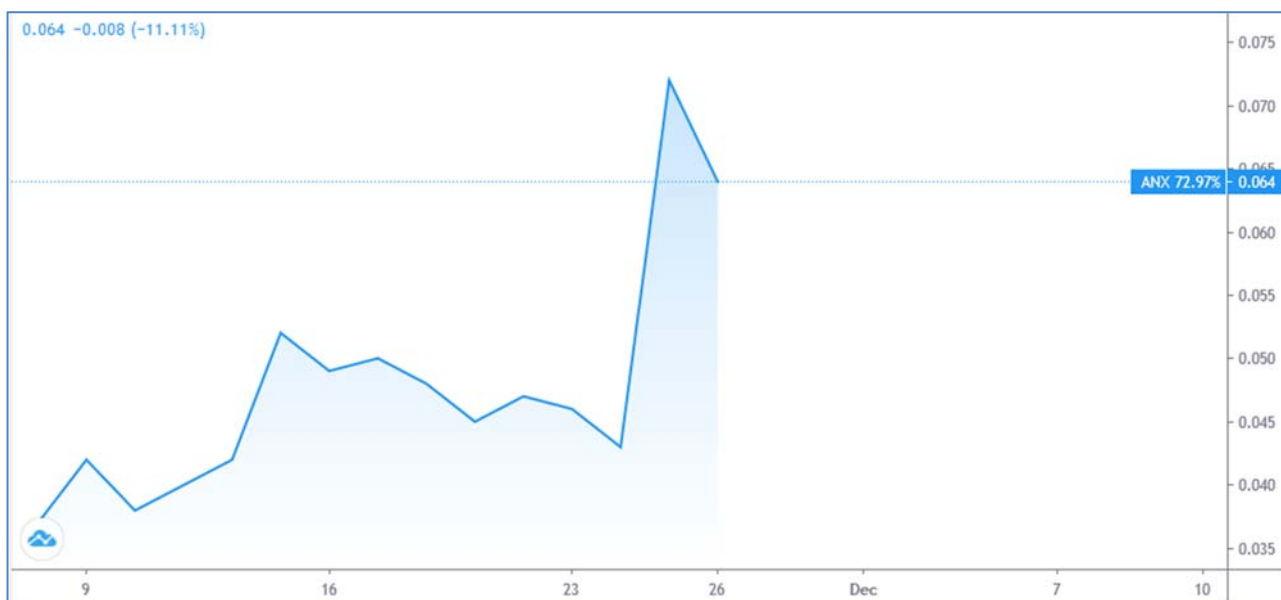


Thursday 26th November, 2020

Portfolio Stock Developments

Anax Metals - (ASX: ANX, Share Price: \$0.065, Market Cap: \$14m, coverage initiated @ \$0.025 in Oct 2015 – *current gain of 160%*)



Key Catalyst

Drilling to acquire metallurgical samples and geotechnical data at Mons Cupri and Whim Creek, intersects visible, near-surface matrix, semi-massive to massive sulphide and stringer Cu, Pb, Zn.

ARM had until recently existed as somewhat of a mini-resource investment house, with investments in various emerging ASX-listed exploration resource plays. During July 2020 the company elected to change tack, announcing an Earn-in and Joint Venture Agreement to acquire up to an 80% interest in the Whim Creek Copper-Zinc Project from VentureX Resources. The project includes a substantial volcanogenic massive sulphide (VMS) Mineral Resource, in addition to a series of highly prospective copper, zinc and gold exploration targets. The project is located within a highly prospective base metal and gold belt 115km southwest of Port Hedland and includes the Mons Cupri, Whim Creek, Salt Creek and Evelyn VMS deposits, as well as tenements covering 18,000 hectares of the highly prospective Whim Creek and Mallina basins. The project also includes crushing and heap-leach production infrastructure.

Latest Activity

Whim Creek Project Update

ANX has provided an exploration update with respect to its recently acquired Whim Creek Project, located 115km southwest of Port Hedland in the West Pilbara region of Western Australia.

Overview

ANX has completed metallurgical and geotechnical diamond drilling at the Whim Creek Project. The metallurgical drilling program at Mons Cupri targeted high and moderate-grade copper and zinc domains, while drilling at Whim Creek targeted moderate to high-grade copper sulphide zones.

