

Metalicity Limited

ACN 086 839 992

Second Supplementary Bidder's Statement

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) issued by Metalicity Limited (ACN 086 839 992) (**MCT** or **Metalicity**) in relation to Metalicity's off-market takeover bid for all of the fully paid ordinary shares in Nex Metals Explorations Limited (ACN 124 706 449) (**NME** or the **Company**) that it (or its Associates) does not already own or control pursuant to its bidder's statement dated 24 September 2021 (as varied), as supplemented by the first supplementary bidder's statement dated 30 May 2022 (**Bidder's Statement**).

This Second Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement.

This Second Supplementary Bidder's Statement is dated 14 June 2022. A copy of this Second Supplementary Bidder's Statement has been lodged with ASIC and given to the ASX on 14 June 2022. Neither ASIC, the ASX nor any of their respective officers takes any responsibility for the contents of this Second Supplementary Bidder's Statement.

Unless the context otherwise requires, terms defined in the Bidder's Statement have the same meaning as in this Second Supplementary Bidder's Statement.

This Second Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement. The rules of interpretation set out in section 12.2 of the Bidder's Statement also apply to this Second Supplementary Bidder's Statement.

A copy of this Second Supplementary Bidder's Statement will be available on Metalicity's website at www.metalicity.com.au or Metalicity's ASX Announcement page at www.asx.com.au (ASX Code: MCT).

This Second Supplementary Bidder's Statement provides an update on certain material information relevant to NME Shareholders in their consideration of the Offer.

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your investment, financial, taxation or other professional advisor immediately.

If you have recently accepted the Offer, please disregard this document.

If you require further information or have any queries in relation to the Offer please contact the MCT Offer Information Line on 08 6500 0202 (within Australia) or +61 8 6500 0202 (for international callers) or your legal, financial or professional advisor.

1. IMPLIED VALUE OF THE OFFER

Sections 2.1.2 and 10.6.2 of the Bidder's Statement provides that based on the closing sale price for MCT Shares on ASX on 23 September 2021 (the Last Practicable Trading Day) of 1.0 cents, the implied value of the Offer is 4.81 cents per NME Share.

However, as stated at Sections 2.1.2 and 10.6.2 of the Bidder's Statement, the implied value of the Offer will change as a consequence of changes in the market price of MCT Shares.

The purpose of this section 1 is to provide an update to NME Shareholders on the implied value of the Offer, taking into account movements in the market price of MCT Shares and changes to the capital structure of MCT (specifically, as a result of the Rights Issue¹) since the date of the Offer.

NME Shareholders should note that the implied value of the Offer will continue to fluctuate with movements in the MCT Share price.

1.1 The Offer represents a significant premium to the Independent Expert's valuation of NME

Under the Offer, NME Shareholders will receive 4.81 new MCT Shares for every one NME Share held.

BDO Corporate Finance (WA) Pty Ltd prepared an Independent Expert's Report dated 6 May 2022 (**IER**)² which prescribed the fair value of each NME Share on a controlling basis to be between nil and \$0.01 (**IER High Value**) with a preferred value of \$0.003 (**IER Preferred Value**).

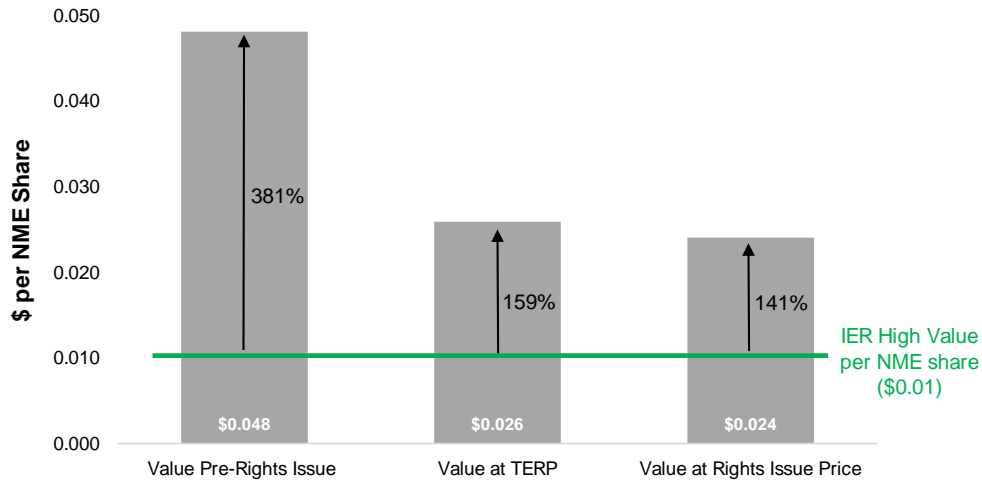
As shown in the Premia analysis below:

- (a) based on the closing price of MCT Shares on ASX of 1.0 cents on 13 September 2021, the last trading day prior to the announcement of the Offer (**Value Pre-Rights Issue**), the Offer is a 381% premium to the IER High Value;
- (b) based on the theoretical fully-diluted ex rights price from the Rights Issue of 0.5389 cents (**TERP**), the Offer is a 159% premium to the IER High Value; and
- (c) based on the issue price under the Rights Issue of 0.5 cents (**Rights Issue Price**), the Offer is a 141% premium to the IER High Value.

