

ASX RELEASE

2 JULY 2020



COPPER ASSETS STRATEGIC REVIEW – PROPOSED SALE

Metals X Limited (ASX:MLX) (**Metals X** or **Company**) advises that the Board has resolved to seek offers for the Proposed Sale of its entire copper asset portfolio, including the Nifty Copper Operation, Maroochydore Copper Project and the Paterson Exploration Project (together '**Copper Assets**').

The Company released a Copper Assets Strategic Review update (**Update**) to the ASX on 11 June 2020, which outlined a \$32 million farm-in agreement with IGO for a 70% joint venture interest in the Paterson Exploration Project (**Farm-in Agreement**) and completion of an economically positive scoping study (**Scoping Study**) for the development of a long-life open pit mine at the 100% owned Nifty Copper Operation (**Nifty**).

The Company reported in the Update that it expected to make a decision during July 2020 to undertake a Feasibility Study on the recommencement of open pit mining at Nifty and decide on an appropriate funding structure for the Feasibility Study and associated project holding costs, which together are estimated to total approximately \$20 million. In this regard the Company progressed discussions with several parties which included consideration of funding proposals that sought to have the Company free-carried through the completion of the Feasibility Study up to the point of Final Investment Decision (**FID**).

Discussions have also been significantly advanced with its financier aimed at restructuring principal repayments on the \$35 million loan to the Company's wholly owned subsidiary, Bluestone Mines Tasmania Pty Ltd (**Renison Loan**), to better match projected cash flow from the 50% owned Renison Tin Mine (**Renison**). The Company recently announced a major upgrade of Renison (ASX release 17 June 2020) which is forecast to increase annual tin production and sustain profitable operations for ten years, however cash flow during the initial development period is not sufficient to fund the currently scheduled debt repayments.

On 22 and 23 June 2020 respectively, the Company received Section 203D and 249D Notices from APAC Resources Strategic Holdings Ltd (**APAC**) seeking the removal of the Company's three Independent Directors and the appointment of two additional APAC nominees (ASX releases 23 June 2020 and 25 June 2020).

The issuing of the APAC 203D and 249D Notices has had a material impact on the Metals X Board's ability to progress the Nifty funding proposals and has led to suspension of discussions with its financier on debt repayment rescheduling. These circumstances have led the Board to conclude that divestment of the Copper Assets is the most appropriate course of action to ensure the financial integrity of the Company and realise value for shareholders. Any proposed transaction will be subject to the requisite shareholder approvals.

In seeking a sale of the Copper Assets, the Company will endeavour to leverage the significant value that has been added through completion of the Scoping Study and execution of the Farm-in Agreement. Since the release of the Update, interested parties, some of which have already conducted initial due diligence on the Copper Assets, have expressed interest in full ownership and will now be invited to submit offers.

In the absence of a debt restructure or alternative finance, the Company will not remain in compliance with certain covenants associated with the Renison Loan.

The Board intends to provide a further update on the potential sale of the Copper Assets and status of the Citi debt facility prior to holding an Extraordinary General Meeting to address the APAC 249D notice. This meeting must be held no later than 24 August 2020.

This announcement has been authorised by the board of directors of Metals X Limited

ENQUIRIES

Mr Patrick O'Connor
Executive Chairman
E: patrick.o'connor@metalsx.com.au

MEDIA ENQUIRIES

Michael Weir / Cameron Gilenko
Citadel-MAGNUS
M: +61 402 347 032 / +61 466 984 953

CORPORATE DIRECTORY

Level 5, 197 St Georges Terrace
Perth WA 6000 Australia
ASX Code: MLX

T +61 8 9220 5700
E reception@metalsx.com.au
ABN 25 110 150 055



www.metalsx.com.au