
8 October 2020

Heads of Agreement Signed for KSK

Asiamet Resources Limited (“Asiamet” or the “Company”) is pleased to announce it has entered into a non-binding Heads of Agreement (“HoA”) with PT Wasesa Indo Nusa (“PT WIN”), an Indonesian private company, to acquire Asiamet’s wholly-owned subsidiary Indokal Limited (“Indokal”) (the “Proposed Transaction”). Indokal holds the Kalimantan Surya Kencana Contract of Work (“KSK CoW”), including the BKM Copper Project, located in Central Kalimantan, Indonesia.

As part of the Proposed Transaction, PT WIN will also acquire Aeturnum Energy International PTE Limited’s (“Aeturnum”) commodities trading business. PT WIN plans to undertake an Initial Public Offering (“IPO”) on the Indonesian Stock Exchange (“IDX”) in early 2021. Discussions are currently underway with several highly rated Indonesian financial institutions to underwrite the IPO. With its existing cash reserves and expected proceeds from the planned IPO, PT WIN expects to have sufficient financial resources to enable the development pathway for the BKM Copper Project.

Reputable third-party Indonesian company valuation experts with experience in oil, gas and mining were used by Aeturnum to provide an independent valuation of the assets to be acquired by PT WIN. These valuations have been used to inform the HoA. The Proposed Transaction is subject to receipt of a number of regulatory approvals and the equity consideration valuations ascribed throughout this release are subject to final underwriter valuations.

All references to \$ are US Dollars.

Proposed Transaction Highlights

- Indokal to be acquired by PT WIN for a total staged consideration of \$163.4 million¹.
- The acquisition price will comprise:
 - \$10 million paid in cash on the execution of a binding Sale and Purchase Agreement (“SPA”), this payment is non-refundable
 - \$40 million paid in cash upon the successful IPO of PT WIN on the IDX
 - A 22.5% shareholding in IDX listed PT WIN is payable to Asiamet in two tranches; the first upon listing, the second upon PT WIN releasing its 2020 Mineral Resources and Exploration Target statements² to the IDX. Aeturnum’s independent valuers estimate PT WIN to have an equity value of circa \$500 million on a 100% basis on IPO.
- Asiamet will continue to manage the KSK CoW project for a period of up to 12 months (extendable by mutual agreement) following the IPO of PT WIN through a management services contract.

¹ Subject to final pricing of the IPO which is expected to be driven by agreement with underwriters.

² The 2020 Mineral Resources Statements and Exploration Targets statements are based on work already undertaken by Asiamet.

As set out below, the Proposed Transaction is subject to, inter alia, the completion of outstanding commercial and financial due diligence by both parties, including but not limited to approvals by the Government of Indonesia and all other regulatory bodies.

Upon satisfactory completion of all final diligence activities the parties will enter into a binding SPA. This is expected to take approximately 30 days, however due to the current restrictions associated with Covid-19 the timeline may vary.

Following the execution of the binding SPA, Asiamet will seek shareholder approval for the Proposed Transaction.

Tony Manini, Executive Chairman of Asiamet Resources commented:

“The Asiamet Board fully endorses and supports this transaction. While it is recognised that there are still a number of steps to completion, the proposed transaction has the potential to unlock very significant unrecognised value for Asiamet shareholders and most importantly secures a clear road map for the funding and development of the BKM copper project and the further advancement of the wider KSK CoW for the benefit of all stakeholders. Asiamet will retain a very meaningful exposure to the upside at BKM and KSK and continue to manage all the value enhancement and development related activities currently in progress.”

Our work with Aeternum to date has provided an insight into their high level of professionalism and integrity and provided us with the confidence to pursue this transaction and partner with them as major shareholders in the proposed IDX listing and development of PT WIN going forward. We now remain focused on completing due diligence and binding documentation that allows for shareholder approval.”

Summary of the Proposed Transaction and other key terms

The key terms of the HoA allow for the completion of due diligence activities, both parties entering into a binding SPA and satisfaction of the relevant conditions precedent. These details are set out below:

- Aeternum a 19.9% shareholder in Asiamet has entered into a binding agreement to acquire PT WIN, an Indonesian private company, currently a shell company.
- PT WIN will acquire Aeternum’s commodities trading business prior to undertaking an IPO on the IDX.
- On satisfaction of the conditions precedent and payment of the full acquisition price/consideration, PT WIN will immediately acquire Asiamet’s wholly owned subsidiary, Indokal, the holder of the KSK CoW.
- The total acquisition price will be paid in cash and equity in PT WIN. The value of the equity in PT WIN on IPO is subject to the final pricing of the IPO which is expected to be driven by underwriter valuations, with the total estimated consideration of \$163.4 million being paid in four stages as follows:
 - \$10 million paid in cash on the execution of the SPA, this payment is non-refundable (Tranche A)
 - \$40 million paid in cash upon the successful IPO of PT WIN (Tranche B)
 - A 22.5% shareholding in IDX Listed PT WIN payable to Asiamet in two tranches, the first upon listing (~10.7%) and the second upon PT WIN releasing a 2020 Mineral Resource Statement to the IDX which contains at least 400,000 tonnes of copper in JORC Compliant Mineral Resources and Exploration Target (~11.8%). Aeternum’s independent valuers estimate that PT WIN is expected to have an equity value of circa \$500 million on IPO.

