

23 April 2020

Signing of Definitive Agreement to Dispose of Mining Royalty

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to advise that it has progressed from a preliminary agreement to a definitive binding Sale and Purchase Agreement ("SPA") to dispose of its entitlements to iron ore production royalties ("Royalty") derived from the Koolyanobbing Iron Ore Project ("Koolyanobbing").

The signing of the SPA follows Vonex's announcement on 3 February 2020 of the proposed sale of its non-core Royalty to Vox Royalty Australia Pty Ltd, a wholly owned subsidiary of SilverStream SEZC ("Silverstream"), a global growth-focused mining royalty and streaming company.

Koolyanobbing is currently being mined by Yilgarn Iron Pty Ltd, a subsidiary of Mineral Resources Limited (ASX:MIN). When ore has been mined and sold from tenement M77/1258, which covers part of the Deception iron deposit and the Altair iron deposit, Vonex has been entitled to a 2% Free On Board (FOB) royalty calculated on a quarterly basis.

Subject to the satisfaction of certain conditions, Silverstream will purchase the Royalty for total consideration of A\$2,500,000, tranchised as follows:

- A\$1,750,000 payable in cash within seven days of SilverStream listing on the TSX Venture Exchange (TSXV)
- A\$250,000 payable in cash upon three million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258
- A\$500,000 payable in cash upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258

Material Conditions of the SPA

The sale and purchase of the royalty, as contemplated in the SPA, is subject to and conditional on the following conditions precedent:

- (1) SilverStream's parent company successfully listing on the TSXV, having completed a capital financing transaction of at least US\$3 million for the purposes of the listing;
- (2) Vonex evidencing to SilverStream in writing, to SilverStream's satisfaction, that the royalty will continue to bind tenement M77/1258; and
- (3) No actions having been taken by Vonex or any third party that prejudices the rights conveyed to SilverStream under the SPA.

Vonex has obtained shareholder approval for the sale and purchase of the Royalty as required by the ASX.

Failure by SilverStream to list on the TSXV by 31 July 2020 will result in a break fee of A\$75,000 payable to Vonex.

The Company notes that achieving consideration of up to A\$2.5 million represents a significantly improved outcome for Vonex shareholders, given the Board had previously resolved to write down the value of the Company's interest in Koolyanobbing to zero. Future cash flows from the Royalty are offset against a payment of A\$3 million which was made to Vonex's predecessor Golden State Resources Ltd – approximately A\$2.2 million of which remains outstanding as at 31 December 2019.

As such, the Company is pleased to sign this definitive Agreement, and as part of its cash management planning, the Board considers this to be a prudent step to enhance liquidity and maximise long-term shareholder value.

Indicative timetable

SilverStream plans to raise up to CAD\$15 million for the purposes of listing on the TSXV. As announced by AIM3 Ventures Inc. (TSXV: AIMC.P) to the TSXV on 27 March 2020, SilverStream anticipates closing this transaction in Q2 CY20.

ABOUT SILVERSTREAM:

SilverStream SEZC, dba Vox Royalty ("Vox"), is a growth-focused mining royalty and streaming company. Vox has a portfolio of 38 royalty and streaming assets, including 9 royalties and streams and 1 royalty option and it has entered into binding letters of intent and agreements to acquire an additional 28 royalties, covering 19 underlying commodities altogether. Vox's commodity interests span seven jurisdictions, including Australia, Canada, Peru, Brazil, Mexico, the United States and Madagascar. Vox has royalties and agreements to acquire royalties on producing mines in addition to royalties over several long-life, development-stage assets. Recognizing the upside potential of exploration success, Vox also acquires and holds a portfolio of royalties over exploration-stage assets.

Authority

This announcement has been authorised for release by Matt Fahey, Managing Director of Vonex Ltd.

ENDS

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ABOUT VONEX:

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, and hosted PBX and VoIP services - predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX and call termination services at wholesale rates via a white label model.

Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system. Vonex is also developing the Oper8tor App, a multi-platform real-time voice, messaging and social media app that allows users to connect with all social media friends, followers and contacts across different social medias, all consolidated into one app.