

ASX: ANX

29 MARCH 2021

AGREEMENT WITH ANGLO AMERICAN FOR WHIM CREEK ROYALTY, OFFTAKE AND PROJECT FUNDING

- ANX has signed a non-binding term sheet with Anglo American Marketing Limited, a subsidiary of Anglo American Plc, under which;
 - Anglo American will acquire a 1% Net Smelter Return for US\$2M over ANX production of copper and zinc from Whim Creek, payable to ANX immediately upon execution of a binding, definitive agreement; and
 - The Terms Sheet also provides a proposed project funding package of up to US\$20M and offtake arrangement for Whim Creek.
- The proposed funding will be for the capital expenditure and other financial commitments required to commence production at Whim Creek. 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.
- ANX and Anglo American are working on binding documentation.
- Binding agreement would be a major milestone for the ANX strategy of securing funding from a highly regarded and strategic funding partner.
- ANX continues to advance project development studies and exploration activities and in addition, is looking at asset consolidation opportunities in the Pilbara and new assets to add to the project portfolio.

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

The Agreement comprises a US\$2M (AU\$2.6M) Royalty agreement for a 1% Net Smelter Return (NSR) from the Anax production (80%) from Whim Creek. The proposed 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) 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 next stage is for Anax and Anglo American to work towards formal binding documentation. This is currently underway and is expected to complete in the coming weeks.

The non-binding term sheet provides the following key terms

Indicative 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 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.

Investors are cautioned that the conditions of the Terms Sheet with Anglo American are non-binding at this stage and there is no guarantee that the parties will enter into legally binding documentation.

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 and the proposed Anglo American Royalty, Project Funding and Offtake transaction is intended to be a key step in this process. The transaction is an endorsement of the strategy to unlock asset value through technology integration and Anax is focussed 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.

Whim Creek Project Background

Anax recently announced that it 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.

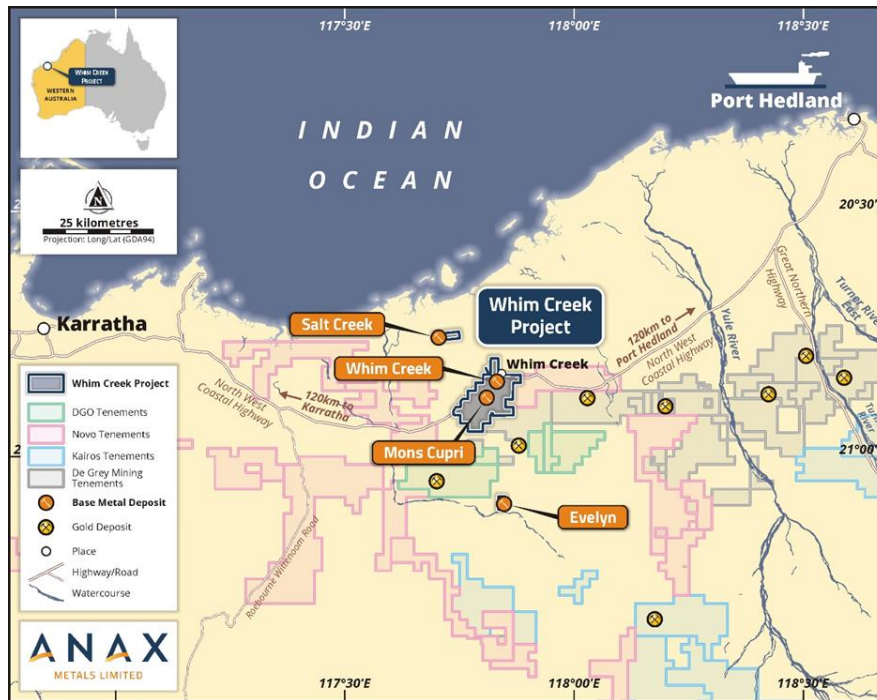


Figure 1: Whim Creek Project Location

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

WHIM CREEK PROJECT JORC 2012 MINERAL RESOURCES

Table 1: 2018 Mons Cupri Mineral Resource Estimate*

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	0.80	0.80	0.30	17	0.09
Inferred	500	0.50	1.50	0.60	14	0.03
Total	5,100	0.89	1.03	0.40	21	0.12

Table 2: 2018 Salt Creek Mineral Resource Estimate*

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	42	0.2
Total	1,856	1.0	4.2	1.2	30	0.2

* Mineral Resources 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 confirms that it is not aware of any new information or data that materially affects the information contained in the Prospectus dated 18 September 2020 in relation to the above resource estimates. All material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed. Anax expects to deliver a JORC 2012 resource for Whim Creek in the June 2021 quarter.

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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