



ASX ANNOUNCEMENT

22 July 2021

ASX Code: MDX

ABN: 28 106 866 442

Principal Address and Registered Office

Suite 2
11 Ventnor Avenue
West Perth WA 6005
Telephone: +61 8 9389 2111
Email: info@mindax.com.au

Investor Enquiries

Mr Benjamin Chow
Chairman
Telephone: +61 8 9389 2111
Email: info@mindax.com.au

FORMAL AGREEMENTS FOR MT FORREST PROJECT TRANSACTION

Mindax Limited (ASX: **MDX**) (**Mindax** or the **Company**) is pleased to advise the agreement with Norton Gold Fields Pty Ltd concerning an earn-in and joint venture over the Mt Forrest Project (**Transaction**) has been formalised, with the Company, Norton Gold Fields Pty Ltd (**Norton Gold**) and the Company's wholly owned subsidiary Yilgiron Pty Ltd (**Yilgiron**) entering into a subscription agreement dated 22 July 2021 (**Subscription Agreement**).

Norton Gold and Mindax have agreed that Norton Gold will subscribe for securities in Yilgiron pursuant to the Subscription Agreement, and the parties will form an incorporated joint venture for the purposes of continuing exploration on and achieving the earning conditions for the Mt Forrest Project.

The Subscription Agreement is subject to conditions precedent, which are summarised below, including shareholder approval.

The Company's Chair, Benjamin Chow, said "We are pleased to bring this deal to our shareholders and wish to thank Norton Gold for their interest and cooperation to bring the transaction to this important stage.

The directors believe this transaction represents a significant opportunity for the development of the Mt Forrest Project and we welcome Norton Gold as a valuable manager for the project. "

Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. ASX has advised that it considers that the Transaction is a disposal of Mindax's main undertaking for these purposes.

A notice of meeting and explanatory statement seeking, amongst other things, the required shareholder approval for the Transaction, is expected to be distributed to shareholders in August 2021 for a general meeting to be held in September 2021.

The parties have also entered into (or will enter into) a shareholders agreement, a management services agreement and other ancillary agreements which govern the Transaction, subject to completion occurring under the Subscription Agreement. Mindax is subject to exclusivity obligations until the Subscription Agreement completes or is terminated in accordance with its terms.

The earn in by Norton Gold is to be effected by the issue of securities in Yilgiron, the owner of the Mt Forrest Project. At completion under the Subscription Agreement, Norton Gold will hold 19.9% of the ordinary shares of Yilgiron, thereby earning a 19.9% interest in the Mt Forrest Project, through the provision of \$20,000,000 to Yilgiron. As announced on 8 June 2021, the funds have already been advanced to Yilgiron as a loan and are being held in a special purpose account, which is controlled by Norton Gold. Norton Gold may earn up to 51% of the ordinary shares in Yilgiron over the earning period, upon satisfaction of the earning conditions.

Norton Gold and Mindax have agreed that Norton Gold will subscribe for:

- (a) 249 ordinary shares (equivalent to approximately 19.9% of all ordinary shares on issue in Yilgiron as at the date of the Subscription Agreement);
- (b) 290 Class B Shares (which, subject to the satisfaction of the Second Earning Condition, and assuming no other changes to the issued capital of Yilgiron, will increase Norton Gold's proportion of ordinary shares on issue in Yilgiron to approximately 35%); and [
- (c) 502 Class C Shares (which, subject to the satisfaction of the Third Earning Condition, and assuming no other changes to the issued capital of Yilgiron, will increase Norton Gold's proportion of ordinary shares on issue in Yilgiron to approximately 51%),

in Yilgiron pursuant to the Subscription Agreement. Refer to page 3 of this announcement for more information on the Second Earning Condition and Third Earning Condition.

Class B Shares and Class C Shares rank equally with each other but behind the ordinary shares of Yilgiron and confer no voting or other rights on their holder (other than on winding up / return of capital and as otherwise conferred by their terms or under law). On satisfaction of the Second Earning Condition, the rights of the Class B Shares will automatically be varied in accordance with their terms so that they are identical to the rights of ordinary shares. On satisfaction of the Third Earning Condition, the rights of Class C Shares will automatically be varied in accordance with their terms so that they are identical to the rights of ordinary shares.

From completion, and during the earning period, the Yilgiron board will be reconfigured from the existing three directors (all directors of Mindax) to five directors (three nominated by Norton Gold and two nominated by Mindax), with Norton Gold having control of the operations of Yilgiron through the board (except for a number of decisions which require unanimous approval of the shareholders, including disposal of tenements, changes to security rights, taking steps to list securities of Yilgiron on a stock exchange and certain related party transactions).

Once the earning period has expired, each shareholder in Yilgiron will be entitled to appoint a number of directors in relevant proportion to its shareholding, with the chairperson appointed by the largest shareholder (and who has a casting vote).

From completion, Norton Gold will be appointed as the manager of the project.