Three drill holes completed at Mons Cupri intersected significant mineralisation - including near-surface zones of well-mineralised copper (as chalcopyrite), zinc (as sphalerite) and lead (as galena) in the form of matrix, semi-massive to massive sulphides and stringers. Immediately below the well-mineralised sulphide cap, broad zones of moderately mineralised chalcopyrite and sphalerite were encountered as stringers and blebs. Importantly, the strongest mineralisation was intersected near the top of the holes and only 30 metres below surface.

At the Whim Creek deposit, one drill hole was completed which intersected a well-mineralised chlorite-silica altered zone, with sphalerite and chalcopyrite occurring in semi-massive to matrix-hosted form, followed by stringer chalcopyrite in sediments along bedding plains and in quartz veins.

Technical Significance

At Mons Cupri, a total of four holes were completed for 651.5m. Three holes targeted areas of high and medium-grade mineralisation, with large diameter HQ core to be used for ore sorting and subsequent metallurgical testwork that will underpin a Pre-Feasibility Study (PFS). In addition, one dedicated geotechnical hole (20AMCD004) was completed.

The Whim Creek and Mons Cupri base metal (copper-lead-zinc) deposits are considered typical volcanogenic massive sulphide (VMS)-type deposits, hosted by the Whim Creek Greenstone Belt - which is located within the northern portion of the Archaean-aged Pilbara Craton. The Whim Creek Greenstone Belt extends in a northeasterly direction for approximately 85km, varies between 5 and 10km thick and is truncated in the northwest by the Scholl Shear and to the southeast by the Loudens Fault. The horizon hosting the majority of deposits is confined to volcanoclastics and sediments of the Cistern Formation and the Rushall Slate.

Two distinct styles of sulphide mineralisation are recognised at Mons Cupri, leading to definite zoning of the deposit. Massive and matrix-type, stratabound lead-zinc (sphalerite and galena) mineralisation occurs in the upper portions, overlying disseminated and stringer-type copper (chalcopyrite) mineralisation near the base. This lower copper mineralisation has been interpreted to occur within a large pipe-like feeder zone characterised by chlorite-sericite alteration and brecciation. The Mons Cupri deposit has a current

Measured, Indicated and Inferred Mineral Resource totalling 5.1 Million Tonnes @ 0.89% Cu, 1.03% Zn, 0.40% Pb, 21 g/t Ag and 0.12 g/t Au.

The Whim Creek mineralisation occurs along a single conformable horizon, at a stratigraphic position some 150m above the base of the Rushall Slate. The mineralisation dips moderately to the north and can be traced along strike for over 600 m. A massive sphalerite-rich zone represents the uppermost mineralised layer which is underlain by a massive chalcopyrite-pyrite horizon grading into the chlorite-sericite altered stringer zone with depth.

