

AIM Announcement

26 February 2024

Agreement with Mwashia Resources

The Company is pleased to advise that a new joint venture agreement (the “JVA”) has been signed with local partner Mwashia Resources Ltd (“Mwashia”) that will consolidate ownership of the Jacks, Mukai and Mushima North exploration licences (the “Licences”) into a new Zambian company (“Newco”) to be 90% owned by Tertiary’s 96% owned subsidiary, Tertiary Minerals (Zambia) Limited (“TMZ”) and 10% by Mwashia.

Currently all of the Licences are held by Mwashia. Tertiary holds the right to a 90% joint venture interest in the Jacks licence and options to earn a 90% joint venture interest in each of the Mukai and Mushima North licences by meeting certain expenditures and making payments totalling US\$60,000 to Mwashia, details of which were given in the Company’s news releases dated 18 November 2021 and 4 November 2022.

The JVA effectively relieves Tertiary of the expenditure obligations due under its option agreements on the Mukai and Mushima North licences, brings forward the above payment to Mwashia and puts ownership of the Licences under a common entity controlled by TMZ. Mwashia’s 10% interest will be carried by TMZ with carried costs being recovered as a priority from future profits.

Commenting today executive Chairman, Patrick Cheetham said:

“This joint venture agreement is a win-win for Tertiary and Mwashia and a further example of the excellent working relationship we have developed with our local partner which enabled the recent agreement with KoBold Metals on the exciting Konkola West Project. This new agreement simplifies our corporate structure in Zambia, brings forward our 90% ownership holding in all three of the Licences and creates a vehicle by which the partners can better consider joint venture approaches from third parties on the Licences.”

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Continued on next page

Market Abuse Regulation

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Detailed Information

Background

The Licences that are the subject of the JVA are:

- Exploration Licence 27069-HQ-LEL ("Jacks Licence")
- Exploration Licence 27066-HQ-LEL "(Mukai Licence")
- Exploration Licence 27068-HQ-LEL ("Mushima North Licence")

Currently the Licences are held in the name of Mwashia. The Jacks Licence is subject to a conditional joint venture agreement whereby TMZ is entitled to a 90% interest and where Mwashia holds a 10% carried interest. In the cases of the Mukai and the Mushima North Licences, TMZ holds an option to earn an initial 50% and the right to move to 90% ownership by meeting certain expenditure obligations and making certain payments to Mwashia.

Further details of these arrangements can be found in the Company's news releases dated 18 November 2021 and 4 November 2022.

Key Terms of the new JVA

The JVA between TMZ and Mwashia was executed on 23 February 2024 and establishes a joint venture between TMZ and Mwashia in respect of the Licences with the following key terms:

- 1) A Zambian company, "Newco", will be established with a share capital of ZMW15,000 to be owned 90% by TMZ and 10% by Mwashia.
- 2) In consideration of the issue of its 10% equity interest in Newco, Mwashia will transfer all three of the Licences into Newco.
- 3) TMZ will fund or arrange funding for 100% of all of the costs of the Joint Venture and Newco with those costs attributable to Mwashia's 10% equity interest being recovered from 80% of future cash flows.
- 4) On completion of the transfer of the Licences to Newco, TMZ will enter into a shareholder's agreement (the "Shareholders' Agreement") in the form set out in the JVA.
- 5) Tertiary will be the manager of the joint venture until such time as the Shareholders' Agreement is signed, after which time TMZ will be entitled to identify and appoint the Chief Executive of Newco.
- 6) The Board of Newco will comprise three directors, two appointed by TMZ and one appointed by Mwashia.
- 7) Any future dealing on the Licences with a third party will require a majority vote for shareholders, with one vote per share.

- 8) The JVA is subject to the following conditions precedent:
- a) the incorporation of Newco;
 - b) approval of the terms and conditions of the JVA and all ancillary documents thereto by any relevant government authority, including but not limited to any approval required under the Mining Act for the transfer of the Licences;
 - c) Mwashia having obtained the requisite tax clearance certificates from the Zambian Revenue Authority for the payment of property transfer tax on the transfer of the Licences to Newco or an exemption from the payment of property transfer tax in the event that the Zambian Revenue Authority considers the transfer of the Licences to be Mwashia's consideration for its equity in Newco (as is anticipated); and
 - d) approval of the terms of the JVA by the boards of TMZ and Mwashia.
- 9) On satisfaction of the conditions precedent, TMZ will make a payment to Mwashia of US\$60,000, a payment otherwise becoming due under the existing options agreements with Mwashia.
- 10) TMZ is to hold a first right of refusal over Mwashia's interest in Newco. Should Mwashia wish to sell its interest in Newco to a third party then TMZ has the right to match any offer that is made to Mwashia.
- 11) TMZ is to hold drag-along rights over Mwashia's interest in Newco. Should TMZ wish to sell its interest in Newco to a third party it can compel Mwashia to sell its 10% equity interest on the same terms pro-rata to the interests being sold.