positive drilling progress at the Sturec Project. On the date of the announcement, the share price increased 18% to close at \$0.200, before increasing a further 5% over the subsequent three day trading period to close at \$0.210.

On 21 September 2020, MetalsTech announced the securing of a \$3.3 million private placement to sophisticated and institutional investors to accelerate development at the Sturec Project. On the date of the announcement, the share price decreased 12% to close at \$0.190, before declining a further 18% over the subsequent three day trading period to close at \$0.155.

On 4 November 2020, the Company announced the identification of gold at the Sturec Project. On the date of the announcement, the share price increased 10% to close at \$0.165, and remained unchanged over the subsequent three day trading period.

On 18 November 2020, MetalsTech released an update on its diamond drilling program at the Sturec Project. On the date of the announcement, the share price increased 5% to close at \$0.195, before increasing a further 10% over the subsequent three day trading period to close at \$0.215.

On 8 December 2020, the Company released an announcement highlighting high grade mineralisation intersected at the Sturec Project. On the date of the announcement, the share price increased 10% to close at \$0.225, before declining 7% over the subsequent three day trading period to close at \$0.210.

On 19 January 2021, the Company released an announcement outlining the further identification of gold at the Sturec Project. On the date of the announcement, the share price increased 13% to close at \$0.225, before declining 9% over the subsequent three day trading period to close at \$0.205.

On 25 February 2021, the Company released an announcement outlining the identification of visible gold at the Sturec Project. On the date of the announcement, the share price decreased 6% to close at \$0.150, before declining a further 7% over the subsequent three day trading period to close at \$0.140.

To provide further analysis of the market prices for an MetalsTech share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 26 February 2021.

| Share Price per unit                 | 26-Feb-21 | 10 Days | 30 Days | 60 Days | 90 Days |
|--------------------------------------|-----------|---------|---------|---------|---------|
| Closing price                        | \$0.150   |         |         |         |         |
| Volume weighted average price (VWAP) |           | \$0.162 | \$0.197 | \$0.206 | \$0.195 |

Source: Bloomberg and BDO analysis

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of MetalsTech shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in MetalsTech shares for the twelve months to 26 February 2021 is set out below:

| Trading days | Share price<br>low | Share price<br>high | Cumulative volume<br>traded | As a % of<br>Issued capital |
|--------------|--------------------|---------------------|-----------------------------|-----------------------------|
| 1 Day        | \$0.150            | \$0.155             | 161,479                     | 0.11%                       |
| 10 Days      | \$0.150            | \$0.180             | 2,574,660                   | 1.76%                       |
| 30 Days      | \$0.150            | \$0.225             | 16,887,155                  | 11.52%                      |
| 60 Days      | \$0.150            | \$0.250             | 41,204,562                  | 28.11%                      |
| 90 Days      | \$0.145            | \$0.250             | 84,553,205                  | 57.69%                      |
| 180 Days     | \$0.120            | \$0.290             | 147,833,544                 | 100.86%                     |
| 1 Year       | \$0.032            | \$0.290             | 204,429,410                 | 139.48%                     |

Source: Bloomberg and BDO analysis

This table indicates that MetalsTech's shares display a high level of liquidity, with 139.48% of the Company's current issued capital being traded in a twelve month period and 57.69% in the 90 trading days prior to 26 February 2021. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of MetalsTech, we consider the shares to display a high level of liquidity, on the basis that greater than 1% of the securities have been traded weekly on average, with 139.48% traded over a twelve month period, and 57.69% of the Company's current issued capital being traded in the last 90 trading days.

During the week which included the highest single trading day over the assessed period (16 November 2020 to 20 November 2020), 11.3% of the Company's issued capital was traded, despite the Company requesting a pause in trading on 16 November 2020. We note that there are examples of unusual trading activity over the assessed period, with the Company responding to ASX price queries on 17 July 2020 and

27 July 2020, and a number of large spikes in share price despite no price sensitive announcements being released by the Company.

Our assessment is that a range of values for MetalsTech shares based on market pricing, after disregarding post announcement pricing, is between \$0.190 and \$0.250.

