



ZAMANCO MINERALS LIMITED

## Acquisition E79 Gold Mines Pty Ltd

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Zamanco Minerals Limited (Zamanco) are pleased to advise Shareholders that, on 27 May 2021, the Company entered into a Heads of Agreement (HOA) with E79 Gold Mines Pty Ltd (E79) for the acquisition of 100% of the issued capital in E79.

Zamanco Director, Peter Ironside, had previously advised the Zamanco Board about the opportunity to acquire E79. Peter Ironside has declared his interest in E79, being both a Director and Substantial Shareholder in E79, and accordingly he abstained from the Board's decision to acquire E79.

Zamanco engaged CSA Global to provide an independent valuation of E79's two gold projects. The proposed acquisition is considered by the Zamanco Board to be at a fair value and does not require Shareholder approval.

E79's gold projects are located in two proven gold producing greenstone belts in the Western Australian goldfields:

- South Laverton Project – 404 km<sup>2</sup> of tenure in the Laverton Tectonic Zone – one of the world's most prolific gold belts; and
- Jungar Flats Project – 337 km<sup>2</sup> of tenure west of Meekatharra, including 50km of strike along the Big Bell Shear and associated structures.

E79 have offered Zamanco the opportunity to acquire 100% of E79 for \$3 million of Zamanco shares.

The key terms of the HOA are:

1. Zamanco will acquire 100% of E79 for 15,000,000 fully paid ordinary shares in the capital of Zamanco (post a Zamanco share consolidation on a 1 for 4.3033333 basis) (= \$3,000,000 based on 20 cents / share).
2. Conditions precedent include:
  - a. Zamanco completing due diligence by 30 June 2021;
  - b. Zamanco holding a Shareholder meeting for:
    - (i) the approval and execution of a consolidation of the issued capital of Zamanco on a 1 for 4.3033333 basis;
    - (ii) the adoption of a new constitution compliant with all ASX Listing Rules; and
    - (iii) the approval for the change of name of Zamanco to "E79 Gold Mines Limited" or such other name as agreed by the parties.
  - c. Zamanco receiving ASX conditional approval for admission, preparing an Initial Public Offering (IPO) Prospectus and receiving a minimum of \$4 million in valid applications for the IPO; and
  - d. Zamanco appointing a Chief Executive Officer (CEO) agreed to by E79 and entering into a services agreement with the CEO on standard terms and conditions.



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3. Settlement of the acquisition will occur at time of ASX Admission, (with an End Date of 30 September 2021, or such other date as mutually agreed); and upon settlement:
  - a. the Consideration Shares will be issued,
  - b. the Zamanco Board will approve the appointments of Christopher Cairns and Deborah Lord as Non-Executive Directors;
  - c. Zamanco Directors, Geoff Donohue and Peter McIntyre, will resign; and
  - d. the Zamanco Board will issue 3.5 million premium priced unlisted options (Options) to proposed directors, officers and consultants of Zamanco as specified in a schedule in the HOA. This includes 500,000 Options to each Non-Executive Director of the new Zamanco Board upon listing, comprising Peter Ironside, Christopher Cairns and Deborah Lord.

Upon execution of the HOA, the Zamanco Board will proceed with an IPO at 20c/share to raise between \$4 and \$6 million, **offering existing Zamanco Shareholders a Priority Issue of up to \$1 million**. Initial discussions with various brokers have been very favourable.

Assuming a capital raise of \$4 million, the capital structure would be as follows:

		E79 Consideration =		\$ 3,000,000	
		Capital Raise =		\$ 4,000,000	
		Shares	Mkt Cap	Cash	Cash/share
<b>Offer/Current Price per Share</b>	\$ 0.04648				\$ 0.040
ZAM Shares currently on issue		64,550,000	\$ 3,000,000	\$ 2,600,000	
ZAM Shares on issue before consolidation		64,550,000	\$ 3,000,000	\$ 2,600,000	
Consolidate 1 share for each	4.3033333				
Consolidated Shares on issue		15,000,000	\$ 3,000,000	\$ 2,600,000	\$ 0.173
<b>Consideration Shares- E79</b>		15,000,000	\$ 3,000,000	\$ -	
Hottub Shares		75,000	\$ 15,000		
Capital Raising Shares Priority @	\$ 0.20	5,000,000	\$ 1,000,000	\$ 1,000,000	
Capital Raising Shares Placement @	\$ 0.20	15,000,000	\$ 3,000,000	\$ 3,000,000	
IPO Costs				\$ (518,066)	
<b>Total Shares</b>		<b>50,075,000</b>	<b>\$ 10,015,000</b>	<b>\$ 6,081,934</b>	<b>\$ 0.121</b>
			A	B	
<b>Enterprise Value (A - B)</b>			<b>\$ 3,933,066</b>		

In addition, 3.5 million Options will be on issue.

The advantages of proceeding with the acquisition of E79 are:

- Shareholders retain the same investment profile, ie minerals;
- Upon a successful listing on ASX, Shareholders will have a market to enable buying and selling of their shares;
- The Company will have a new management team with a track record of success in the resources sector;
- Shareholders will have exposure to upside upon successful exploration results;
- The Company will have a stronger balance sheet upon a successful capital raise; and
- The Company retains its cash by acquiring E79 for equity.

We look forward to keeping you updated on the progress of the acquisition.