¹ Refer to Metalicity's ASX Announcement titled 'Successful Completion of Rights Issue' dated 27 May 2022 and Metalicity's First Supplementary Bidder's Statement dated 30 May 2022.

² Refer to Metalicity's ASX Announcement titled 'Independent Expert Says Offer for Nex is Fair And Reasonable' dated 10 May 2022.

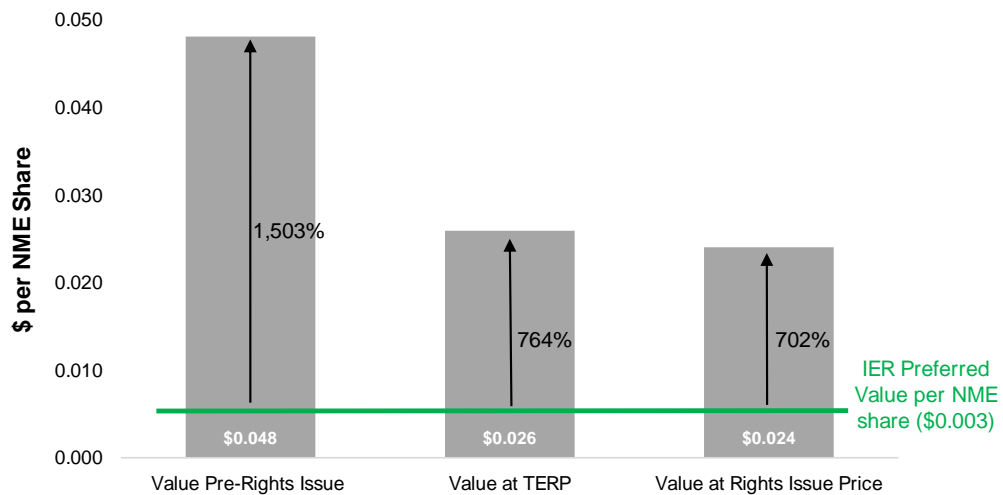
Premia analysis



Furthermore, as shown in the Premia analysis below:

- (a) based on the Value Pre-Rights Issue, the Offer is a 1,503% premium to the IER Preferred Value;
- (b) based on the TERP, the Offer is a 764% premium to the IER Preferred Value; and
- (c) based on the Rights Issue Price, the Offer is a 702% premium to the IER Preferred Value.

Premia analysis

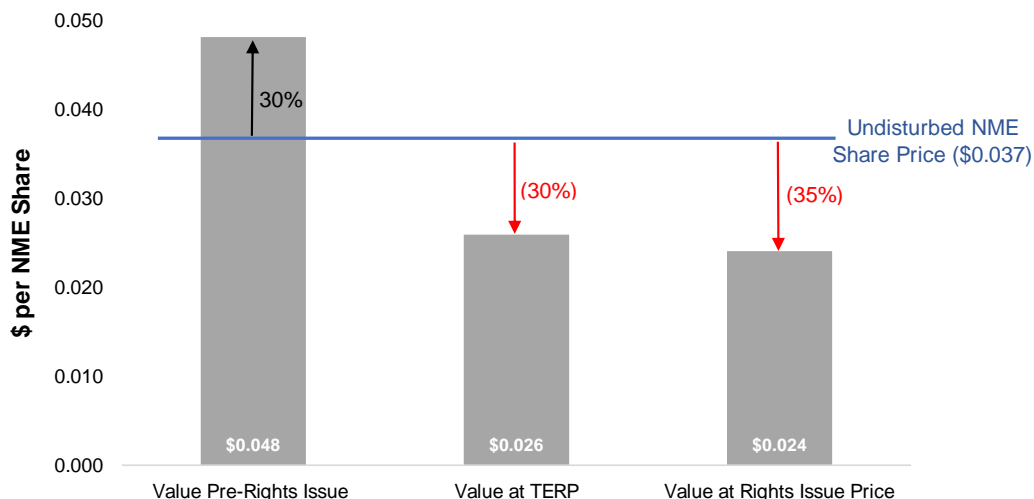


1.2 Value of the Offer using the Undisturbed NME Share Price

Based on the Value Pre-Rights Issue, the Offer values NME at 4.8 cents per NME Share. As set out in the Premia analysis below, this is a 30% premium to the closing price of NME Shares on ASX on 13 September 2021 of 0.037 cents, the last trading day prior to the Announcement Date (**Undisturbed NME Share Price**).