## 9.2 Net Asset Valuation of MetalsTech

The value of MetalsTech assets on a going concern basis is reflected in our valuation below:

| Statement of Financial Position        | Note | Audited as at<br>30-Jun-20<br>\$ | Adjusted<br>Value<br>\$ |
|----------------------------------------|------|----------------------------------|-------------------------|
| <b>CURRENT ASSETS</b>                  |      |                                  |                         |
| Cash and cash equivalents              | a)   | 1,030,660                        | 1,760,623               |
| Trade and other receivables            | b)   | 76,680                           | 82,376                  |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>1,107,340</b>                 | <b>1,842,999</b>        |
| <b>NON-CURRENT ASSETS</b>              |      |                                  |                         |
| Property, plant and equipment          | b)   | 12,610                           | 12,610                  |
| Exploration and evaluation expenditure | c)   | 5,540,381                        | 6,153,194               |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>5,552,991</b>                 | <b>6,165,804</b>        |
| <b>TOTAL ASSETS</b>                    |      | <b>6,660,331</b>                 | <b>8,008,803</b>        |
| <b>CURRENT LIABILITIES</b>             |      |                                  |                         |
| Trade and other payables               | d)   | 1,271,059                        | 145,240                 |
| Provisions                             | b)   | 19,423                           | 19,423                  |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>1,290,482</b>                 | <b>164,663</b>          |
| <b>NON-CURRENT LIABILITIES</b>         |      |                                  |                         |
| Borrowings                             | b)   | 650,000                          | 650,000                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |      | <b>650,000</b>                   | <b>650,000</b>          |
| <b>TOTAL LIABILITIES</b>               |      | <b>1,940,482</b>                 | <b>814,663</b>          |
| <b>NET ASSETS</b>                      |      | <b>4,719,849</b>                 | <b>7,194,140</b>        |
| Shares on issue (number)               | e)   |                                  | 146,567,638             |
| <b>Value per share</b>                 |      |                                  | <b>\$0.049</b>          |

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of MetalsTech since 30 June 2020. The table above indicates that, based on the 146,567,638 shares on issue as at 31 December 2020, the net asset value of a MetalsTech share is \$0.049. We note that this NAV value implies control. The value of a MetalsTech share on a minority interest basis is calculated in Section 9.2.1.

The following adjustments were made to the net assets of MetalsTech as at 30 June 2020 in arriving at our valuation.

### Note a) Cash and cash equivalents

We have adjusted the cash and cash equivalents balance as at 30 June 2020 to the balance as at 31 December 2020, which we have verified by obtaining the Company's bank statements.



#### Note b) Adjustment of line items to reflect the Company's management accounts as at 31 December 2020

We have adjusted the balance of trade and other receivables, property, plant and equipment, provisions and borrowings as at 30 June 2020 to the balance at 31 December 2020.

#### Note c) Exploration and evaluation expenditure

We have adjusted the balance of exploration and evaluation expenditure to reflect the balance as per the management accounts as at 31 December 2020. The breakdown of exploration and evaluation expenditure as at 31 December 2020 is shown below. We note that exploration and evaluation expenditure includes intercompany loans to the relevant subsidiary in some circumstances.

| Exploration and evaluation expenditure | Mgmt acc as at<br>31-Dec-20<br>\$ |
|----------------------------------------|-----------------------------------|
| Credits on duties refundable           | (48,106)                          |
| Investment Ortac UK                    | 1,416,509                         |
| Metalstech Adina Lithium               | 1,072,322                         |
| Metalstech Cancet Lithium              | 3,427,228                         |
| Metalstech Kapiwak Lithium             | 352,329                           |
| MetalsTech Sirmac Lithium              | 196,369                           |
| Resource tax credit                    | (1,141,385)                       |
| Sturec exploration costs               | 877,928                           |
| <b>Total</b>                           | <b>6,153,194</b>                  |

#### Note d) Trade and other payables

We have also adjusted the trade and other payables balance to reflect the balance per the management accounts as at 31 December 2020. The decrease is primarily the result of the repayment of a large backlog of bills, due to the Company raising \$3.3 million in cash from the issue of 20 million shares at a price of \$0.165, over the period.

