

ASX RELEASE

30 September 2020

Funding Arrangements Update

MCB Resources Limited (**MCB** or the **Company**) (ASX: **MCB**) is pleased to provide an update on its funding arrangements.

A summary of all existing loan arrangements in place with Tygola Pty Ltd (Tygola) as previously announced include:

- **Facility 1**, a \$3 million secured loan, repayable on 30 September 2020;
- **Facility 2**, a \$1.5 million second secured facility, repayable on 30 September 2020;
- **Facility 3**, an unsecured loan of \$1.5 million, repayable on 30 September 2020; and
- **Facility 4**, an unsecured loan of \$3 million, repayable on 30 September 2020.

Save for Tygola having the option of converting \$1 million of Facility 2 at \$0.40 per ordinary share, all loans are payable in cash and bear an interest rate of 10% per annum and attract a facility fee of 5%.

On 29 September 2020, the Borrower (being MCB Resources) and the Lender (being Tygola) have agreed in principle to a further loan of \$1.5 million (**Facility 5**), a loan extension and repayment schedule whereby the full loan amounts will convert to equity over a prescribed timeframe as part of the Company's recapitalisation strategy. MCB Resources and Tygola are working in good faith to resolve a clear path forward, to define the terms of conversion, and to finalise detailed documentation.

The parties are unable to extend the 30 September 2020 repayment term in accordance with the loan agreements unless and until the Borrower seeks and obtains the approval of its shareholders under ASX Listing Rule 10.1 at a general meeting (**General Meeting**). The Borrower intends to convene a General Meeting as soon as possible, but no later than 31 December 2020. The Lender has provided comfort to the Borrower that it will not take action to enforce its first ranking security until such time as the General Meeting has been held, or 31 December 2020, whichever is the sooner. Despite the indication that it will take no action, all of the Lender's rights and remedies under or in relation to the Loan Agreements and General Security Deed are expressly reserved, and provisions under the Loan Agreements remain in full force and effect.

At the date of this announcement, the Company has fully drawn down Facilities 1, 2 and 3, and a portion of Facility 4 for a total of \$7.4 million, leaving a total of \$3.1 million available under Facilities 4 and 5.

Trading in the Company's shares on ASX remains in voluntary suspension. The Company has requested that the voluntary suspension remains in place until an announcement by the Company regarding the status of its exploration licences in Bougainville and an announcement advising the Company's recapitalisation strategy have been made.



Authorised for release by Mr Michael Johnston, Executive Director.

For further information, please contact:

Mr Michael Johnston – Executive Director
+61 (08) 6424 8524

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