



LABYRINTH AGREES TO DIVEST INTEREST IN PENNY'S FIND

- **Binding agreement to sell 50% interest in Penny's Find to joint venture partner Horizon Minerals (ASX: HRZ) for total commitment of \$1.25 million**
- **The sale is consistent with strategic focus on optimising Labyrinth's project portfolio in the Tier-1 jurisdictions of Australia and Canada**
- **The sale provides Labyrinth with additional working capital for exploration and growth**

Labyrinth Resources Limited ('the Company' or 'Labyrinth') is pleased to advise that it has entered into a binding sale agreement to sell its 50% interest in the Penny's Find Project to joint venture partner Black Mountain Gold Limited ('Black Mountain'), a wholly owned subsidiary of Horizon Minerals Limited (ASX: HRZ) ('Horizon'), which currently holds the balance of the 50% interest in the Penny's Find project.

Horizon will pay the Company cash consideration of \$500,000 and issue \$250,000 worth of fully paid ordinary shares in Horizon at completion in return for the Company's 50% right, title and interest in the Penny's Find project.

The Horizon shares will be issued at a deemed price of the 10-day VWAP of Horizon's shares prior to the issue date and will be under voluntary escrow for 6 months. Holding the shares in Horizon allows the Company continued exposure to the Penny's Find Project.

In addition, as part of the consideration and at the completion of the Penny's Find Sale, Black Mountain agrees to assume 100% of all future deferred payments, obligations and royalties inclusive of the deferred payments due to Empire Resources Ltd currently estimated at \$500,000.

The completion of the transaction is conditional upon the Company obtaining all regulatory approvals.

Completion will occur within 5 business days following the satisfaction of the conditions precedent. The conditions must be satisfied (or waived in accordance with the agreement) by 31 January 2022, failing which either party may terminate the agreement.

The Labyrinth Board of Directors decided to proceed with the divestment of Penny's Find after a comprehensive review of the Company's portfolio following the acquisition of two gold projects in the prolific Abitibi Greenstone Belt, Canada¹ and is a commercial judgement that considers the risk and nature of the Company's business and the continuing evolving market conditions. Following the sale, Labyrinth will continue to focus on exploration drilling underway at the recently acquired gold projects in Quebec as well as progress with the ongoing geological assessment works of the Comet Vale and Golden Lode projects in Western Australia, ensuring maximum value for shareholders through effective strategic portfolio management.

Commenting on the divestments, CEO Mr. Matt Nixon said:

"The sale of Labyrinth's 50% interest in Penny's Find to joint venture partner Horizon delivers a positive outcome for both parties and, most importantly, for shareholders, aligning with the

¹ Refer ASX announcement 2 September 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



strategic focus of the Company to rapidly explore and grow the resource base of the exciting Labyrinth and Denain gold projects in Canada.

The funds received from the sale will be utilised for working capital requirements and we are pleased to maintain an indirect interest in the future value of Penny's Find through the equity position in Horizon".

The impact of the Penny's Find sale on the Company is set out in Schedule 1 to this announcement.

There will be no change to the issued securities of the Company or to the Board or senior management of the Company as a result of the transaction.

This announcement has been authorised and approved for release by the Board.

Investor Enquiries:

Matt Nixon
Chief Executive Officer
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SCHEDULE 1 PRO-FORMA - UNAUDITED

Particulars	30 Jun 2021 Audited (AUD)	Projected change as a result of the Penny's Find sale (AUD)	Other Pro forma adjustments (AUD) Note 1	Pro forma (AUD)	Percentage change (approx.) Note 2
Consolidated assets	9,867,160	700,517	11,751,444	22,319,121	3.24%
Total equity interests	7,745,308	700,517	9,490,575	17,936,400	4.06%
Annual revenue (YTD)	-	-	-	-	0.00%
Annual expenditure (YTD)	-	-15,089	-	-15,089	-100%
Annual profit before tax (YTD)	-4,071,442	700,517	-	-3,370,925	-17.21%

Notes:

1). The following adjustments were made to the 30 June 2021 audited financial statements for the purpose of the pro-forma:

- Recognising the funds raised under the completed Share Purchase Plan (SPP) of \$1.5m and costs of \$9.5k. The SPP closed on 27 October 2021 and shares were allotted under the SPP on 3 November 2021.
- Recognising the funds raised under the completed Placement of \$8m and costs of \$500k. The Placement was approved at the Company's Annual General Meeting on 29 October 2021 and shares allotted on 8 November 2021.
- Acquisition consideration due to Nippon of CAD\$5m, noting all conditions precedent for the acquisition were met on 9 November 2021 and the acquisition completed on that date.

2). When calculating the percentage movement, the proforma adjustments mentioned in Note 1 have been included.

SCHEDULE 2 PENNY'S FIND TENEMENTS

Tenement	Registered Holder
M27/156	Orminex Penny's Find Pty Ltd
L27/90	Orminex Penny's Find Pty Ltd
L27/91	Orminex Penny's Find Pty Ltd
L27/92	Orminex Penny's Find Pty Ltd
L27/93	Orminex Penny's Find Pty Ltd
G27/1	Orminex Penny's Find Pty Ltd