| Trade and other payables            | Audited as at<br>30-Jun-20<br>\$ | Mgmt acc as at<br>31-Dec-20<br>\$ |
|-------------------------------------|----------------------------------|-----------------------------------|
| Creditors                           | 897,463                          | 129,936                           |
| Accrued expenses and other payables | 373,596                          | 15,304                            |
| <b>Total</b>                        | <b>1,271,059</b>                 | <b>145,240</b>                    |

#### Note e) Shares on issue

Our valuation is assessed on an undiluted basis. As detailed in Section 5.5, the Company has 146,567,638 shares on issue prior to the Proposed Transaction.

### 9.2.1. Net Asset Valuation including minority interest discount

A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company. The NAV price per share reflects the value of a controlling interest in the Company. In order to value a MetalsTech share on a minority interest basis, we have applied a minority interest discount based on the analysis set out in Appendix 3. Our analysis identified an appropriate discount for minority interest to be in the range from 23% to 29%.

Our NAV-derived valuation of a MetalsTech share including a minority interest discount is shown below.

| NAV including minority discount                  | Ref        | Low            | High           |
|--------------------------------------------------|------------|----------------|----------------|
| Value per share (control basis)                  | 9.2        | \$0.049        | \$0.049        |
| Minority discount                                | Appendix 3 | 29%            | 23%            |
| <b>Value per share (minority interest basis)</b> |            | <b>\$0.035</b> | <b>\$0.038</b> |

### 9.3 Assessment of the value of 6 million MetalsTech shares

The results of the valuations performed are summarised in the table below:

|                                | Low<br>\$ | Preferred<br>\$ | High<br>\$ |
|--------------------------------|-----------|-----------------|------------|
| QMP (Section 9.1)              | \$0.190   | \$0.220         | \$0.250    |
| Net Assets Value (Section 9.2) | \$0.035   | \$0.037         | \$0.038    |

Source: BDO analysis

We note that the range of values derived under the QMP approach are higher than the NAV of MetalsTech. This is likely to be because the quoted market price of MetalsTech shares may be influenced by investors' perceptions of future upside in relation to the Company's projects which are not reflected in the NAV. Further, the market may have been pricing in the possibility of a future transaction which may partly explain the difference between the results derived under the QMP and NAV approaches.

As detailed in Section 8.1, MetalsTech's mineral assets are currently non-producing assets and no revenue or cash flows are currently generated by these assets. We consider the NAV represents a floor price for the shares but that this would only be an appropriate reflection of value in the event that the Company disposed of its assets and discharged its liabilities.

Our analysis in Section 9.2 indicates that MetalsTech shares display a high level of liquidity, with 57.69% of the Company's current issued capital traded over a 90 day period in the lead up to the announcement of the Proposed Transaction.

Based on the results above we consider the value of a MetalsTech share to be between \$0.190 and \$0.250, with a midpoint value of \$0.220. We note that we have concluded on a wide range of values given the early stage of the Company's assets and the blue sky value that appears to be priced in by the market.

However, for assessing whether to approve the Proposed Transaction, we consider this value range to be meaningful as an adoption of any of the values within the range would not alter our opinion or conclusion in relation to the Proposed Transaction.

It is our view that assigning a narrower range by disregarding the NAV as the low valuation is appropriate since the main assets of MetalsTech, its mineral assets, are stated at cost in the NAV and have not been reassessed to market value. However the still relatively wide range of values is indicative of the level of uncertainty with the valuation and avoids implying a misleading level of accuracy.

On the basis of the foregoing we consider that the value of 6 million MetalsTech shares is in the range from \$1.14 million and \$1.50 million, as outlined below.

| Valuation of the Proposed Transaction                        | Low<br>\$          | Preferred<br>\$    | High<br>\$         |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|
| Value of a MetalsTech share                                  | \$0.190            | \$0.220            | \$0.250            |
| Number of shares to be issued under the Proposed Transaction | 6,000,000          | 6,000,000          | 6,000,000          |
| <b>Value of the Proposed Transaction</b>                     | <b>\$1,140,000</b> | <b>\$1,320,000</b> | <b>\$1,500,000</b> |

## 10. Assessment of the value of the ‘consideration’ if the Proposed Transaction does not proceed

In our assessment of the value of the ‘consideration’ if the Proposed Transaction does not proceed, we have considered the value of what we perceive to be the two possible scenarios for MetalsTech.