Completion under the Subscription Agreement is conditional on the satisfaction or waiver of the conditions set out below prior to the sunset date (being 21 November 2021):

- (a) Norton Gold completes due diligence investigations in relation to the assets owned or used by Yilgiron to its satisfaction;
- (b) Mindax receiving shareholder approval for the Transaction in accordance with the Corporations Act and Listing Rule 11;
- (c) Mindax, as sole shareholder of Yilgiron, passing a special resolution to approve the new constitution of Yilgiron (in the form as agreed under the Subscription Agreement);
- (d) Yilgiron and Mindax entering into tax sharing agreements to ensure the clear exits from the tax and GST company groups in accordance with the Subscription Agreement;
- (e) subsequent to Yilgiron and Mindax executing the tax sharing agreements as set out in (d) above, Yilgiron and Mindax entering into a deed of forgiveness for the waiver of the intercompany loan between Mindax and Yilgiron;
- (f) Yilgiron undertaking a share split to subdivide its existing 100 ordinary shares into 1,000 ordinary shares;
- (g) there is no material breach of the Subscription Agreement or any of the warranties under that agreement nor any facts or circumstances that may reasonably be expected to give rise to a material breach of the Subscription Agreement or any of the warranties, were all of those warranties to be repeated on each day from the date of the agreement until (and including) the completion date;
- (h) no change in control occurs in relation to Yilgiron or Mindax between the date of the Subscription Agreement and completion;
- (i) no material adverse change (as that is defined in the Subscription Agreement) occurs between the date of the Subscription Agreement and completion,

together, the **Conditions**.

In order to satisfy the **Second Earning Condition**, a final report complying with the JORC Code must be issued to Yilgiron that identifies an Indicated Mineral Resource of at least 380 million tonnes of magnetite at 32.6% Fe.

In order to satisfy the **Third Earning Condition**, a Pre-Feasibility Study must be delivered to Yilgiron that (for as long as Mindax is listed on the ASX) complies with the requirements for reporting a Pre-Feasibility Study under the Listing Rules applicable to Pre-Feasibility Studies and is a study that satisfies the requirements of a Preliminary Feasibility Study (as that term is defined in the listing rules of the Stock Exchange of Hong Kong). If Yilgiron has decided not to proceed with an IPO, or to proceed with an IPO on a securities exchange other than the Stock Exchange of Hong Kong, the scope of the Pre-Feasibility Study must be substantially similar in all material respects to the scope of a Hong Kong Preliminary Feasibility Study.

On satisfaction of the Second Earning Condition (assuming no other changes to Yilgiron's issued capital take place), the rights of the Class B Shares will automatically be varied so that they are identical to ordinary shares in Yilgiron, and Norton Gold will hold approximately 35% of the ordinary shares on issue in Yilgiron. On satisfaction of the Third Earning Condition, (assuming no other changes to Yilgiron's issued capital take place), the rights of the Class C Shares will automatically be varied so that they are identical to ordinary shares in Yilgiron, and Norton Gold will hold 51% of the ordinary shares on issue in Yilgiron.

Norton Gold has the right, but is not obliged, to cause Yilgiron to undertake work for the purposes of seeking to satisfy the earning conditions. Norton Gold is able to deliver a withdrawal notice prior to the satisfaction of the Second Earning Condition or the Third Earning Condition and would then not be required to provide further funds and would not be able to earn any further interest in ordinary securities in the Mt Forrest Project. Norton Gold will retain its 249 ordinary shares issued at completion and any additional ordinary shares that Norton Gold comes to hold upon satisfaction of an earning condition prior to the date of the withdrawal notice.

The work to be undertaken during the earning period is to be funded by Norton Gold, comprising the \$20,000,000 paid to Yilgiron under the Subscription Agreement, any existing cash reserves of Yilgiron, and any additional amounts that may be provided by Norton Gold as additional subscription moneys.

The initial business plan and budget has been agreed in relation to the expenditure of the \$20,000,000, including the completion of a Pre-Feasibility Study to satisfy the Third Earning Condition.

Mindax and Norton Gold have entered into a deed of cross security under which each party grants a first ranking security interest in their personal property and a fixed charge over securities held in Yilgiron and any loan owed from Yilgiron in favour of the other party. The security interest is granted to secure each party's obligations to transfer Yilgiron securities and the benefit of any loan owed from Yilgiron in accordance with specified clauses in the shareholders agreement.

The table below sets out the details regarding the anticipated effect of the Transaction on certain financial measures for the period ended 30 April 2021, as required to be disclosed by ASX. The measures have been calculated on the basis that Completion has occurred under the Subscription Agreement and Norton Gold holds a 19.9% interest in the ordinary shares of Yilgiron.

Financial Measure	Prior to Transaction (\$)	Post Transaction - Proforma (\$)	Change (%)
Consolidated Total Assets	4,629,849	18,153,633	292.1
Consolidated Total Equity Interests	4,270,431	17,794,216	316.7
Consolidated Expenditure (for the 10 months ended 30 April 2021)	124,987	124,987	Nil
Consolidated EBITDA (for the 10 months ended 30 April 2021)	125,598	13,649,383	10,767.5
Consolidated Profit Before Tax (for the 10 months ended 30 April 2021)	125,035	13,648,820	10,816.0

There will be no change in the Company's issued capital arising directly from the Transaction. No changes to the Mindax Board will be made as a result of the Transaction.

The anticipated timetable for the Transaction is set out below, based on the following assumptions:

- (a) the general meeting is able to be held on 3 September 2021;
- (b) shareholders approve the Transaction for the purposes of Listing Rule 11.2;
- (c) the conditions precedent are satisfied or waived by the date of the Mindax general meeting to approve the Transaction; and
- (d) completion under the Subscription Agreement occurs 5 business days after the date Mindax shareholder approval is received under Listing Rule 11.2.

Event	Date
General Meeting held	3 September 2021
Satisfaction or waiver of all conditions precedent	3 September 2021
Completion of Transaction	10 September 2021

The sunset date for satisfaction or waiver of the conditions precedent is 21 November 2021. Assuming that all conditions precedent are satisfied or waived by the sunset date, the latest date that completion could occur is 26 November 2021 (subject to any variations agreed by the parties).

This announcement has been authorised for release by Benjamin Chow, Chair.

End of Announcement

For further information contact:

Benjamin Chow

Chair

Mindax Limited

Telephone: +61 8 9389 2111