



20 MARCH 2024

ASX ANNOUNCEMENT

Restructuring Framework Agreement Executed

Ten Sixty Four Limited (Subject to Deed of Company Arrangement) (“**Ten Sixty Four**” or the “**Company**”; ASX:X64) provides the following further update on progress towards effectuation of the Deed of Company Arrangement (“**DOCA**”) dated 1 November 2023.

Restructuring Arrangements with Subsidiaries and Affiliates

The Company, Philsaga Mining Corporation (“**PMC**”) (an entity in which the Company holds a 40% indirect interest), Mindanao Mineral Processing and Refining Corporation (“**MMPRC**”) (a subsidiary in which the Company holds an 80% direct interest), Komo Diti Traders Ltd (“**KDTL**”) (a wholly and directly owned subsidiary of the Company), Mr Raul C. Villanueva (a Philippine shareholder with an indirect interest in PMC) and the Deed Administrator have now executed a restructuring framework agreement (“**Restructuring Framework Agreement**”) which sets out certain key terms and processes agreed between them for achieving a restructuring of certain inter-company commercial, operational and financing arrangements between the Company, KDTL, MMPRC and PMC (referred to as the “**Corporate Parties**”).

It is intended that the Corporate Parties enter into definitive agreements, as part of the restructuring process in order to document and give effect to the transactions contemplated under the Restructuring Framework Agreement.

As previously and more fully described in the Company’s announcements dated 2 February 2024, 19 February 2024, 26 February 2024 and 12 March 2024, the Company has executed standstill agreements with MMPRC and KDTL, which are two of the Company’s largest creditors. The standstill agreements provide that the debts due from the Company to MMPRC and KDTL will not be enforced during the standstill period. KDTL has also entered into a standstill agreement with PMC, the company that operates the Co-O mine, which provides that PMC will not enforce the debt owed to it by KDTL during the standstill period.

Pursuant to the terms of these standstill agreements, the current milestone deadlines for entry into such definitive documentation and the effectuation of the DOCA is 29 March 2024, which may be extended by agreement of the parties to the standstill arrangements.

TEN SIXTY FOUR[®]

TEN SIXTY FOUR LIMITED
ABN: 60 099 377 849 | ASX: X64

📍 Level 1, Suite 3, 1209 Hay St,
West Perth WA 6005, Australia

📧 PO BOX 801
West Perth WA 6872, Australia

☎ +61 8 9474 1330

✉ admin@x64.gold

🌐 www.x64.gold

**THE GOLD
STANDARD**



A summary of the key terms of the Restructuring Framework Agreement is outlined in Appendix A.

X64 CEO Simon Theobald commented that “The execution of the Restructuring Framework Agreement represents a significant reset of the commercial arrangements between the Company, its subsidiaries and associates and a milestone achievement towards effectuation of the DOCA and resolution of historical issues.

We acknowledge the cooperation of Raul Villanueva and the leadership team in the Philippines and look forward to working together to finalise the definitive transaction documentation.”

The Company will continue to provide updates as matters progress.

This announcement has been authorised for release by the Deed Administrator and the Board of Ten Sixty Four Limited.

Simon Theobald
Chief Executive Officer
Ten Sixty Four Limited

For further information:

Investors/Media
Michael Weir
Citadel-MAGNUS
0402 347 032
mweir@citadelmagnus.com



APPENDIX A

SUMMARY OF MATERIAL TERMS OF THE RESTRUCTURING FRAMEWORK AGREEMENT

1. Amendments to the Existing Tolling Agreement:

PMC and MMPRC have executed and registered an addendum to the existing tolling agreement dated 29 March 2017 between PMC and MMPRC ("**Tolling Agreement**") in which PMC and MMPRC have agreed to:

- increase the tolling fee from USD 17 to USD 20 (exclusive of VAT) per dry metric tonne of ore processed by MMPRC for the period from 1 January 2024 to 30 June 2025;
- extend the term of the Tolling Agreement from 26 June 2025 to 30 June 2025; and
- within sixty (60) days before the end of the term under the Tolling Agreement (currently 30 June 2025), negotiate in good faith to agree to an extension of the Tolling Agreement or to enter into a new tolling agreement on terms agreeable to both parties.

2. Compromise Agreement in respect of certain disputes between PMC and MMPRC

As disclosed in the Company's half yearly financial statements for the period ending 31 December 2022, MMPRC granted PMC a loan in the aggregate amount of USD 325,430,026 pursuant to the terms of a loan agreement entered into in June 2019 ("**MMPRC / PMC Loan**") on the condition that PMC makes minimum monthly instalment payments of USD 250,000. The last repayment against the MMPRC / PMC Loan was made on 23 June 2022. On 17 February 2023 PMC wrote a demand letter addressed to the Company and MMPRC disputing the MMPRC/PMC Loan and outlining several counterclaims against MMPRC ("**PMC Claim**").¹

In order to avoid the uncertainty and expense of litigation, PMC and MMPRC have agreed to enter into a compromise agreement ("**Compromise Agreement**") to compromise and settle:

- the MMPRC / PMC Loan in the amount of USD 248,000,000; and
- the PMC Claim in the amount of USD 108,000,000 ("**PMC Compromised Claim**"),

¹ See ASX Announcement titled "Half Year Accounts – 2022" dated 28 February 2024.