### 10.1 Original Facilitation Agreement is approved

Under the Facilitation Agreement, in return for the introduction of the Sturec Project to the Company and facilitating the acquisition of the Project, subject to the approval of the Company’s shareholders, MetalsTech agreed to issue nine million performance rights and a 2% net smelter royalty over the Sturec Project, to Courchevel.

The nine million performance rights would convert into fully paid ordinary shares in the Company on a one-for-one basis, subject to the achievement of the following performance conditions:

- Completion of the First Payment as defined by the binding term sheet; and
- The 20-day trading price of the ordinary shares in MetalsTech trading at six cents or more.

Completion of the acquisition of Ortac UK including the First Payment occurred on 17 February 2020. MetalsTech shares met the second condition of trading above six cents for more than 20 days in April 2020. As such both the conditions above have been met but Shareholder approval has not been sought or obtained.

The 2% net smelter royalty would be fully assignable and transferable and would apply to all gold and other minerals produced from the Sturec Gold Mine, payable quarterly in arrears.

If the Proposed Transaction is not approved, we perceive a possible scenario for MetalsTech is the approval of the original Facilitation Agreement, in place of the Proposed Transaction. As such, we have outlined the value of the Facilitation Agreement in the table below.

We have valued the Facilitation Agreement based on the value of nine million fully paid ordinary shares, at the same value per share as concluded in section 9, as the performance conditions attached to the performance rights have already been achieved. We note that we have not assessed the value of the 2% net smelter royalty over the Sturec Project, however the addition of the royalty would increase the total value of the Facilitation Agreement.

| Valuation of the Facilitation Agreement                        | Low<br>\$   | Preferred<br>\$ | High<br>\$  |
|----------------------------------------------------------------|-------------|-----------------|-------------|
| Value of a MetalsTech share                                    | \$0.190     | \$0.220         | \$0.250     |
| Number of shares to be issued under the Facilitation Agreement | 9,000,000   | 9,000,000       | 9,000,000   |
| Floor value of the Facilitation Agreement                      | \$1,710,000 | \$1,980,000     | \$2,250,000 |

### 10.2 Original Facilitation Agreement is set aside

If MetalsTech chooses to set aside the Facilitation Agreement the result will be a cost to MetalsTech/ consideration payable by MetalsTech (‘Commercial Outcome’). There are effectively two elements to the possible Commercial Outcome:

- Negotiated settlement which may be more expensive for MetalsTech than the Proposed Transaction depending on the progress of negotiations; and
- Legal action which may itself be expensive and lead to an unfavourable settlement.

We consider that there is material uncertainty as to the cost to MetalsTech of realising these outcomes. As we are unable to estimate the outcome of a negotiated settlement or of a potential litigation which may or may not proceed, we have not valued the consideration payable by MetalsTech, should the Facilitation Agreement be set aside.

### **10.3 Conclusion on value if the Proposed Transaction does not proceed**

If the Proposed Transaction does not proceed, we have considered the value of what we perceive to be the two possible scenarios for MetalsTech. Under the scenario where the Proposed Transaction does not proceed, and the Facilitation Agreement is approved, the floor value of the consideration payable by the Company will range between \$1.71 million and \$2.25 million, with a preferred value of \$1.98 million.

If the alternative scenario is to occur, where the Facilitation Agreement is set aside, there is a possibility that a negotiated settlement, including legal action may exceed the value of the Proposed Transaction. However, it is also a possibility that the consideration will not exceed the value of the Proposed Transaction. We have not valued this outcome as we cannot estimate the outcome of a potential litigation proceeding with a high degree of accuracy. As a result, we are unable to conclude on the value of the consideration payable under the Commercial Outcome, should the Facilitation Agreement be set aside.