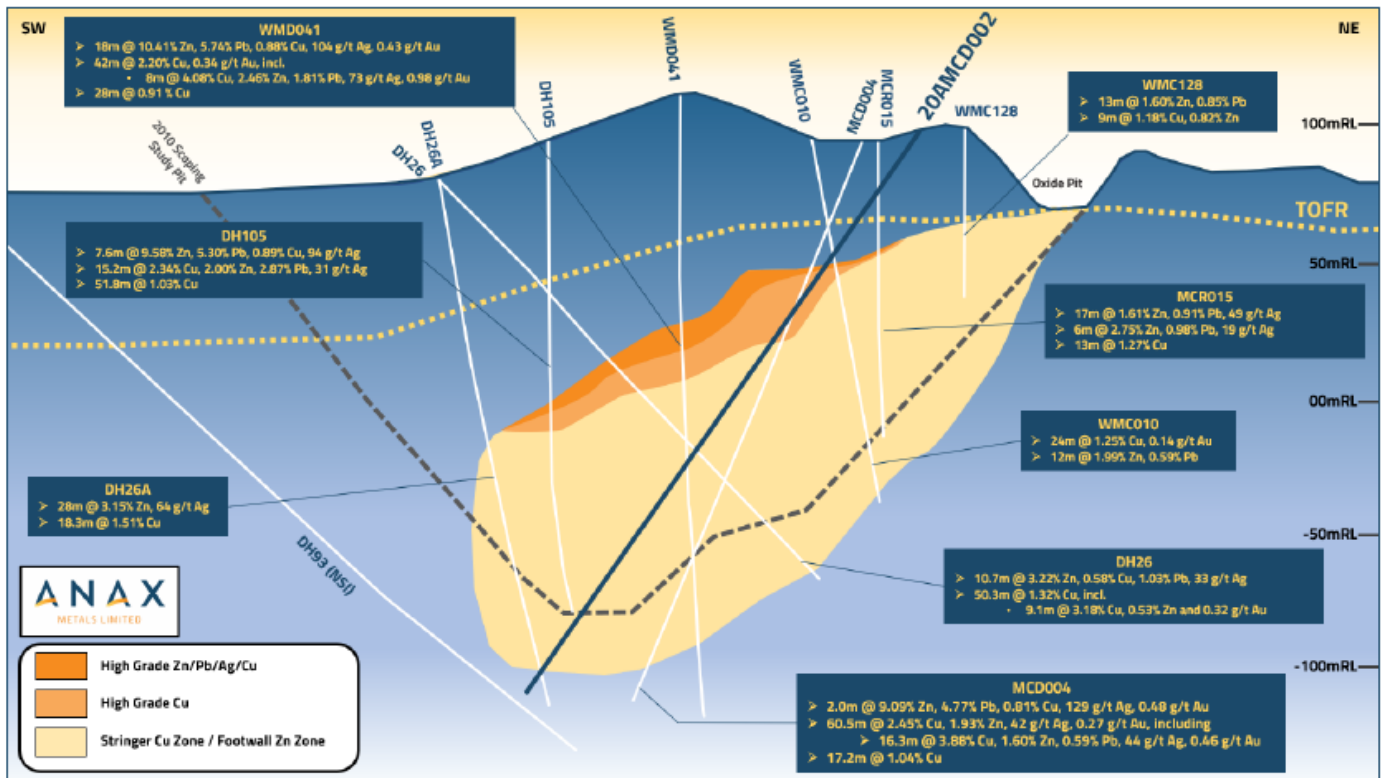


Figure 1: Mons Cupri Oblique Section showing 20AMCD002 and select previous drill-holes.

Next Steps

The drill-core has been shipped to Perth and continuous XRF scanning, a non-destructive assaying technique, has commenced at Minalyze Australia. The XRF results will be released to the market when available and will be used to compile composites for ore sorting and metallurgical testwork.

Following completion of XRF scanning, the holes will be geologically and geotechnically logged, after which core will be crushed and ore sorting test work will commence. The results of the sorting and subsequent metallurgical test work will underpin the company's PFS. Further information detailing the scope and timeline of the feasibility studies will be released to the market in due course.

Gold exploration will be carried out in parallel to the Whim Creek project development and is expected to commence early next year. Historic gold and other related data are currently being reviewed in the process of formulating the exploration plans and strategy.

Project Overview

The recently-renamed Anax Metals (ASX: ANX) has an Earn-in and Joint Venture Agreement with VentureX Resources (ASX: VXR) to acquire up to an 80% interest in the advanced-stage Whim Creek Copper-Zinc Project in Western Australia.

As part of the transaction, ANX completed a \$2 million capital raising, which together with its existing cash reserves of ~\$3 million and ~\$2.5m in listed securities, will be spent on delivering a feasibility study and rectifying/upgrading onsite infrastructure, in addition to further exploration expenditure. The feasibility study will focus on de-risking ore sorting and rejects heap-leaching, while confirming key metallurgical and mining design data.

Consideration for the transaction consists of an initial \$150,000 cash deposit and up to \$1.5 million in expenditure obligations to earn up to the 80% interest over a 15-month period, with ANX then having an additional obligation to incur a further \$2.5 million of expenditure over a four-year period following commencement of the joint venture to maintain its 80% interest. In addition, ANX must also pay \$3 million in \$1 million instalments over a three-year period commencing on the second anniversary of the transaction.

The company's shares went into a trading halt on 22 July (just prior to the Whim Creek deal being announced), were suspended from trade on 6 September, and then were reinstated to official quotation on 5 November.

Project History

Mineralisation was first discovered at Whim Creek in 1887, where copper and gold were mined until 1924. During the 1960s and 1970s, systematic exploration by Australian Inland Exploration Company Inc. and Texas Gulf identified the presence of a number of VMS deposits along the Whim Creek Greenstone Belt, including Whim Creek, Mons Cupri and Salt Creek. During the early 1990s, Dominion Mining conducted an extensive drilling campaign over the area.

Straits Resources Limited then acquired the project during 1996 and conducted extensive exploration over the area. During 2003, Straits commenced mining of oxidised ore at the Whim Creek and Mons Cupri open-pits, but stopped during 2009 due to the sharp drop in the copper price following the global financial crisis. The ore was processed at a heap-leach and solvent extraction-electrowinning (SX-EW) plant. A total of 67,000 tonnes of copper cathode was produced during the period. Exploration of primary sulphide ore at depth continued during the mining operation to enable future resource development.

