

Option to Acquire Highly Prospective Brazilian Lithium Exploration Tenement Package

HIGHLIGHTS:

- Perpetual has entered into a binding option agreement to acquire a highly prospective exploration tenement package in the mining friendly state of Minas Gerais in Brazil.
- These tenements are strategically situated within the highly prolific 'Eastern Brazilian Pegmatite District', which is renowned as one of the world's largest regions for hard-rock lithium spodumene deposits.
- Tenements are ~20km from the Tier 1 Grota do Cirilo spodumene mine owned and operated by NASDAQ and TSX-V-listed Sigma Lithium Corp (Sigma) with a market capitalisation of approximately C\$5 billion and has a world-class lithium resource.
- The location boasts advantageous infrastructure, comprising well-developed highways, access to hydroelectric power from the grid, water availability, and convenient proximity to commercial ports.
- Option and subsequent consideration structure presents a low-cost entry into the preeminent spodumene bearing region of Brazil, with a 60-day period of due diligence now commenced.
- Acquisition represents the first step to broaden Perpetual's project portfolio with a complementary asset while Beharra continues to move through the permitting and offtake phase of its development.
- Subject to completion of due diligence and finalisation of formal agreements, Perpetual plans to commence rapid exploration in the coming months.

Perpetual Resources Limited (ASX: PEC, "PEC", "Perpetual" or "the Company") is pleased to announce the signing of a binding option agreement (**Option Agreement**) with RTB Geologia E Mineração LTDA. (**RTB**), a Limited Liability Company incorporated and existing under the laws of Brazil, pursuant to which Perpetual has the exclusive option (**Option**) to acquire a 100% interest in four lithium exploration permits held by RTB, located in Brazil.

Through this agreement, Perpetual gains access to four exploration permits situated in the mining-friendly state of Minas Gerais, Brazil. A key advantage lies in the tenement's strategic location within the renowned 'Eastern Brazilian Pegmatite District' (EBPD), a globally recognised hub for hard-rock lithium spodumene deposits. Notably, this region accounts for 100% of all officially recognised lithium reserves in Brazil, making it highly valued for its abundant spodumene pegmatites.

Mr. Robert Benussi, Managing Director of Perpetual, commented:

“The team are very excited to have secured such a highly prospective group of tenements within a mining friendly jurisdiction at the doorstep of Sigma Lithium’s Grota do Cirilo spodumene project, one of the largest, highest grade and lowest cost hard rock lithium deposits in the world.

The tenements are located within Brazil’s Tier 1 mining region, and we are looking forward to getting underway with some initial fieldwork during the due diligence period”.

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Figure 1 – Regional location of tenements under Option in Minas Gerais, Brazil.