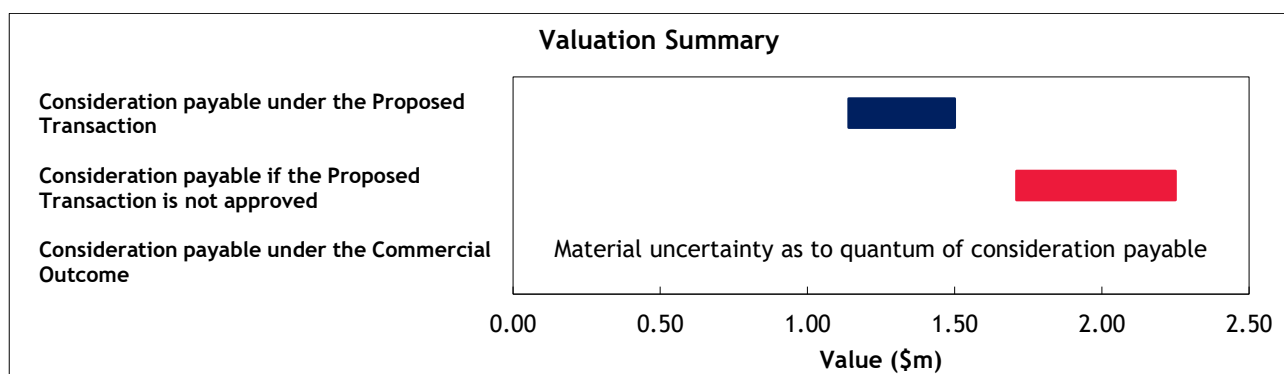
## 11. Is the Proposed Transaction fair?

The value of the Proposed Transaction consideration compares to the value of the consideration if the Proposed Transaction is not approved as shown below:

|                                                                                                                                                                      | Ref  | Low<br>\$m                                                            | Preferred<br>\$m | High<br>\$m |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------------------------------------------------|------------------|-------------|
| Value of the consideration payable under the Proposed Transaction                                                                                                    | 9.3  | 1.140                                                                 | 1.320            | 1.500       |
| Value of the consideration payable under the Facilitation Agreement, if the Proposed Transaction is not approved (excluding the value of the 2% net smelter royalty) | 10.1 | 1.710                                                                 | 1.980            | 2.250       |
| Value of the Commercial Outcome                                                                                                                                      | 10.2 | Material uncertainty as to the quantum of the 'consideration payable' |                  |             |

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternative offer, the Proposed Transaction is more favourable to Shareholders in comparison to the execution of the Facilitation Agreement, even prior to the addition of the net smelter royalty. However, given that there is material uncertainty as to the value of the Commercial Outcome, we do not have reasonable grounds to determine value and therefore cannot opine that the Proposed Transaction is fair for Shareholders. As a result, we consider the Proposed Transaction to be not fair for Shareholders.

## 12. Is the Proposed Transaction reasonable?

### 12.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of MetalsTech a premium over the value resulting from the Proposed Transaction.

### 12.2 Consequences of not Approving the Proposed Transaction

#### Consequences

Should the Proposed Transaction not proceed, we consider it possible that the Company's operations will be constrained by a litigation proceeding, as outlined in Section 10. This could result in the consideration payable by MetalsTech being substantially greater than the consideration payable under the Proposed Transaction.

### 12.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

| Advantage                                                                                                                   | Description                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Company's operations have been constrained as a result of uncertainty re the Facilitation Agreement.                    | The Company's operations have been constrained as a result of the Facilitation Agreement not being resolved. If approved by Shareholders, the Company can advance operations at the Sturec Project.                                                         |
| The Proposed Transaction further aligns the interests of Mr Moran and MetalsTech Shareholders                               | Approval of the Proposed Transaction will bring Mr Moran's undiluted interest in the Company to 16.1%. As such, it will further align the interests of the Company's Executive Chairman, and its Shareholders.                                              |
| The issue of six million shares, rather than a cash payment will not have a negative impact on MetalsTech's working capital | Approval of the Proposed Transaction will unlikely be followed by a litigation proceeding, meaning the Company will be able to use its cash for working capital requirements, and exploration at the Sturec Project, rather than on litigation proceedings. |

### 12.4 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

| Disadvantage                        | Description                                                                              |
|-------------------------------------|------------------------------------------------------------------------------------------|
| Dilution of Shareholders' interests | Existing Shareholders will have a lower overall % holding after issuing 6 million shares |

### 13. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this Report and have concluded that the Proposed Transaction is not fair but reasonable to the Shareholders of MetalsTech.