VentureX then acquired the project during 2010, with the intention of creating a central processing hub at Whim Creek. The hub was proposed to process ores from the Whim Creek, Mons Cupri, Salt Creek and Evelyn deposits, as well as VentureX's Sulphur Springs Project.

VentureX's feasibility study during 2012 of the Sulphur Springs deposit resulted in a revised development strategy, moving the central processing plant to Sulphur Springs rather than Whim Creek. However, resource definition work continued at Whim Creek, where Mineral Resources were declared, with the latest estimates made during March 2018.

VentureX then appointed Blackrock Metals Pty Ltd during 2014 as the operator of the existing heap-leach facility, from which Blackrock had been producing copper cathode in the SX-EW process facility. During mid-2019, VentureX decided to cease operations when an environmental protection notice was issued by the Department of Water and Environmental Regulation (DWER). A replacement environmental protection notice was issued in late 2019 and amended on 15 May 2020.

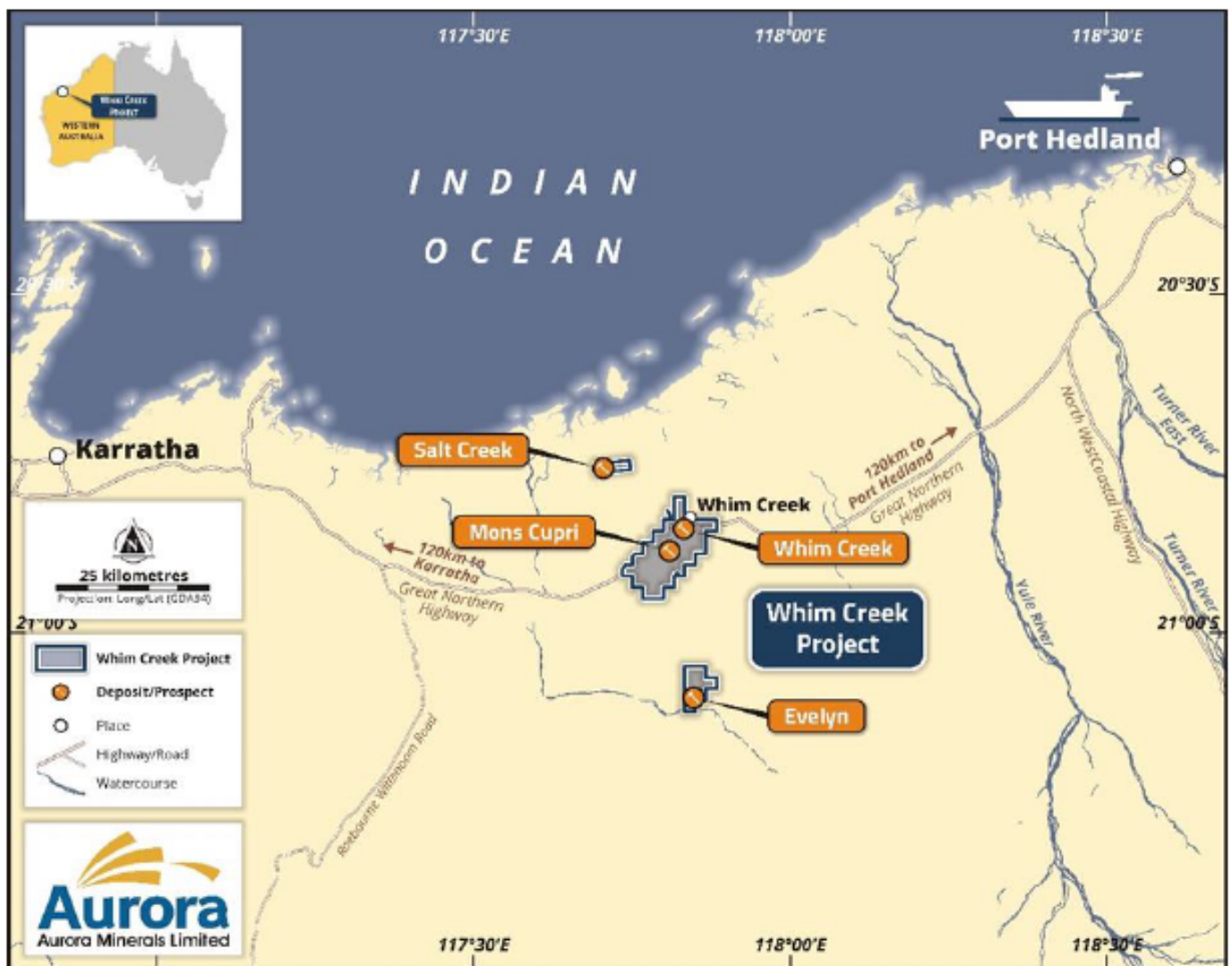


Figure 2: Whim Creek Project Location

The existing infrastructure at the project is ideally suited to the company's development strategy and is expected to facilitate a rapid path to production. Infrastructure in place includes: heap-leach facility; crushing circuit; water supply through borefields; offices, warehouse and basis workshop facilities; internet; gas pipeline to site (spur from the Dampier to Hedland gas pipeline); proximity to the Horizon

Power-owned section of the North West Interconnected System (NWIS) electricity high-voltage distribution line (5km connection required).

Subject to ANX obtaining the necessary regulatory approvals, the existing infrastructure will allow the development of both a crushing and sorting operation, along with a heap-leach operation and aggregate recovery operation.

During March 2018, VentureX reported the following JORC 2012 Mineral Resource estimates:

Mons Cupri

Category	Tonnes (kt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)
Measured	1,070	1.51	1.65	0.69	38	0.28
Indicated	3,500	0.8	0.8	0.3	17	0.09
Inferred	500	0.5	1.5	0.6	14	0.03
Total	5,100	0.9	1.0	0.4	21	0.12

Reported at a cut-off grade of greater than or equal to 0.4% Cu and then greater than or equal to 2% Zn, but less than 0.4% Cu. Appropriate rounding has been applied.

Salt Creek

Category	Tonnes (kt)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)
Indicated	1,017	1.2	3.3	0.9	20	0.2
Inferred	839	0.7	5.3	1.5	43	0.2
Total	1,856	1.0	4.2	1.2	30	0.2

Reported at a cut-off grade of greater than or equal to 0.4% Cu and then greater than or equal to 2% Zn, but less than 0.4% Cu. Appropriate rounding has been applied.

