

ANAX SIGNS WHIM CREEK ROYALTY AGREEMENT WITH ANGLO AMERICAN

- **Anax has signed a binding royalty agreement with Anglo American, under which;**
 - **Anglo American has acquired a 1% Net Smelter Return for US\$2M, payable to ANX immediately, over ANX copper and zinc production from Whim Creek Joint Venture (80%); and**
 - **The Agreement also provides a proposed project funding package of up to US\$20M and an offtake arrangement for ANX production at Whim Creek, subject to completion of satisfactory due diligence by Anglo American.**
- **The royalty funding will be for the capital expenditure and other financial commitments required to commence production at Whim Creek.**
- **The Binding Agreement is an important milestone for ANX's strategy of securing funding from a strategic funding partner.**
- **ANX continues to advance project development studies and exploration and is also pursuing asset consolidation opportunities in the Pilbara plus new value-accretive assets.**

Anax Metals Limited (ASX: ANX, or the **Company**) is pleased to announce that it has entered into a binding royalty agreement (Agreement) with Anglo American Marketing Limited, a subsidiary of Anglo American Plc, for the development of the Whim Creek Project (Project).

The Agreement provides for an immediate payment to ANX US\$2M (AU\$2.6M) in consideration of a 1% Net Smelter Return (NSR) from Anax production from the Whim Creek Joint Venture. Anax has earned an 80% interest in the Project. The payment would provide Anax with further capital for early-stage development activities, exploration and capacity to assess further opportunities under the Anax strategy.

The Agreement also includes a proposed project funding package of up to US\$20M (AU\$26M), subject to completion of satisfactory due diligence by Anglo American, for the pre-production capital and other financial commitments required to develop the Whim Creek mine and associated infrastructure. The development will include the refurbishment of existing site infrastructure, installation of new ore sorting and gravity separation circuits, and heap leach equipment.

The Binding Agreement comes after Anax and Anglo American entered in to a non-binding term sheet in the previous quarter (ASX announcement, 29 March 2021).

Binding Agreement Key Terms.

Royalty Binding terms - Royalty:

- 1% Net Smelter Royalty (NSR) over ANX production (80%) of Cu, Zn, Pb concentrates and Cu cathode for the life of mine.
- Anglo American to immediately pay Anax US\$2 million for the grant of the Royalty.

Indicative terms - Project Funding:

- Facility term: 36 months.
- Facility amount: Up to US\$20 million.
- Upfront fee: 2% of financing amount.
- Interest rate: 6% per annum.

Indicative terms - Offtake:

- Anglo American has the right to offtake all or any of ANX's share of the materials from the Project.
- Offtake pricing: To be determined by reference to the average market rate at the time of offtake.

Anax has previously outlined a clear strategy to acquire, develop and monetise assets that are amenable to the integration of smart sorting and associated technology. Anax is systematically delivering on the strategy at the Whim Creek Project and the binding Royalty agreement with Anglo American and, the proposed Project Funding and Offtake transaction will be a key step in this process.

Anax believes that this transaction is an endorsement of Anax's strategy to unlock asset value through technology integration. Anax is focused on expanding the Company's project portfolio using this strategy and important partnerships established to date. Commodity marketing advisory company, Conrad Partners, has helped facilitate the agreement and continues to be a key advisor to Anax.

Commencement of production will be contingent on, amongst other things, a positive decision by ANX and its joint venture partner at Whim Creek, based on the Feasibility Study that ANX is currently undertaking. Investors should note that the project funding and offtake terms are indicative and non-binding. While the Company intends to progress these discussions with Anglo American there is no guarantee that the parties will enter into a formal agreement on the terms disclosed, or at all.

Whim Creek Project Background

Anax has earned an 80% interest in the Whim Creek Project from Venturix Resources Ltd (ASX: VXR). The Project, which is located 115 kilometres southwest of Port Hedland, in the West Pilbara region of Western Australia (Figure 1) hosts significant polymetallic (Volcanogenic Massive Sulphide) resources. The mineralisation is highly amenable to upgrading through the integration of sorting and ideal for the strategy of pre-concentrate production.

In addition, the asset includes substantial site infrastructure that is to be used in the proposed development of the project including the heap leach pad and ponds that are being repaired and upgraded under the Environmental Protection Notice.

