

TERM SHEET EXECUTED FOR SPIN OUT OF NICKEL ASSETS

Metals X Limited (**Metals X** or **the Company**) is pleased to announce that it has signed a binding terms sheet with NICO Resources Limited (**NICO**) for the sale and spin out of its Nickel asset portfolio, including the Wingellina Nickel-Cobalt Project located in Western Australia and the Claude Hills Project located in South Australia (together the **Nickel Assets**) (the **Terms Sheet**).

The Terms Sheet provides for the sale of all of the shares in Metals Exploration Pty Ltd (**Metals Exploration**), currently a 100%-owned subsidiary of Metals X, to NICO with eligible Metals X shareholders to receive a direct holding in NICO shares so as to spin out the Nickel Assets from Metals X (the **Transaction**). Metals Exploration holds the Nickel Assets through Metex Nickel Pty Ltd (**Metex Nickel**). The registered holders of the tenements that comprise the Nickel Assets are two 100%-owned subsidiaries of Metex Nickel, being Hinckley Range Pty Ltd and Austral Nickel Pty Ltd.

In conjunction with the Transaction, NICO proposes to undertake an initial public offering of its shares (**IPO**) and apply for listing on the ASX. Under the Terms Sheet, NICO proposes to raise at least \$8 million by the issue of:

- (a) approximately 20,000,000 fully paid ordinary shares at \$0.20 per share to Metals X (**MLX IPO Shares**); and
- (b) at least 20,000,000 fully paid ordinary shares at \$0.20 per share under the IPO.

In addition to receiving the MLX IPO Shares, the consideration payable by NICO to Metals X for the purchase of the Nickel Assets will be \$5,000,000, to be satisfied by the issue to Metals X of:

- (a) 25,000,000 shares in NICO at a deemed issue price of \$0.20 per share; and
- (b) 25,000,000 options to subscribe for shares in NICO, exercisable at \$0.25 each, expiring 3 years after grant.

Immediately prior to, or simultaneously with, the IPO, Metals X proposes to conduct an *in specie* distribution of 25,000,000 shares in NICO it receives as sale consideration to eligible Metals X shareholders, being approximately 35% of NICO's total issued share capital on a post-IPO undiluted basis, subject to the approval of Metals X shareholders (**Distribution**). Metals X will retain the remainder of the NICO shares it obtains under the Transaction (being the MLX IPO Shares and the options) and will directly hold approximately 29% of NICO's total issued share capital on a post-IPO undiluted basis.

The Transaction is subject to a number of conditions, including:

- (a) completion of satisfactory due diligence by the parties;
- (b) any necessary approval from the Foreign Investment Review Board;
- (c) ASX notifying Metals X that ASX Listing Rule 11.4 does not apply, or alternatively, Metals X shareholders approving the Transaction in accordance with ASX Listing Rule 11.4.1(b);
- (d) Metals X's shareholders approving the Distribution;
- (e) NICO successfully conducting the IPO and listing on the official list of the ASX;

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- (f) ASX notifying Metals X or NICO that the ASX has determined on an “in principle” basis that the Consideration Shares will not be classified as restricted securities under the ASX listing rules if NICO is listed on the official list of the ASX;
- (g) any other approvals required pursuant to the ASX Listing Rules and under the *Corporations Act 2001* (Cth);
- (h) Metals X obtaining any third party consents or assumptions required for the sale of Metals Exploration’s shares; and
- (i) no material adverse change occurring with respect to the parties from the date of the Terms Sheet until completion of the Transaction,

together, the **Conditions Precedent**.

Under the Terms Sheet, the Conditions Precedent must be satisfied by 21 September 2021, being 120 days after the date of the Terms Sheet, and completion of the Transaction will occur on the date 5 business days after satisfaction of the Conditions Precedent, or such other date as may be agreed between the parties.

The parties intend to formalise the agreement to the Transaction on terms substantially similar to those provided in the Terms Sheet in a share sale and purchase agreement which will supersede the Terms Sheet (**Formal Agreement**). Either party may terminate the Terms Sheet in the event the Formal Agreement is not executed after 90 days from the date of the Terms Sheet.

An existing 1.75% net smelter royalty on all metals produced from both the Wingellina Nickel-Cobalt Project and the Claude Hills Project, granted by the current tenement holders in favour of Metals X, will be maintained by Metals X after completion of the Transaction.

NICO Resources Limited is an unlisted public company with intentions to list on the ASX and progress the Nickel Assets as a stand alone entity, and is led by Mr Warren Hallam as Chairman and Mr Rod Corps as Managing Director. A nominee of Metals X, Brett Smith, has also been appointed onto the board of NICO Resources.

Further updates and details of the intended timing for the progress of the spin out of the Nickel Assets will be provided once available, including the preparation and convening a Metals X shareholders’ meeting to approve the Distribution, alongside the intended IPO of NICO Resources.

Metals X Executive Director, Mr Brett Smith, commented:

“The sale and spin out of the Nickel Assets, allows Metals X shareholders to have a direct holding in a listed vehicle focussed on the Nickel Assets whilst also allowing Metals X to retain a substantial investment in the Nickel Assets in a newly listed vehicle. When combined with the Company’s recent sale of its Copper Assets, the spin out of the Nickel Assets aligns with the Company’s strategy of focussing on the development of its Tin Portfolio. Metals X’s 50% joint venture at the Renison Tin Operation in Tasmania remains the Company’s primary focus, and it looks forward to working with shareholders as it continues to progress the spin out of the Nickel Assets and to enhance its position as Australia’s largest tin producer.”

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

ENQUIRIES

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