ANX's strategy is different to its junior exploration peers, with the company looking to acquire projects that are well understood and highly leveraged to the integration of ore-sorting technology to unlock value. The technology is robust and underpinned by its successful application in metals and waste recycling.

Post-commencement of the earn-in, cash will be deployed principally to deliver a feasibility study and rectify/upgrade onsite infrastructure targeting the recommencement of mining. The feasibility study will focus on de-risking ore-sorting and rejects heap leaching while confirming key metallurgical and mining design data. Given the existing infrastructure in place, it is anticipated that there will be a low capital outlay when compared to less advanced projects.

Feasibility Study

The feasibility study will focus on demonstrating the viability of the proposed pre-concentrate and reject heap-leach process and will include the following key elements:

- Drilling to acquire material for sorting and metallurgical studies along with data for resource and mining updates
- Ore sorting test-work and associated activities
- Metallurgical test-work including comminution, flotation, rheology, heap-leaching etc
- Engineering studies including mining, processing, infrastructure etc
- Environmental studies
- Offtake and remote processing studies

The Whim Creek Project is located within a highly prospective base metal and gold belt, and includes the Mons Cupri, Whim Creek, Salt Creek and Evelyn VMS deposits, as well as tenements covering 18,000 hectares of the highly prospective Whim Creek and Mallina basins. The package is adjacent to De Grey's Mallina project tenure and to the north of both the DGO Gold's Mallina tenure and the Kairos Minerals' Skywell Project.

Summary

ANX is making solid progress at Whim Creek, as evidenced by the latest drilling results. The program at Mons Cupri has been designed to intersect high and moderate-grade copper and zinc domains, while drilling at Whim Creek will target moderate to high-grade copper sulphide mineralisation. The core generated by the program will be used for ore sorting and subsequent metallurgical test-work that will underpin a Pre-Feasibility Study (PFS) at Whim Creek. Two shallow dedicated geotechnical holes at Mons Cupri will validate and refine an initial geotechnical study undertaken in 2011 as part of feasibility studies commissioned by VentureX Resources.

The overall Earn-In Agreement at Whim Creek is a major change of tack for ANX, providing it with the opportunity to move from a pure exploration-focused company, to an emerging production story. Importantly, the market seems to have welcomed the change in strategy, with ANX's share price performing solidly since its readmission to trading on the ASX. The company represents a welcome boost to our copper sector Portfolio coverage.

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