The key in-principle terms of the Compromise Agreement are:

- Repayment of the MMPRC / PMC Loan: repayment by PMC over 15 years through a combination of:
 - First Upfront Payment: initial upfront lump sum amortization payment consisting of an upfront cash payment of USD 10,500,000 (to be paid within 10 business days of entry into the Compromise Agreement);
 - Second Upfront Payment: further upfront lump sum amortization payment consisting of a cash payment of USD 4,662,000 (to be paid within 5 business days of receipt by PMC of the repayment of an intercompany debt owed to it by KDTL); and
 - Year 1 Amortization Set-Off: A further total of USD 11,913,000 amortization payments to be made during the first 12 months by way of monthly set off against the PMC Compromised Claim (to be applied during the first 12 months after execution of the Compromise Agreement);
 - Quarterly Payments: a minimum of USD 658,159 and a maximum of USD 1,316,318 of amortization payable per month through a combination of cash and set-off against the PMC Compromised Claim, which shall begin to accrue on 1 February 2025, with flexibility for PMC to repay the MMPRC / PMC Loan earlier. The first quarterly amortization payment will be due on 21 May 2025.
- Interest: should PMC pay less than the agreed maximum amortization amount in any quarter, interest at the rate of 6% per annum shall accrue on the relevant maximum amortization amount less the actual amortization payment made by PMC during the relevant quarter until such time as such amount is paid in full.
- Quarterly cash sweep: subject to agreed rights of relaxation in certain circumstances, a cash sweep on any PMC available funds in excess of the aggregate of USD 20,000,000 and any unpaid PMC amortization top-up and/or interest obligations as at the date of assessment.

3. Commitment to a longer term lease

PMC and MMPRC have agreed to enter into a new land lease in respect of the two parcels of land on which the gold treatment facility operates to replace the existing lease (“**New Land Lease**”). The New Land Lease will be for a term of 15 years, with the right of MMPRC to elect to terminate the lease after the first 10 years. The agreed rent will be paid upfront in the aggregate amount of USD 252,000 for the first 10 years at a fixed monthly sum of USD 2,000 for the first 5 years, subject to a 10% rent escalation for each successive 5 year period. MMPRC shall have the right to set off rental payments against certain amounts owed to it by PMC.



4. MPRC dividend policy and simplification of existing MPRC capital structure

MPRC has agreed to take steps to implement a dividend policy whereby it will, at the end of every fiscal quarter, assess its distributable profits and pay a dividend to its shareholders in respect of any and all distributable profits in excess of the aggregate of USD 2,500,000 and any budgeted capital expenditure required to be made by MPRC, as at the end of the relevant fiscal quarter; subject to certain exceptions and set off rights.

Separately, in order to simplify its capital structure, subject to certain conditions, MPRC has also agreed to cancel, redeem or buy back the preference shares it has issued to PMC within twelve (12) months after the date of the Restructuring Framework Agreement on terms satisfactory to PMC, MPRC and the Company.

5. Resolution of Intercompany Debts

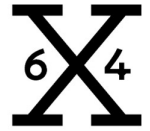
Relevant parties have agreed to take certain steps to facilitate the repayment of the following intercompany debt obligations:

- USD4,902,120 payable by KDTL to PMC (including interest);
- USD5,557,294 payable by the Company to KDTL (including interest); and
- USD4,300,465 payable by the Company to MPRC (including interest).

It is anticipated that the settlement of the intercompany debts will be funded and implemented through a combination of debt repayments and dividends. The relevant parties intend to enter into a global intercompany settlement agreement in order to document and give effect to such arrangements.

6. Consolidation of Reports

The Company and Mr. Villanueva have agreed to negotiate in good faith to seek to agree and enter into a shareholders' agreement in respect of Philsaga Management and Holdings, Inc. ("PMHI"), which the Company believes may assist in enabling the Company's financial statements to potentially be consolidated in accordance with the Australian Accounting Standards in a manner that is compliant with all applicable laws and regulations. Each of the Corporate Parties has agreed to cooperate in good faith to consider and seek to agree on, among others, a potential alternative longer-term structure that may facilitate the ongoing consolidation of the Company's accounts and be in compliance with all applicable laws and regulations. Other terms advantageous to both parties may likewise be agreed by the parties.



7. Agreement to waive certain Conditions Precedent to the DOCA

Without prejudice to any or all of the rights of the Deed Administrator under the DOCA to waive any conditions precedent, the relevant parties have agreed that the following conditions precedent, as described in the table in clause 7.3 of the DOCA, shall be waived on or before the sunset date under the DOCA, being 29 March 2024 unless further extended ("**Sunset Date**") in accordance with clause 7.3 of the DOCA:

7.1(c)(Public Examinations): the conduct of public examinations by the Deed Administrators to investigate claims;

7.1(d)(Management Agreement): execution of a management agreement between MMPRC and the Company; *and*

7.1(e)(Ownership Dispute): resolution of the ownership dispute relating to the shareholdings in PMHI."

Each of the Deed Administrator and KDTL has agreed to promptly take all steps reasonably necessary to grant and give effect to the waivers in accordance with the terms of the DOCA as soon as reasonably practicable, and in any event on or prior to the Sunset Date.