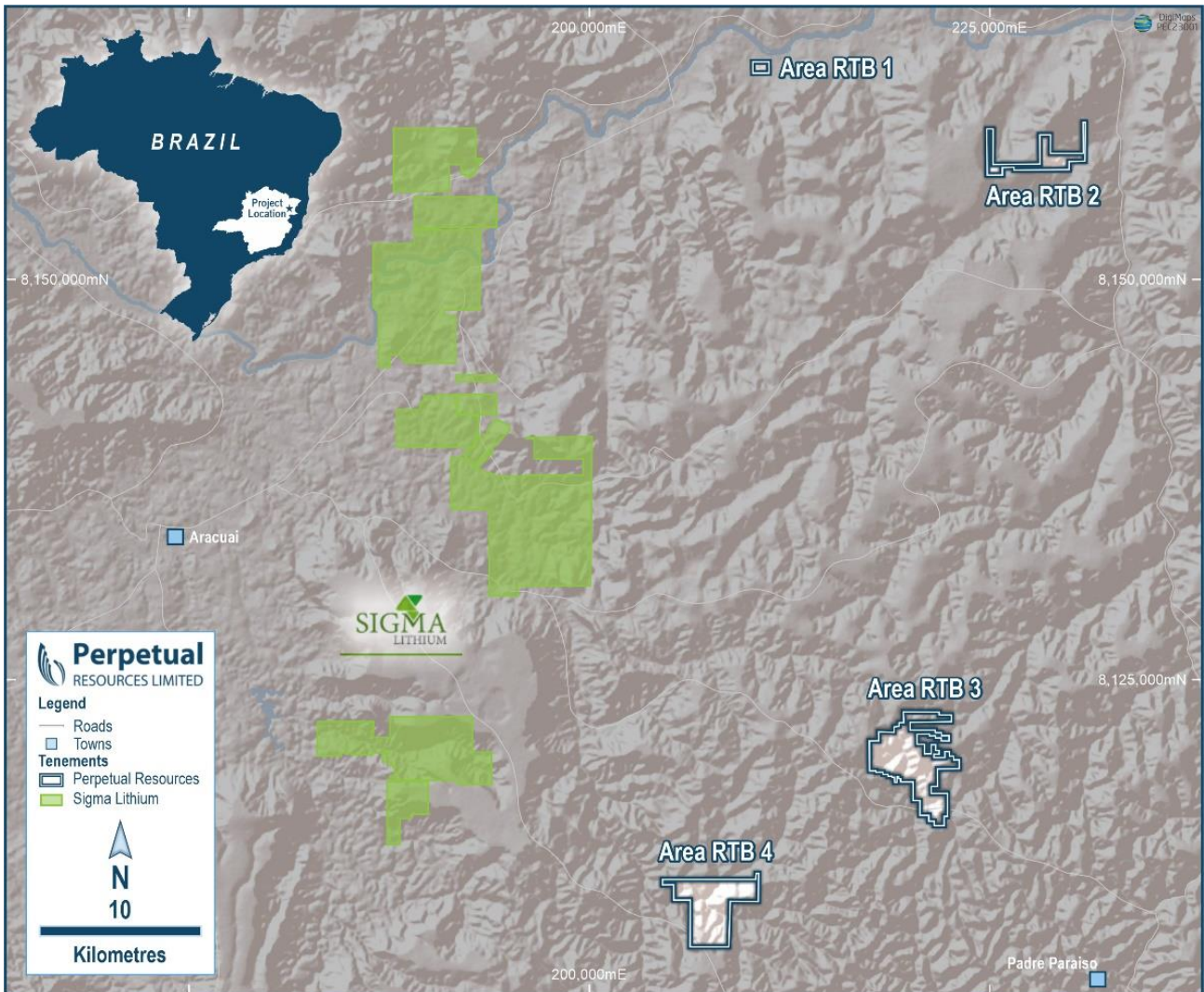


Figure 2 – Location of tenements proximal to Sigma Lithium.

Summary of tenements under Option

The Mineral Rights that Perpetual now has under Option are as follows, and are embodied in the Mineral Processes of the Brazilian National Mining Agency (ANM) under the following reference numbers:

- ANM ns. 830.489/2023 (see area RTB 1 in Figure 2), covering 71.10 hectares;
- ANM ns. 830.490/2023 (see area RTB 2 in Figure 2), covering 379.94 hectares;
- ANM ns. 830.491/2023 (see area RTB 3 in Figure 2), covering 1,812.66 hectares; and
- ANM ns. 830.492/2023 (see area RT B4 in Figure 2), covering 1,380.29 hectares.

Collectively, the aggregate land area amount to a total of 3,643.99 hectares.

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Background on Brazil as a tier one mining jurisdiction

- **Tier 1 Mining Jurisdiction:** Accounts for >30% of global iron ore production.
- **Major Exporter:** Leading exporter of Lithium, Tin, and Manganese with substantial reserves of Gold, Nickel, Bauxite, and Niobium.
- **Rare Earth Mining:** Biggest miner of rare earths outside of China.
- **Pro-Mining Culture:** Attracts significant foreign investment in the mining industry.
- **No Governmental Ownership Mandate:** Mining projects not mandated to be government owned.
- **Honouring Agreements:** Strong track record of honouring mining agreements.
- **Economic Impact:** Mining sector is a top three contributor to the 10th largest economy in the World.

Geological detail

The four exploration tenements under Option for PEC show strong potential, meeting high-level prospectivity criteria within the prolific EBPD. These tenements are strategically located within Granitic rocks that were formed during the Araçuaí orogeny.

The pegmatite swarms present in the area have a significant connection to the Neoproterozoic Araçuaí orogeny. The regional granite rocks can be classified into five supersuites (G1, G2, G3, G4, and G5), formed during the collisional episode associated with the Gondwana Supercontinent's Trans-Amazonian event. Notably, the inferred pegmatite corridor within the tenements under Option is specifically associated with the G4 supersuite.