In our opinion, the Proposed Transaction is not fair because as there is material uncertainty as to the value of the Commercial Outcome, we do not have reasonable grounds to determine value and therefore cannot opine that the Proposed Transaction is fair for Shareholders. As a result, we consider the Proposed Transaction to be not fair for Shareholders.

However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, if the Proposed Transaction is approved, the Company will be able to continue its operations at the Sturec Project, unhindered by a potential litigation proceeding. Additionally, approval of the Proposed Transaction will not impact the Company's working capital, and further aligns the interests of the Executive Chairman and the Company's Shareholders. If the Proposed Transaction is not approved, it is possible that the Company will be required to issue a greater consideration under the Facilitation Agreement or under the Commercial Outcome.

### 14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of MetalsTech for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- Management accounts of MetalsTech for the six months ended 31 December 2020;
- MetalsTech Appendix 5B report for the quarter ended 30 September 2020;
- Deed of Settlement, Termination and Release between MetalsTech, Courcheval and Natres;
- Sturec Gold Project - Binding Facilitation Agreement between MetalsTech, Courcheval and Natres dated 15 November 2019;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of MetalsTech.

### 15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$27,500 excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by MetalsTech in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the MetalsTech, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to MetalsTech and any of their respective associates with reference to ASIC Regulatory Guide



112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of MetalsTech and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of MetalsTech.

A draft of this report was provided to MetalsTech and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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## 16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 17. Disclaimers and consents

This report has been prepared at the request of MetalsTech for inclusion in the Notice of Meeting which will be sent to all MetalsTech Shareholders. MetalsTech engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the issue of six million fully paid ordinary shares in the

Company to Courchevel and in return the Facilitation Agreement will be terminated, and Natres, Courchevel and MetalsTech will settle all claims against one another in full.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to MetalsTech. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of MetalsTech, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

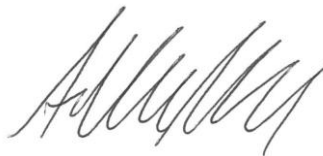
The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Sherif Andrawes**  
Director



**Adam Myers**  
Director

# Appendix 1 - Glossary of Terms

| Reference                  | Definition                                                                                                                                                                                                                 |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Act                    | The Corporations Act 2001 Cth                                                                                                                                                                                              |
| APES 225                   | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'                                                                                                                      |
| Arc Minerals               | Arc Minerals Limited                                                                                                                                                                                                       |
| ASIC                       | Australian Securities and Investments Commission                                                                                                                                                                           |
| ASX                        | Australian Securities Exchange                                                                                                                                                                                             |
| BCC                        | Wuxi Baichuan Chemical Industrial Co Ltd                                                                                                                                                                                   |
| BDO                        | BDO Corporate Finance (WA) Pty Ltd                                                                                                                                                                                         |
| CET                        | Clean Earth Technologies Pte Ltd                                                                                                                                                                                           |
| Chapter 2E                 | Chapter 2E of the Corporations Act 2001                                                                                                                                                                                    |
| Commercial Outcome         | The expected course of action should the Facilitation Agreement be set aside, expected to result in a cost to MetalsTech/ consideration payable by MetalsTech the quantum of which is materially uncertain                 |
| The Company                | MetalsTech Limited                                                                                                                                                                                                         |
| Corporations Act           | The Corporations Act 2001 Cth                                                                                                                                                                                              |
| Courchevel                 | Courchevel 1850 Pty Ltd                                                                                                                                                                                                    |
| DCF                        | Discounted Future Cash Flows                                                                                                                                                                                               |
| Deed of Settlement         | A deed entered into by MetalsTech, Courchevel and Natres under which MetalsTech will issue six million fully paid ordinary shares in the Company to Courchevel and in return the Facilitation Agreement will be terminated |
| EBIT                       | Earnings before interest and tax                                                                                                                                                                                           |
| EBITDA                     | Earnings before interest, tax, depreciation and amortisation                                                                                                                                                               |
| EU                         | European Union                                                                                                                                                                                                             |
| The Facilitation Agreement | Agreement between the Company, Natres, and Courchevel to issue nine million performance rights and a 2% net smelter royalty over the Sturec Gold Mine                                                                      |