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Premia / (discount) analysis

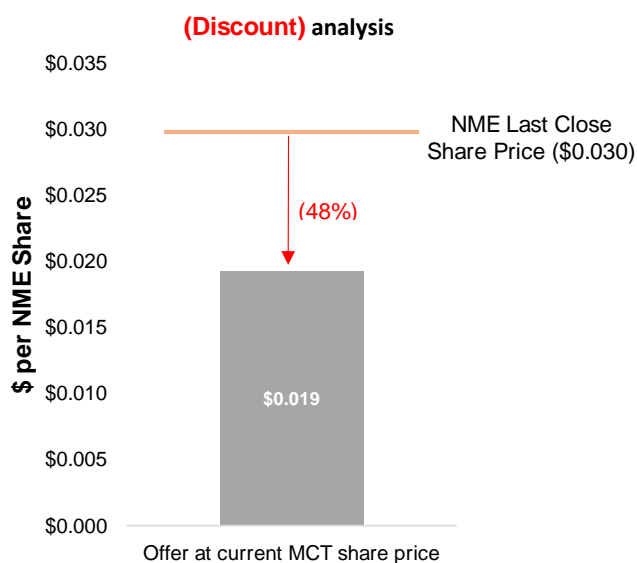


In addition:

- (a) based on the TERP, the Offer values NME at 2.6 cents per NME Share. As shown in the Premia analysis above, this is a 30% discount to the Undisturbed NME Share Price; and
- (b) based on the Rights Issue Price, the Offer values NME at 2.4 cents per NME Share. As shown in the Premia analysis above, this is a 35% discount to the Undisturbed NME Share Price.

1.3 Value of the Offer using closing price of MCT Shares on 7 June 2022

Based on the closing price of MCT Shares on ASX of 0.4 cents on 7 June 2022, the last practicable date prior to the date of this Second Supplementary Bidder's Statement, the Offer values NME at 1.9 cents per NME Share. As shown below, this is a 48% discount to the closing price of NME Shares on ASX of 3.0 cents on 7 June 2022, the last practicable date prior to the date of this Second Supplementary Bidder's Statement (**NME Last Close Share Price**).



When assessing the value of the Offer to the NME Last Close Share Price, NME Shareholders should note that the IER considers there to be a low level of liquidity

in trading of NME Shares, therefore the market price may not reflect the fair value of the NME Shares.³

Furthermore, the IER states that the liquidity of the NME Shares will likely further reduce where MCT holds a large proportion of NME Shares. As at the date of this Second Supplementary Bidder's Statement (and not accounting for any acceptances that may be received under the Offer on 14 June 2022), Metalicity and its Associates hold a Relevant Interest in approximately 34.29% of the total NME Shares on issue. As MCT is unlikely to actively trade the NME Shares it owns, this creates a scenario that "could result in difficult circumstances for NME Shareholders that may want to sell their shares."⁴

The analysis in this section 1.3 has been prepared using the closing price of MCT Shares and NME Shares on 7 June 2022. Accordingly, NME Shareholders should note that the outcome of this analysis and the implied value of the Offer will change depending on movements in the market value of MCT Shares or NME Shares.

2. OFFER PERIOD

The Offer will close at 5:00pm (Perth time) on 15 June 2022, unless withdrawn or further extended.

3. CONSENTS

As permitted by ASIC Class Order 13/521, this Second Supplementary Bidder's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or the ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Second Supplementary Bidder's Statement.

As required by ASIC Class Order 13/521, any NME Shareholder who would like to receive a copy of any of these documents (or relevant parts of those documents) may obtain a copy free of charge within 2 Business Days of the request by contacting Metalicity on 08 6500 0202 (within Australia) or +61 8 6500 0202 (for international callers) between 9:00am and 5:00pm (WST) on Business Days.

Copies of ASX announcements made by Metalicity are available on Metalicity's website at www.metalicity.com.au or Metalicity's ASX Announcement page at www.asx.com.au (ASX Code: MCT).

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Second Supplementary Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

³ IER page 43

⁴ IER page 51

Pursuant to that instrument, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Second Supplementary Bidder's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Second Supplementary Bidder's Statement also contains trading data obtained from IRESS Limited without its consent.

4. AUTHORISATION

This Second Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Metalicity.

Dated 14 June 2022

Signed for and on behalf of Metalicity:



Justin Barton
Managing Director
Metalicity Limited

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