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- Certain sell down restrictions will apply to the sale of any part of the Company's shareholding interest in PT WIN. Following a lock-up period which will be finalised as part of the SPA, Asiamet will be entitled to divest up to 50% of its initial holding in PT WIN over any 12 month period should it wish to do so. The Company intends to retain its shareholding and continue to work with PT WIN on the development of the BKM Project while retaining the flexibility to re-evaluate its position at any time.
 - On the basis that the IPO proceeds as planned PT WIN will allocate at least \$30 million from IPO proceeds towards the development of the BKM project.
 - Asiamet will be entitled to at least two board seats in PT WIN or a 40% representation on the PT WIN board.
 - PT WIN has the right at any time prior to satisfaction of all conditions precedent, to acquire 100% of Indokal for cash at an agreed price.
 - The Company will provide management services to PT WIN for up to 12 months post IPO, extendable by mutual agreement. The Company will be reimbursed for these services on a cost plus basis by PT WIN.
 - Any statutory bonds or financial commitments required for development permitting of the BKM copper project and all costs associated with value enhancement initiatives currently in progress, including any field work, will be reimbursed to Asiamet by PT WIN upon listing.
 - It is proposed that the IPO will take place by 31 March 2021. If it is extended beyond this date by mutual agreement, this extension will be subject to PT WIN paying Asiamet 50% of Tranche B, \$20 million, or an otherwise mutually agreed amount.
 - If the IPO of PT WIN does not proceed Asiamet will:
 - Be entitled to the non-refundable initial payment of \$10 million
 - Provide PT WIN with a 30 day exclusivity period to purchase Indokal for cash at an agreed price, less any funds already paid to Asiamet.
 - The key conditions precedent are:
 - Asiamet satisfactorily completing its remaining due diligence on PT WIN and Aeturnum and/or its affiliates
 - Customary and regulatory approvals as required in Indonesia
 - Asiamet shareholder approval will be sought following the execution of the SPA
 - Satisfactory IPO by PT WIN, which includes a minimum equity value of \$400 million and minimum free float of 20 per cent.

Following completion of the transaction Asiamet will have circa \$50 million cash and no debt on its balance sheet, and retain a sizeable 22.5% interest in the KSK CoW through its shareholding in PT WIN along with an 80% interest in the significantly larger Beutong copper gold porphyry project located in Aceh, Indonesia. The Company plans to continue working with PT WIN on the development of the BKM copper project, to progress various options for further exploration and development of the Beutong project and assess additional growth opportunities that can create long term value for shareholders.

Timeline

The timeline for key events/milestones is as follows:

- Prior to execution of the SPA, Asiamet will need to complete all remaining due diligence activities and obtain the necessary regulatory approvals
- Execute a SPA within 30 days of the HoA execution, subject to Covid-19 restrictions
- Seek shareholder approval as soon as possible following the execution of the SPA
- PT WIN to complete an IPO by end of Q1 2021

Related Party Information

Aeternum is a substantial shareholder in the Company, currently holding 19.9% of the issued share capital. The Proposed Transaction is therefore a related party transaction pursuant to Rule 13 of the AIM rules for Companies. The directors consider, having consulted with its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Shareholder Approval

The Proposed Transaction would also be deemed to be a disposal resulting in a fundamental change to the business in accordance with AIM Rule 15 and as such the Proposed Transaction is conditional on the consent of its shareholders being given in a general meeting. The Company, on signing of the SPA, or as soon as practicable thereafter will publish a circular convening the general meeting and containing details of the disposal and any proposed changes to the business.

Description of Business

The Company has previously announced it was examining strategic options for the KSK CoW, and was subsequently in discussions with Aeternum. Indokal Limited is the 100% owner of the Kalimantan Surya Kencana Contract of Work ("KSK CoW"), covering 39,443 hectares, including the BKM copper project, located in Central Kalimantan, Indonesia³. The Company delivered a robust a feasibility study for the BKM copper project in June 2019, some key metrics include an initial 9 year life of mine producing up to 25,000 tonnes of copper cathode per annum from a Ore Reserves of 51.5Mt @ 0.6% Cu, for 303k contained tonnes of copper in the Proved and Probable category (see RNS's dated 14 June 2019). Total Measured, Indicated and Inferred JORC Compliant Resources comprise 69.6Mt @ 0.6% Copper for 451.9Kt of contained copper (see RNS dated 14 June 2019).

Further upside potential, including possible mine life extensions, at BKM is evident through existing high potential exploration targets adjacent to the proposed mine development area. Asiamet has previously identified four key "near mine" targets, notably the BKM-BKZ 'Link' Zone, IP geophysical targets at BKW, the BKM 'Deep' Zone, and the BK 'South' Zone.

Shareholder Update

Tony Manini, Executive Chairman of Asiamet, will update Shareholders on this Transaction, a webinar will be available on the Company's website www.asiametresources.com by 2pm, 8 October 2020.

ON BEHALF OF THE BOARD OF DIRECTORS

Tony Manini, Executive Chairman

For further information, please contact:

-Ends-

³ All project expenditure for the KSK CoW has been expensed. As per the 31 December 2019 audited accounts accumulated losses amount to \$64.5 million

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Follow us on twitter @AsiametTweets**FORWARD-LOOKING STATEMENT**

This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 ("MAR").