



**24 JUNE 2024**

## **ASX ANNOUNCEMENT**

# **First Tranche of Detailed Restructuring Agreements Settled**

Further to its previous announcement of 20 March 2024, Ten Sixty Four Limited (Subject to Deed of Company Arrangement) ("**Ten Sixty Four**", "**X64**" 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 been working on the various separate legal agreements to give effect to the matters agreed in the Restructuring Framework Agreement ("**RFA**"), as announced on 20 March 2024. The legal agreements provide the basis for the restructuring of certain inter-company commercial, operational and financing arrangements between the Company, KDTL, MMPRC and PMC (referred to as the "**Corporate Parties**").

The Company is pleased to announce that it has executed an addendum to a land lease in favour of MMPRC in respect to the two parcels of land on which the gold treatment facility operates. The original lease term ended on 31 December 2018, and this addendum provides acknowledgement of the continuation of the rights and obligations of the parties under the original lease and provides for a term through to 31 December 2028, with automatic renewal provisions thereafter providing for a further 5 years (unless a party notifies the other party that the lease will not renew for a further term, at least 60 days before the termination date).

Two other documents required to give effect to the RFA are now in final agreed form, these being:

- MMPRC Dividend Policy; and
- Global Intercompany Settlement Deed between the Corporate Parties.

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It is intended that these two documents will be signed and become effective once the Compromise Agreement in respect of the intercompany loan owing by PMC to MMPRC and counter claims of PMC against MMPRC described in the Company's announcement of 20 March 2024 is finalised and executed.

A summary of the key material terms of the settled documents, together with a comparison to the Restructuring Framework Agreement announced on 20 March 2024, is outlined in Appendix A.

The two outstanding documents to give effect to the RFA are:

- Compromise Agreement; and
- Shareholders' Agreement in respect of Philsaga Management and Holdings, Inc. ("PMHI") described in the Company's announcement of 20 March 2024.

The Corporate Parties have agreed to extend the timeframe for finalising the Compromise Agreement to 5 July 2024 and for finalising the Shareholders Agreement to 19 July 2024. The execution of the detailed documentation is an important step towards the effectuation of the DOCA, which has also now been extended to 19 July 2024, but which may be further extended if required and by agreement of the parties to the standstill arrangements.

*X64 CEO Simon Theobald commented that "This is a significant step forward in the cooperation between X64 and the Philippine stakeholders. We look forward to working together to finalise the outstanding documentation which should then see cashflow moving from the Philippine entities through to X64 to enable us to effectuate the DOCA and return oversight of the Company to the appointed Board of X64."*

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

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## Appendix A

Detailed Restructuring Documents – Summary of Terms	Restructuring Framework – Summary of Terms (As Announced 20 March 2024)
<p><b>Amendments to Existing Lease Agreement</b> PMC and MMPRC</p> <ul style="list-style-type: none"> <li>➤ Acknowledgement of the continuation of the rights and obligations of the parties under the original Lease Agreement, which commenced on 1 January 2009.</li> <li>➤ Term of Amended Lease to cover the period from 1 January 2024 to 31 December 2028, with automatic renewal provisions thereafter providing for a further 5 years (unless a party notifies the other party that the lease will not renew for a further term, at least 60 days before the termination date).</li> <li>➤ Lease fee of USD2,000 per month from 1 January 2024 to 31 December 2028, escalating by 10% on extension in the absence of any other negotiation.</li> </ul>	<p><b>Proposed New Lease Agreement</b> PMC and MMPRC</p> <ul style="list-style-type: none"> <li>➤ Agreement 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 (“<b>New Land Lease</b>”).</li> <li>➤ Proposed New Land Lease to be for a term of 15 years, with the right of MMPRC to elect to terminate the lease after the first 10 years.</li> <li>➤ Agreed rent to be paid upfront in the aggregate amount of USD252,000 for the first 10 years at a fixed monthly sum of USD2,000 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.</li> </ul>
<p><b>Global Intercompany Settlement Deed</b> X64, KDTL, MMPRC, PMC</p> <ul style="list-style-type: none"> <li>➤ Loan balances for repayment agreed to be: <ul style="list-style-type: none"> <li>(a) USD4,674,845 payable by KDTL to PMC (plus interest);</li> <li>(b) USD5,217,150 payable by X64 to KDTL (plus interest); and</li> <li>(c) USD4,100,000 payable by X64 to MMPRC (plus interest).</li> </ul> </li> <li>➤ Interest due on these loans to be calculated by reference to the higher of (i) the secured overnight financing rate administered by the Federal Reserve Bank of New York plus a margin of 1% per annum and (ii) 2% per annum.</li> </ul>	<p><b>Proposed Resolution of Intercompany Debts</b> X64, KDTL, MMPRC, PMC</p> <ul style="list-style-type: none"> <li>➤ Relevant parties have agreed to take certain steps to facilitate the repayment of the following intercompany debt obligations: <ul style="list-style-type: none"> <li>(a) USD4,902,120 payable by KDTL to PMC (including interest);</li> <li>(b) USD5,557,294 payable by X64 to KDTL (including interest); and</li> <li>(c) USD4,300,465 payable by X64 to MMPRC (including interest).</li> <li>(d) Settlement of the intercompany debts to be funded and implemented through a combination of debt repayments and dividends.</li> </ul> </li> </ul>