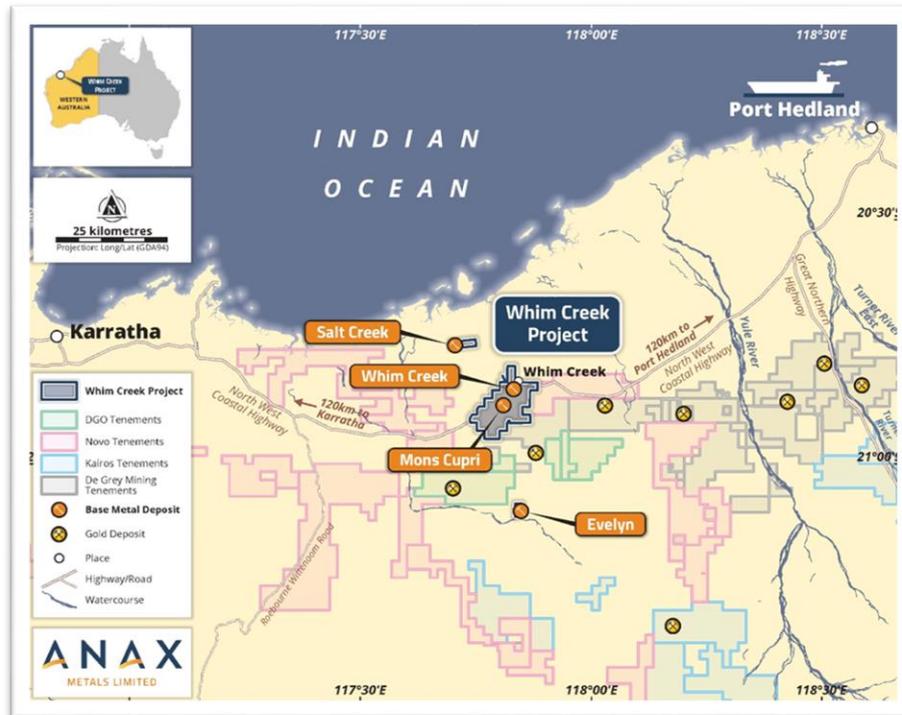


Figure 1: Whim Creek Project Location

The Whim Creek Project comprises four existing deposits - Mons Cupri, Whim Creek, Salt Creek and Evelyn. The Mons Cupri, Whim Creek and Salt Creek deposits have JORC 2012 resources, while the Evelyn deposit, previously estimated under the JORC 2004 code has been converted to an exploration target (refer to Company Prospectus lodged 18 September 2020).

WHIM CREEK PROJECT JORC 2012 MINERAL RESOURCES

Table 1: Whim Creek Project Global Copper Dominant Mineral Resource (0.40% Cu Cut-off).

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	3,130	0.84	0.47	0.20	16	0.09
	Inferred	400	0.60	0.22	0.10	10	0.03
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	850	1.40	1.12	0.24	8	0.11
	Inferred	460	1.15	2.41	0.60	27	0.16
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	1,750	1.10	0.63	0.16	6	0.04
	Inferred	660	0.56	0.17	0.08	2	0.02
COMBINED	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	5,730	1.00	0.61	0.19	12	0.08
	Inferred	1,530	0.75	0.86	0.24	12	0.07
TOTAL Cu Resources	Combined	8,250	1.03	0.76	0.25	15	0.10

Table 2: Whim Creek Project Global Zinc Dominant Mineral Resource ($\geq 2.0\%$ Zn; $< 0.40\%$ Cu)

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	340	0.09	3.56	1.01	38	0.07
	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	170	0.18	14.15	4.23	85	0.53
	Inferred	380	0.12	8.75	2.57	62	0.25
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	120	0.12	3.22	0.44	12	0.08
	Inferred	45	0.13	2.46	0.40	9	0.04
COMBINED	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	630	0.12	6.34	1.77	46	0.19
	Inferred	575	0.11	7.22	2.23	48	0.18
TOTAL Zn Resources		1,275	0.12	6.63	1.98	47	0.19

Appropriate rounding has been applied.

The updated combined Whim Creek Project Mineral Resources were first published on the ASX on 25 May 2021. All material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed.

Current Works Programs

Anax continues to advance the development studies including:

- Mining and associated geotechnical studies.
- Environmental studies including; surface and ground water; Flora and Fauna; Closure.
- Phase II Ore Sorting testwork.
- Metallurgical testwork including: Gravity Separation; Heap Leaching; Comminution; Flotation.
- Process design layouts and costing.
- Infrastructure assessment.
- Delivering the optimal processing route and product mix

In addition to the project development activities Anax has commenced both gold and base metal exploration on the project tenements. Anax looks forward to providing the market with additional updates on the progress of feasibility studies over the coming months.



Authorised for ASX release by the Board of Directors.

For Further Information, please contact:

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