| Reference                | Definition                                                                                                                                                                                                                    |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The First Payment        | The initial payment of \$420,000 from MetalsTech to acquire the issued capital of Ortac UK, the company that owns the Sturec Project                                                                                          |
| FME                      | Future Maintainable Earnings                                                                                                                                                                                                  |
| FOS                      | Financial Ombudsman Service                                                                                                                                                                                                   |
| g/t                      | Grams per tonne                                                                                                                                                                                                               |
| JORC Code                | The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)                                                                                                                 |
| km <sup>2</sup>          | Square Kilometres                                                                                                                                                                                                             |
| kms                      | Kilometres                                                                                                                                                                                                                    |
| MRE                      | Mineral Resource Estimate                                                                                                                                                                                                     |
| Mt                       | Million tonnes                                                                                                                                                                                                                |
| Natres                   | Natres Services Pty Ltd                                                                                                                                                                                                       |
| NAV                      | Net Asset Value                                                                                                                                                                                                               |
| NBS                      | National Bank of Slovakia                                                                                                                                                                                                     |
| Ortac UK                 | Ortac Resources (UK) Limited                                                                                                                                                                                                  |
| oz                       | Ounces                                                                                                                                                                                                                        |
| The Project              | The Sturec Gold Project                                                                                                                                                                                                       |
| The Proposed Transaction | The Company entering into a deed of settlement with Courchevel and Natres, under which MetalsTech will issue six million fully paid ordinary shares to Courchevel and in return the Facilitation Agreement will be terminated |
| QMP                      | Quoted market price                                                                                                                                                                                                           |
| RBA                      | Reserve Bank of Australia                                                                                                                                                                                                     |
| Regulations              | Corporations Act Regulations 2001 (Cth)                                                                                                                                                                                       |
| Our Report               | This Independent Expert's Report prepared by BDO                                                                                                                                                                              |
| RG 76                    | Related Party Transactions (March 2011)                                                                                                                                                                                       |
| RG 111                   | Content of expert reports (March 2011)                                                                                                                                                                                        |

| Reference            | Definition                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RG 112               | Independence of experts (March 2011)                                                                                                                                                                                                                                                                                                                                                         |
| Section 411          | Section 411 of the Corporations Act                                                                                                                                                                                                                                                                                                                                                          |
| Section 611          | Section 611 of the Corporations Act                                                                                                                                                                                                                                                                                                                                                          |
| Shareholders         | Shareholders of MetalsTech not associated with Mr Moran                                                                                                                                                                                                                                                                                                                                      |
| Sum-of-Parts         | A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies                                                                                                                                                                                                                          |
| USD                  | United States Dollar                                                                                                                                                                                                                                                                                                                                                                         |
| USGS                 | United States Geological Survey                                                                                                                                                                                                                                                                                                                                                              |
| Valmin Code          | Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)                                                                                                                                                                                                                                                                              |
| Valuation Engagement | An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time. |
| VWAP                 | Volume Weighted Average Price                                                                                                                                                                                                                                                                                                                                                                |
| WACC                 | Weighted Average Cost of Capital                                                                                                                                                                                                                                                                                                                                                             |

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## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

## Appendix 3 - Minority Interest Discount

### Minority discount

The minority discount is the inverse of the control premium. In arriving at an appropriate minority discount we have assessed the control premium on completed transactions of ASX-listed companies. Our analysis is set out below.