- Loans to be repaid via the following steps:

#### First Dividend

- Within three (3) Business Days from receipt by MMPRC of the First Upfront Payment (as defined in the RFA), MMPRC shall declare and pay a cash dividend of USD10,000,000 to X64 and a cash dividend of USD500,000 to PMC (the First Dividend).
- The USD500,000 cash dividend paid by MMPRC to PMC shall be deemed to be an advance payment to PMC in respect of any dividends it is entitled to receive from MMPRC based on its shareholdings in MMPRC as at the date of such dividend. The remaining balance of any dividend PMC is entitled to receive from MMPRC based on its shareholdings in MMPRC as at the date of declaration of such dividend will be paid by MMPRC to PMC within thirty (30) days after the earlier of: (i) the date of filing of MMPRC's income tax return for the fiscal year ending 30 June 2024; or (ii) the statutory deadline for filing such income tax return. MMPRC and PMC, however, may mutually agree in writing for a later date.

#### X64 Repayment to KDTL

- Within three (3) Business Days of receipt by X64 of the First Dividend, X64 shall pay an amount of outstanding principal of the X64 Payable to KDTL in cash that is sufficient for KDTL to repay the KDTL Payable to PMC in full.

#### KDTL Repayment to PMC

- Within three (3) Business Days from receipt by KDTL of the partial repayment of the X64 Payable to KDTL, KDTL shall repay the KDTL Payable to PMC in cash in full and final discharge of the KDTL Payable.
- Within five (5) Business Days from receipt by PMC of the full amount of the KDTL Payable, PMC shall pay the Second Upfront Payment (as

defined in the RFA) to MMPRC in accordance with the terms of the Compromise Agreement.

Second Dividend

- Within five (5) Business Days of receipt by MMPRC of the Second Upfront Payment, MMPRC shall declare and pay a dividend of USD4,902,120.06 to X64 and a dividend of USD 234,304.25 to PMC (the “Second Dividend”).
- MMPRC shall deduct from X64’s share of the Second Dividend an amount equal to the X64 Payable to MMPRC by way of set off against the X64 Payable to MMPRC in full and final discharge of the X64 Payable to MMPRC and pay the balance of X64’s share of the Second Dividend to X64 in cash.
- The USD234,304.25 dividend paid to PMC shall be deemed to be an advance payment to PMC in respect of any dividends it is entitled to receive from MMPRC based on its shareholdings in MMPRC as at the date of such dividend. The remaining balance of any dividend PMC is entitled to receive from MMPRC based on its shareholdings in MMPRC as at the date of declaration of such dividend will be paid by MMPRC to PMC within thirty (30) days after the earlier of: (i) the date of filing of MMPRC’s income tax return for the fiscal year ending 30 June 2024; and (ii) the statutory deadline for filing such income tax return. MMPRC and PMC, however, may mutually agree in writing for a later date.
- All financial amounts stated above are “gross” with any withholding taxes to be withheld and remitted as required under the relevant laws.

