



Execution of R&D Facility Agreement and Successful Capital Raising

Highlights

- **Metamor Capital Partners to provide R&D Loan Facility of up to AUD 587k**
- **Firm commitment received for capital raising of AUD 320k from a single investor**
- **Strengthens PM1's balance sheet and allows ongoing advancement of TECH Project**
- **Appointment of QPM founder Andrew Matheson to the Board**

Pure Minerals Limited (ASX:PM1) ("**PM1**" or "the **Company**") is pleased to announce that it has successfully strengthened its balance sheet to ensure it maintains a robust financial position throughout the current economic climate caused by Covid-19 and allows it to continue to advance the Townsville Energy Chemicals Hub Project ("**TECH**").

Provision of R&D Loan Facility

PM1's wholly owned subsidiary Queensland Pacific Metals Pty Ltd ("**QPM**"), has entered into a facility agreement with Metamor Capital Partners ("**Metamor**") for the provision of a short term loan. The loan is based on PM1's and QPM's expected return as part of the Research and Development ("**R&D**") Tax Incentive.

Much of QPM's historical and future expenditure on the TECH Project is considered eligible expenditure under the Australian R&D Tax Incentive scheme. In addition, cash expenditure contributed by QPM as part of the CRC-P project is also considered eligible expenditure. This means much of QPM's future development work on the TECH Project will be significantly subsidised.

As part of the facility agreement, QPM will be able to borrow up to \$586,728, drawn down in two tranches. Repayment of this facility will be on the earlier of receipt of PM1's R&D Tax Incentive for financial year 30 June 2020 or 15 November 2020.

The facility is a standard-form cash loan with no conversion options. Funds advanced under the facility are subject to an interest rate of 13.5% per annum. The amount that QPM is able to draw down is based on incurred eligible R&D expenditure for the financial year ended 30 June 2020. PM1 is guarantor under the facility agreement and the loan is secured against the assets of PM1. The lender may terminate the agreement in the event of a default (such as a breach of a material provision of the facility agreement, an insolvency event, or other materially adverse event occurring). In this event, the lender may require that all amounts advanced are immediately repayable, and any unpaid sums will incur additional default interest of 4%. The facility agreement will otherwise terminate

automatically upon repayment, and the agreement otherwise contains additional terms, conditions and warranties considered standard for an agreement of this type.

Equity Capital Raising

PM1 has received a single commitment to raise \$320k gross of fees. As part of the capital raising, PM1 will issue 32,000,000 fully paid ordinary shares ("**Placement Shares**") at a price of \$0.01 per share. The placement is to an unrelated single overseas based investor (Mr Kwong Ho Richard Chan) and the Company is pleased to receive such strong support from an investor with an experienced technical background.

The Placement Shares will be issued under the Company's available Listing Rule 7.1A placement capacity. The capital raising price represents a discount of 9% to the last closing share price of PM1 on 29 April 2020.

The Company expects to issue the Placement Shares on or around 8 May 2020.

Use of Funds

The funds received under the Metamor facility and equity capital raising will be used to progress the TECH Project and for working capital. Subject to Covid-19 restrictions, the Company expects these funds to progress activities at the pilot plant located at CSIRO facilities in Western Australia.

Non-Executive Director Appointment

PM1 is pleased to announce the appointment of Andrew Matheson to the Board. Andrew is a founding partner and director of QPM and is a geological engineer with over 30 years professional experience within the mining and engineering sectors. He has a track record in exploration, project evaluation and strategy, development, construction, infrastructure management, underground and open cut mining operations and corporate management. He has held roles including Chairman, Managing Director, CEO and General Manager with various private and publicly listed resources companies and has experience with lateritic nickel projects in New Caledonia, Indonesia and Australia.

This announcement has been authorised for release by the Board.

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