

MetalsTech Secures \$3.6 million Strategic Funding Package to Accelerate Progress at the Sturec Gold Mine

Highlights

- Strategic Finance Agreement signed with existing MetalsTech financier Mr Zhengrong Chen for further investment by way of fixed price convertible notes (**Notes**)
- Key terms of the Notes include:
 - \$2.5 million investment through the issue of 10,000,000 Notes (*Notes will be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1*)
 - secured against MTC's non-core Cancet Lithium Project
 - two year term
 - interest rate of 10% p.a.
 - fixed conversion price of 25 cents per share and MTC may force conversion under certain conditions
 - 12 months escrow on shares following conversion
- Finalisation of the Notes are subject to internal and external regulatory approvals of the parties and approval by MTC shareholders (*if required*)
- Completion of Sophisticated Investor Placement (**Placement**) of \$1,125,000 through the issue of 7,031,250 fully paid ordinary shares at 16 cents per share (*Shares will be allotted under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A*)
- Directors (and/or their related parties) to participate in the Placement and invest \$150,000 on the same terms as the Placement, subject to shareholder approval
- Following completion of the Placement and the issue of the Notes, the Company will have approximately \$4.1 million in available funds
- MTC is well funded to achieve its objectives at the Sturec Gold Mine for 2020 which include, recommencement of mining at the Andrej Adit, resource expansion drilling, scoping study on thiosulphate processing and update of its Pre-Feasibility Study
- Gold price remains above US\$1,700/oz and MTC is on track to be "deal-ready" in 2021

Commenting on plans for 2020, MetalsTech Director Dr Qingtao Zeng stated:

"We are pleased to be expanding our relationships in China where gold is seen as a strategic commodity and is expected to be a focus of M&A activity in the next 18 months. This will be a year of diligent preparation for MetalsTech."

MetalsTech Limited (ASX: MTC) (the **Company** or **MTC**) is pleased to announce it has signed a binding Strategic Finance Agreement with Mr Zhengrong Chen for the investment of \$2.5 million by way of fixed price convertible notes (**Notes**).

Mr Chen is an existing financier of MetalsTech having previously invested \$300,000 via the Redeemable Note Offering completed by the Company in March 2020, prior to the award of the underground mining permit and delivery of the maiden JORC (2012) Mineral Resource at the Sturec Gold Mine.



Mr Chen has significant experience in mine ownership, including gold mines and the Company looks forward to his assistance in raising the profile of Sturec in China's mining community.

Terms of Notes

The key terms of the Notes are stated below:

Description	Fixed Price Convertible Notes (Notes)
Total Raise Amount	A\$2.5 million
Number of Notes	10,000,000
Face Value	A\$0.25
Term	2 years
Use of Funds	(a) Funding the development of the Sturec Gold Project; and (b) General working capital
Interest	10% per annum simple interest paid quarterly in arrears
Noteholder Optional Conversion	Noteholder has the right to convert any of the Notes to fully paid shares in MTC on a one for one basis subject to: 1. the Noteholder providing MTC with 10 days' written notice (Noteholder Notice); 2. the Noteholder having not been provided with a Redemption Notice prior to the Noteholder Notice; and 3. MTC securing shareholder approval for the issue of the shares (if required)
MTC Optional Conversion	MTC has the right to convert any of the Notes to fully paid shares in MTC on a one for one basis if the 20-day volume weighted average price (VWAP) of MTC shares exceeds 40c during the Term
Mandatory Repayment & Conversion	If the Notes have not been repaid or converted before the end of the Term, MTC must repay the face value of the Notes together with any outstanding interest
Early Redemption	MTC may redeem any of the Notes before the end of the Term by providing the Noteholder with 7 days' notice (Redemption Notice) and repaying the face value of the Note together with a redemption premium of 2%
Transferability	The Notes are not transferrable without the written consent of the MTC
No Shorting	The Noteholder agrees not to short sell MTC shares at any time
Escrow	Any shares issued to the Noteholder pursuant to a conversion will be subject to 12 months voluntary escrow from the date of issue
Security	The Notes are secured against the Cancet Lithium Project owned by MetalsTech Cancet Lithium Inc. (a wholly owned subsidiary of MetalsTech Limited), incorporated in Quebec, Canada
Events of Default	Key events of default include non-payment, failure to comply with the provisions of the Note Deed, misrepresentation, involuntary or voluntary winding up applications, receiver appointment and insolvency
Governing Law	The terms of the Notes will be governed by the laws of Western Australia

The further investment by Mr Chen pursuant to the Notes is subject to the Parties receiving certain external and internal regulatory approvals, including the approval of MTC shareholders (*if required*).

The Notes will be issued by the Company under the existing placement capacity pursuant to ASX Listing Rule 7.1.

Mr Chen is an independent and sophisticated investor and is not a related party of the Company. In addition, Mr Chen has no relationship to the Company, outside of his previous investment in the Redeemable Note Offering in March 2020, and has no relationship to any of the Company's subsidiaries or any of the Directors of the Company.

Note: This announcement is authorised by the executive board on behalf of the Company.

Settlement under the Note Offering has not yet taken place. The Company has not drawn down any funds under the Note Offering at this time, but notes that there are no condition precedent to be satisfied prior to the Company drawing down on funds pursuant to the Note Offering.

The funds raised pursuant to the Note Offering will be applied in majority to the ongoing development of the Sturec Gold Mine, with a total of \$2,000,000 being applied to the Sturec Gold Mine with the remaining \$500,000 being applied to general working capital in the amount of \$400,000 and exploration on the Cancet Lithium Project of \$100,000.

In the event that conversion has not already taken place pursuant to the Note Deed prior to the end of the Term, repayment of the Notes will be funded by the Company either via the sale of the Cancet Lithium Project, placement of equity securities, the placement of convertible note securities, the issue of a further series of redeemable notes, or a combination of these facilities.

Sophisticated Investor Placement

In addition to the Note Offering, the Company has also successfully raised approximately \$1,125,000 through the issue of 7,031,250 fully paid ordinary shares at 16 cents per share to sophisticated investors (**Placement**).

The Shares are expected to be allotted within the next seven (7) days and will be allotted under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A.

The Directors (and/or their related parties) have also elected to participate in the Placement and will invest \$150,000 on the same terms as the Placement, subject to shareholder approval.

CPS Capital was lead manager to the Placement.

ENDS

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Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of MetalsTech as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Listing Rules Compliance

For the purposes of ASX Listing Rule 10.1, the Company confirms that, Mr Chen is not: (a) a related party of the Company (ASX Listing Rule 10.1.1); (b) a child entity of the Company (ASX Listing Rule 10.1.2); (c) a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) shareholder in the Company (ASX Listing Rule 10.1.3); (d) an associate of a person referred to in ASX Listing Rules 10.1.1 to 10.1.3 (ASX Listing Rule 10.1.4); or (e) a person whose relationship to the Company or a person referred to in ASX Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by shareholders of the Company (ASX Listing Rule 10.1.5).

Note: This announcement is authorised by the executive board on behalf of the Company.