METALS TECH LIMITED

ASX Release
27 May 2021

METALSTECH SECURES $18M FOR LITHIUM ASSETS

Highlights

- Binding agreement signed with North America's Lithium Royalty Corp (**LRC**) as part of $18 million deal comprising of:
  - **$6 million cash payment** by LRC in consideration of the granting of a 3% Gross Revenue Royalty over the Cancet, Adina and Sirmac-Clapier lithium assets (MTC retains gold rights) – paid to MTC to accelerate gold resources expansion drilling program at Sturec Gold Mine
  - **$9 million worth of shares** in lithium spinout vehicle 'Winsome Resources' (ASX Reserved Code:WR1) – i.e. 45 million WR1 shares distributed In-specie to MTC shareholders in proportion to their MTC holding as at record date (future date to be set post shareholder approval) – MTC currently has 153.8 million shares on issue (e.g. 1 free WR1 20c share for every 3.4 MTC shares held assuming current shares on issue)

    # The proposed structure of the spin out of WR1 and separate ASX listing remains subject to the approval of the ASX pursuant to ASX Listing Rule 1.1 Condition 1 including the appointment of a Lead Manager to the WR1 IPO and the appointment of additional directors as deemed appropriate with significant ASX experience
  - **$3 million cornerstone subscription** by LRC in Initial Public Offer of WR1 at an issue price of 20 cents per share – paid to WR1 to advance the lithium assets
- LRC recently raised US$70 million to expand its investments in the lithium sector which already include royalties at Galaxy Resources 'Mount Cattlin Mine' and Core Lithium's 'Finniss Project'
- WR1 IPO public offer increased to $12m (Min) to $18m (Max) based on increased investor interest
- Land holding at the Sirmac-Clapier Lithium Project significantly expanded consolidating various highly prospective areas neighbouring with Vision Lithium Inc. (TSX.V: VLI)
- Preparation of second drilling chamber at Sturec nearing completion for phase II of the resource expansion drilling program – drilling to re-commence shortly
- Balance of outstanding assays for phase I resource expansion drilling program at Sturec expected within days

Commenting on the deal, MetalsTech Chairman, Russell Moran stated:

"*We have received significant interest in our lithium assets since stepping up our commercialisation efforts. The proposed deal with Lithium Royalty Corp strikes the right risk and reward balance for our shareholders as well as providing a significant non-dilutive cash injection to allow MetalsTech to expand on an already incredibly successful resource expansion drilling program at our flagship Sturec Gold Mine where we are growing a world class one million ounce gold resource. Our shareholders will also be rewarded with a significant return in the form of free 20c shares in Winsome Resources which will be able to move forward with strong cornerstone investor support and an experienced management team. We believe the outlook for both gold and lithium are very strong and the Company is well positioned to capitalise.*"

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MetalsTech Limited (ASX: MTC) (the **Company** or **MTC**) is pleased to announce it has signed a binding agreement with Lithium Royalty Corp (**LRC**) in a $18 million deal in relation to its portfolio of lithium assets (**Agreement**). The deal provides the Company with a significant cash injection, the Company's shareholders with a significant In-specie distribution of free shares in the proposed spinout of the lithium assets through the separate ASX listing of Winsome Resources Limited (ASX Code Reserved: WR1) and Winsome with a valuable institutional cornerstone investor.

The deal includes a $6 million cash payment by LRC to MTC in consideration of the granting of a 3% Gross Revenue Royalty over the Cancet, Adina and Sirmac-Clapier lithium assets. MTC will still retain gold rights over the lithium assets. These funds will be used to accelerate resource expansion and scoping study activities at the Company's flagship Sturec Gold Mine in Slovakia.

Via the spinout of the lithium assets (which is subject to ASX approval pursuant to ASX Listing Rule 1.1 Condition 1, ASIC and MTC shareholder approval) through wholly owned subsidiary Winsome Resources Limited (**WR1**), MTC shareholders will receive a proposed $9 million worth of shares in WR1. This equates to 45 million WR1 shares distributed to MTC shareholders in proportion to their MTC holding as at record date (future date to be set post shareholder approval). MTC currently has 153.8 million shares on issue so this is the equivalent of 1 free WR1 20c share for every 3.4 MTC shares held, assuming no change to the current number of shares on issue.

The proposed structure of the spin out of WR1 and separate ASX listing remains subject to the approval of the ASX pursuant to ASX Listing Rule 1.1 Condition 1 including the appointment of a Lead Manager to the WR1 IPO and the appointment of additional directors as deemed appropriate with significant ASX experience.

LRC has also agreed to cornerstone the WR1 Initial Public Offer (IPO) with a $3 million investment at an IPO equivalent price, assumed to be 20 cents per share.

About Lithium Rotalty Corp

LRC is a dedicated battery material investor partnering with battery material companies whose assets exhibit high grade, low cost, and key technical attributes that will help drive this once in a hundred year thematic. LRC is predominantly focused on investing in Revenue Royalties on top tier existing and in-development battery material projects with an emphasis on Lithium due to extremely low obsolescence risk.

In January this year, LRC completed a US$70 million capital raise to expand on its strategic investment capabilities, backed by New York bohemeith Riverstone Holdings LLC.

LRC has established lithium royalties over other high-quality producing and near development lithium assets including Galaxy Resources (ASX:GXY) 'Mt Cattlin Lithium Mine' and the 'Finniss Lithium Project' owned by Core Lithium (ASX:CXO).