This implies the potential for a favourable association with regional pegmatite swarms within the tenement areas. It is worth noting that both Sigma Lithium's (NASDAQ: SGML, TSXV: SGML) Grota do Cirilo spodumene mine and Latin Resources (ASX:LRS) Colina Project are situated within the same G4 supersuite granites as those within the tenements that Perpetual holds the Option to acquire. These compelling geological associations indicate substantial lithium potential within these exploration areas.

Perpetual acknowledges that the tenements under Option have not undergone any exploration activities to date, and as a result, the existence of pegmatites and/or lithium mineralisation remains uncertain. Nonetheless, a comprehensive desktop review of the regional and local geology, along with the presence of significant spodumene mining and development activities in close proximity, offers supplementary evidence supporting the potential of the tenements.

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Transaction structure and consideration

In accordance with the Option Agreement, Perpetual now has from the date of execution of the Option Agreement until 18 September 2023 to complete due diligence and to elect to either exercise the Option or terminate the Option Agreement at no additional cost to Perpetual.

GBA Capital has acted as a facilitator to the transaction.

A summary of the material terms and conditions of the Option Agreement is set out below:

- (a) RTB grants Perpetual an exclusive option until 30 September 2024 (**Option**) to acquire a 100% interest in exploration permits held by RTB in respect of four exploration tenements located in Brazil (**Exploration Permits**).
- (b) Perpetual will be entitled to conduct due diligence investigations from the date of execution of the Option Agreement until 18 September 2023 (**Due Diligence Period**) by making an initial cash payment of \$25,000, which has been paid by Perpetual.
- (c) Prior to expiry of the Due Diligence Period, Perpetual may (in its sole and absolute discretion) elect to continue with the transaction and conduct exploration activities by making the following payments and issues:
 - (i) a cash payment of \$50,000 within 5 days after the Due Diligence Period;
 - (ii) issue 5,000,000 shares to RTB (or its nominees) within 5 days after the Due Diligence Period;
 - (iii) issue 5,000,000 unlisted options exercisable at \$0.025 and 5,000,000 unlisted options exercisable at \$0.03 with a 2-year expiry date, to RTB (or its nominees) within 5 days after the Due Diligence Period;
 - (iv) a cash payment of \$50,000 within 6 months after the expiry of the Due Diligence Period; and
 - (v) contribute \$100,000 towards the work and development of the project within 1 year after the expiry of the Due Diligence Period.
- (d) RTB will transfer its 100% interest in the Exploration Permits to Perpetual upon Perpetual completing the payments and share/option issues contemplated above.
- (e) RTB will be entitled to the following deferred consideration:
 - (i) a 2% net smelter return royalty over minerals produced that are the subject of the Exploration Permits. Perpetual will have the right to buy-back half of the royalty for \$500,000;
 - (ii) in the event Perpetual reports at least 6 rock chips above 1% Li₂O (Spodumene) prior to 30 September 2024, Perpetual will pay RTB a cash payment of \$50,000 and issue 5,000,000 shares to RTB (or its nominees); and
 - (iii) in the event Perpetual reports a 10m or greater continuous intercept at 1% Li₂O (Spodumene) within 5 years, Perpetual will issue RTB (or its nominees) 10,000,000 shares.

The agreement to issue the above securities is not subject to shareholder approval and made using Perpetual's existing 15% capacity under Listing Rule 7.1.

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Next Steps

With the Option payment having been made, Perpetual has now commenced the 60-day due diligence period. The Company intends to work collaboratively with RTB to undertake field investigations of the tenements, which will assist with the decision to exercise the Option and progress to ownership of the Exploration Permits.

Perpetual will update shareholders as to the outcomes of its initial field investigations when they become available.

This announcement has been approved for release by the Board of Perpetual.

KEY CONTACT

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About Perpetual Resources Limited

Perpetual Resources Limited (Perpetual) is an ASX listed company pursuing exploration and development opportunities within the critical mineral sector. Perpetual's flagship asset, the Beharra Project is located 300km north of Perth and is 96km south of the port town of Geraldton in Western Australia.

Perpetual is also undertaking analysis and review of potential new energy commodity projects, with a view to adding additional projects to the Company's portfolio that will complement Beharra.

Forward-looking statements

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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