<b>Dividend Policy</b> MMPRC	<b>Proposed MMPRC Dividend Policy / Simplification of Capital Structure</b> MMPRC
<p><u>Agreed Restructuring Dividends</u></p> <p>➤ MMPRC shall pay cash dividends as follows (“RFA Dividends”):</p> <p>(a) Within 3 business days from receipt of the payment from PMC of Ten Million Five Hundred Thousand United States Dollars (USD10,500,000.00) upfront cash amortization pursuant to the Compromise Agreement, MMPRC shall pay cash dividends to the following:</p> <ol style="list-style-type: none"> <li>Ten Million United States Dollars (USD10,000,000.00) to X64 Shares; and</li> <li>Five Hundred Thousand United States Dollars (USD500,000.00) to PMC Shares.</li> </ol> <p>(b) Within 5 business days from receipt from PMC of Four Million Six Hundred Sixty-Two Thousand United States Dollars (USD4,662,000.00) upfront cash amortization pursuant to the Compromise Agreement, MMPRC shall pay cash dividends to the following:</p> <ol style="list-style-type: none"> <li>Four Million Nine Hundred Two Thousand One Hundred Twenty and 6/100 United States Dollars (USD4,902,120.06) to X64 Shares; and</li> <li>Two Hundred Thirty-Four Thousand Three Hundred Four and Twenty-Five Centavos United States Dollars (USD234,304.25) to PMC Shares.</li> </ol> <p>➤ The Agreed Restructuring Dividends shall constitute as advance payment to PMC on any dividends it is rightfully entitled based on its shareholdings in MMPRC, and which shall be payable in accordance with the above. For the avoidance of doubt, the payment of the balance of dividends on PMC Shares for a given</p>	<p>➤ MMPRC to assess its distributable profits at the end of every fiscal quarter, 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 MMPRC, as at the end of the relevant fiscal quarter; subject to certain exceptions and set off rights.</p> <p>➤ MMPRC 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, MMPRC and X64.</p>

fiscal year shall be made on or before the date falling thirty (30) days after the earlier of the (a) date of filing of MMPRC's income tax return and (b) the applicable statutory filing deadline. PMC and MMPRC, however, may mutually agree in writing to a later date.

#### Quarterly Dividends

➤ After paying the Agreed Restructuring Dividends, MMPRC shall declare and pay cash dividends on a quarterly basis as follows:

- a. **Evaluation of Distributable Profits.** At the end of every Fiscal Quarter, the Board, with the assistance of the Chief Financial Officer of MMPRC in consultation with X64, shall determine and approve the existence of its Distributable Profits in a regular or special meeting of the Board duly called for the purpose.
- b. **Conditions for Declaration of Dividends.** Subject to the requirements of any Applicable Law, the Board shall declare and pay cash dividends on any Distributable Profit, as may be determined in accordance with (a) above, within fourteen (14) days from the end of the Fiscal Quarter.
- c. **Preference in Distribution.** Notwithstanding anything to the contrary, all rights and privileges of the Preferred Shares, including the Guaranteed Annual Dividends, preference in distribution of dividends, and right to interest, shall be observed in the declaration and distribution of all dividends. Accordingly, the following rules shall apply:
  - i. The Preferred Shares shall be entitled to Guaranteed Annual Dividends, which shall be computed as follows:  
  
*Guaranteed Annual Dividends = Twelve percent (12%) x No. of Preferred Shares Subscribed x Par Value per Share*
  - ii. The Preferred Shares shall have preference in the distribution of dividends;

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| <p>iii. The Preferred Shares shall have the right to receive interest on dividends in arrears from the date of the Board's declaration of dividends and until said dividends are actually paid in full to the holders of the Preferred Shares at the rate of ten percent (10%) per annum; and</p> <p>iv. The Preferred Shares shall be participating and shall share with the Common Shares in the distribution of any residual dividends on a pro rata basis.</p> |  |
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