NICKEL SPIN OUT UPDATE

Further to the announcements made on 25 May 2021 and 28 June 2021, Metals X Limited (**Metals X** or **the Company**) provides the following update in relation to the sale and spin out of its Nickel asset portfolio, which includes the Wingellina Nickel-Cobalt Project located in Western Australia and the Claude Hills Project located in South Australia (**Nickel Assets**), pursuant to the binding terms sheet (**Terms Sheet**) executed with NICO Resources Limited (**NICO**).

The Terms Sheet provides for the sale of all of the shares in Metals Exploration Pty Ltd, currently a 100% owned subsidiary of Metals X, to NICO with eligible Metals X shareholders to receive (subject to conditions, including, Metals X shareholder approval) a direct holding in NICO shares so as to spin out the Nickel Assets from Metals X (the **Transaction**).

Metals X is pleased to advise that it is continuing to progress the Transaction, and will shortly enter into a Share Sale and Subscription Agreement with NICO formalising the terms of the Transaction originally articulated in the Terms Sheet (**SSA**). The SSA will be on substantially similar terms to the Terms Sheet as disclosed in the Company's announcement of 25 May 2021, save that:

1. Metals X will be issued 25,000,000 NICO shares at a deemed issue price of $0.20 per share as the sole consideration payable by NICO to Metals X for the purchase of the Nickel Assets (equating to $5,000,000) (**Consideration Shares**). Upon execution of the SSA, Metals X will be issued 25,000,000 options to subscribe for NICO shares, exercisable at $0.25 each, expiring 3 years after the grant and with a vesting condition being the successful initial public offering (**IPO**) of NICO, and separate from the consideration for the sale of the Nickel Assets;

2. NICO's proposal to undertake an IPO is now targeted to raise a minimum of $10 million by the issue of 50,000,000 fully paid ordinary shares at $0.20 per share under the IPO, up to a maximum of $12 million by the issue of 60,000,000 fully paid ordinary shares at $0.20 per share. Consistent with the Terms Sheet and the Company's prior announcements in relation to the Transaction, Metals X will subscribe for 20,000,000 fully paid ordinary shares at $0.20 per share under the IPO; and

3. the conditions precedent listed in the Company's announcement of 25 May 2021 must now be satisfied by 31 December 2021. Completion under the Transaction is still required to occur on the date 5 business days after satisfaction (or waiver) of the conditions precedent, or such other date as may be agreed between the parties.

As previously disclosed to the market, the Transaction is subject to a number of conditions precedent, one of which is obtaining any necessary approval from the Foreign Investment Review Board (**FIRB**). While both Metals X and NICO are continuing to work towards finalisation of the Transaction, the progression of the Transaction has been delayed with matters associated with the notification and approval processes with FIRB.

Despite this delay, the Company is pleased to advise that some of the other conditions precedent to the Transaction have been satisfied, including ASX notifying Metals X that ASX Listing Rule 11.4 does not apply to the Transaction, subject to the usual terms of such notification, and that ASX has determined on an in-principle basis NICO is suitable for listing on the ASX and further 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.

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Further updates and details of the intended timing for the progress of the spin out of the Nickel Assets will be provided once available.

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

ENQUIRIES

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