We have reviewed control premiums on completed transactions, paid by acquirers of gold companies, general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

### Gold companies

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2020 | 1                      | 2,748.72                   | 10.10                       |
| 2019 | 1                      | 219.99                     | 56.41                       |
| 2018 | 3                      | 29.41                      | 52.18                       |
| 2017 | 2                      | 13.74                      | 41.04                       |
| 2016 | 5                      | 19.15                      | 51.38                       |
| 2015 | 4                      | 56.22                      | 53.80                       |
| 2014 | 8                      | 123.49                     | 48.94                       |
| 2013 | 5                      | 194.82                     | 46.52                       |
| 2012 | 6                      | 137.84                     | 57.98                       |
| 2011 | 5                      | 1,032.94                   | 41.35                       |
| 2010 | 9                      | 1,124.19                   | 52.53                       |

Source: Bloomberg, BDO Analysis

### General mining companies

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2020 | 7                      | 427.74                     | 51.58                       |
| 2019 | 12                     | 143.74                     | 42.83                       |
| 2018 | 11                     | 87.76                      | 53.40                       |
| 2017 | 5                      | 13.91                      | 35.21                       |
| 2016 | 13                     | 59.54                      | 74.92                       |
| 2015 | 9                      | 340.82                     | 57.86                       |
| 2014 | 16                     | 111.11                     | 47.28                       |
| 2013 | 17                     | 117.99                     | 63.99                       |
| 2012 | 17                     | 219.10                     | 54.03                       |
| 2011 | 21                     | 811.55                     | 37.42                       |
| 2010 | 21                     | 555.11                     | 50.61                       |

Source: Bloomberg, BDO Analysis



## All ASX listed companies

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2020 | 26                     | 432.79                     | 49.28                       |
| 2019 | 45                     | 3,026.62                   | 38.82                       |
| 2018 | 46                     | 1,077.10                   | 41.55                       |
| 2017 | 29                     | 973.72                     | 43.33                       |
| 2016 | 42                     | 718.51                     | 49.58                       |
| 2015 | 34                     | 828.14                     | 34.10                       |
| 2014 | 46                     | 507.34                     | 39.97                       |
| 2013 | 41                     | 128.21                     | 50.99                       |
| 2012 | 51                     | 481.33                     | 52.19                       |
| 2011 | 68                     | 891.85                     | 44.43                       |
| 2010 | 53                     | 574.61                     | 44.37                       |

Source: Bloomberg, BDO Analysis

The mean and median of the entire data sets comprising control transactions since 2010 for gold companies, mining companies and all ASX listed companies, respectively, are set out below.

| Entire Data Set Metrics | Gold               |                     | General Mining     |                     | All ASX listed companies |                     |
|-------------------------|--------------------|---------------------|--------------------|---------------------|--------------------------|---------------------|
|                         | Deal Value (AU\$m) | Control Premium (%) | Deal Value (AU\$m) | Control Premium (%) | Deal Value (AU\$m)       | Control Premium (%) |
| <b>Mean</b>             | 447.14             | 49.57               | 309.39             | 51.98               | 890.44                   | 44.49               |
| <b>Median</b>           | 37.80              | 43.47               | 43.46              | 41.51               | 115.57                   | 35.03               |

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long-term average control premium paid by acquires of gold, general mining companies and all ASX listed companies is approximately 49.57%, 51.98% and 44.49% respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers. These outliers included 4 gold company transactions, 17 general mining company transactions and 34 ASX listed company transactions, for which the announced premium was in excess of

100%. We consider these transactions as outliers, as it is likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 43.47% for gold companies, 41.51% for general mining companies and 35.03% for all ASX listed companies.

We consider an appropriate control premium to be on the lower end of historical averages, given the uncertainty around the ability to continue as a going concern as noted by the Company's auditor in the most recent audit report, as well as the small size of the Company.

Based on the above analysis, we consider an appropriate premium for control to be between 30% and 40%.

The minority discount is calculated from the control premium identified, using the formula  $[1 - (1/(1+\text{Control Premium}))]$ . Therefore, the minority discount (rounded to the nearest percentile) is in the range from 23% to 29%.