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Winsome Resources LIMITED

Due to significant interest in the proposed spinout of the Company's lithium assets via its wholly owned subsidiary Winsome Resources Limited (ASX:WR1), the proposed structure of the spinout is currently under consideration, including a significant proposed increase in the proposed In-specie distribution of WR1 shares to MTC shareholders pro rata with their respective shareholding as at the record date (future date to be set).

WR1 has prepared and lodged a submission with the ASX to determine the suitability of the assets, operations and the capital structure of WR1 pursuant to ASX Listing Rule 1.1 Condition 1.

WR1 has received feedback from the ASX in relation to its submission. Whilst the ASX has not yet formally expressed a view in relation to the submission, WR1 understands that the ASX requires the following:

- The appointment of additional directors as deemed appropriate, that possess significant ASX experience and expertise; and
- The appointment of a Lead Manager to the IPO of WR1 with appropriate summaries pertaining to the proposed fees to be paid to the Lead Manager.

WR1 understands that the ASX will not formalise its view on the listing of WR1 until the above matters have been concluded.

For further information about Winsome Resources, including investor or broker enquiries regarding the IPO please contact:

Chris Evans – Executive Director
M: +61 419 853 904
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Key Technical Team

Winsome will be led by a strong technical team including Chris Evans as Executive Director and Dr Qingtao Zeng as Technical Director.

Mr Chris Evans

Mr Evans is an experienced project delivery and operational management expert who as Chief Operating Officer, was responsible for building and bringing into operation the Pilgangoora lithium mine and processing facility which was recently acquired by Pilbara Minerals (ASX:PLS) in a deal valued at more than $200 million. In this role and in his subsequent role as Managing Director of an ASX Listed lithium developer, Mr Evans was also involved in establishing and maintaining key relationships with project finance and off-take partners.

Mr Evans has a Civil Engineering background with close to 20 years demonstrated success in managing large scale construction and mining development projects and operations across various commodities.

Mr Evans holds a Master of Engineering Science, Construction Management, (University of New South Wales), a Bachelor of Engineering (Hons), Civil (University of New South Wales), and is a Graduate of the Australian Institute of Company Directors.

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Dr Qingtao Zeng

Dr Zeng completed a PhD in geology at the University of Western Australia in 2013. He has been engaged as a consulting geologist, principally working with CSA Global based in Perth and has a range of geological and commercial specialities. Since 2015, Dr Zeng has been extensively involved in the lithium exploration and development sector and through his strong network of contacts throughout China has helped clients complete a range of contracts relating to the supply or purchase of lithium products and ores.

Dr Zeng is a Non-Executive Director of Kodal Minerals Limited and is the Managing Director of ASX-Listed Australasian Gold Limited (ASX: A8G).

Pending Drill Assays

The Company expects to be in a position to report the balance of its drill assays within the next few days. Preparation of the phase 2 resource expansion drilling campaign is progressing well (preparation of the new drill chamber well underway) which once completed will facilitate further drilling along strike and down dip.

ENDS

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Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of MetalsTech as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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Annexure 1: LRC Agreement Summary

1.	Assets	• Cancet, Adina and Sirmac-Clapier Lithium Projects (herein referred to as the **Projects** or the **Tenements**) • Held by MetalsTech Cancet Lithium Inc., MetalsTech Adina Lithium Inc. and MetalsTech Sirmac Lithium Inc. (collectively referred to as the **Subsidiaries**)
2.	Royalty	• LRC agrees to pay MTC A$6,000,000 and the Subsidiaries agree to grant LRC a royalty of 3.0% multiplied by the Gross Revenue from the sale of Products. • MTC retains all rights to gold in respect of the Tenements.
3.	Subscription	• Subject to ASX approval and the approval of MTC shareholders, MTC intends to transfer 100% ownership of the Subsidiaries to WR1. • WR1 intends to seek a Listing on the structure outlined below • Subject to satisfaction or waiver of the conditions precedents and grant of the royalty, LRC (or its nominee) agrees to subscribe for, and WR1 agrees to issue, that number of WR1 Shares as determined by WR1 (being at least 7,500,000 shares and no more than 15,000,000 shares) at an issue price of A$0.20 per WR1 Share for a total subscription value of between A$1,500,000 and A$3,000,000

4.	Royalty Conditions Precedent	• (**Due Diligence**): LRC conducting commercial, legal, financial and operational due diligence in respect of MTC, WR1, the Subsidiaries and the Tenements to the satisfaction of LRC;
		• (**Receipt of Approvals**): Each of the Parties obtaining all necessary:
		  ○ regulatory approvals or waivers,
		  ○ if required, shareholder approvals including pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law or statute in Australia or elsewhere; and
		  ○ any third party approvals and consents required to lawfully complete the matters set out in this Terms Sheet; and
		• (**No material adverse change**): No material adviser change occurring in relation to the Tenements.
		• Conditions Precedent must be satisfied by 5.00pm (Western Australian Standard Time) on 18 June 2021 (or such later date as agreed in writing between the Parties).

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5.	Subscription Conditions Precedent	• SAME AS ABOVE except Conditions Precedent must be satisfied by 31 October 2021.
6.	Voluntary Escrow on Subscription Shares	• The Subscription Shares will be subject to the longer of 12 months or such other period deemed by ASX.
7.	Board Representation	• LRC will be entitled to appoint a non-executive director to the Board of WR1.
8.	LRC Introductions	• On and from Completion of the Royalty, LRC will work in good faith to introduce investors or offtake partners for development of the Tenements and the parties will negotiate a commercial facilitation fee payable to LRC for introducing and facilitating any investment for this purpose by third parties, having regard to the structure and nature of any such investment.
9.	Exclusivity	• Until 18 June 2021
10.	Warranties	• Standard for a transaction of this nature

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