

Option Agreement to Acquire Larger Land Package in World-Class Brazilian Lithium Valley and Capital Raising

HIGHLIGHTS:

- Perpetual has entered into an additional binding option agreement to acquire a further three highly prospective exploration permits (**Permits**), covering approximately 5,000 hectares in Brazil's "Lithium Valley" region, within Brazil's the mining friendly state of Minas Gerais.
- These additional three Permits (known as the Ponte Nova Prospects) are situated in an interpreted extension of the modelled pegmatite corridor which runs from the Latin Resources **Salinas** Lithium Project, through the **Colina** deposit and potentially further Northeast into these Permits.
- The Permits are located only ~40km from Latin Resources' Colina Deposit, which recently announced the intersection of multiple pegmatites in exploration drilling programs.
- The location of the Permits boasts advantageous infrastructure, comprising well-developed highways, access to hydroelectric power from the grid, water availability, and proximity to commercial ports.
- Option and subsequent consideration structure presents a further low-cost add-on to an initial land position in the preeminent spodumene bearing region of Brazil.
- Perpetual also confirms it has appointed a specialist in-country exploration consultant to oversee due diligence on both geological and legal aspects of this acquisition and the acquisition Perpetual recently announced to ASX on 21 July 2023. Following exercise of the options and completion of both acquisitions, Perpetual will have a portfolio of tenements covering a total area of 8,613.15 hectares in the pro-mining state of Minas Gerais in Brazil.
- Perpetual is also pleased to announce that it has received firm commitments from professional and sophisticated investors to raise \$1.5 million (before costs) through a placement of shares at \$0.022 per share. The placement was led and managed by GBA Capital.
 - Directors intend to participate in addition to the capital raising by subscribing for a total of \$250,000 worth of shares, subject to shareholder approval.
 - Funds raised from the capital raising plus Director participation will be used towards continued activities related to Beharra as well as due diligence and initial exploration efforts in Brazil.

Perpetual Resources Limited (ASX: PEC, "PEC", "Perpetual" or "the Company") is pleased to announce the signing of an additional 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 an additional three lithium exploration permits held by RTB, located in Brazil (**Permits**). These permits comprise an area now referred to as the Ponte Nova Prospects.

Through this Option Agreement, Perpetual gains even deeper access to an area that is now known as the “Lithium Valley” of Brazil, situated in the mining-friendly state of Minas Gerais. Similar to the option agreement announced to ASX on 21st July 2023, which provided details of an initial option agreement covering four exploration permits in the region (with these areas now referred to as the Itinga and Paraiso Prospect areas), these additional three Permits are located 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.

Importantly, these additional three Permits are also situated in an interpreted extension of the modelled pegmatite corridor which runs from the Latin Resources (ASX: LRS) Salinas Lithium Project, through the Colina Lithium deposit and potentially further Northeast into the Permits under option.

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

“We have moved quickly and decisively to build a commanding land position in what has become the premier spodumene area in Brazil, which boasts several Tier 1 deposits either adjacent or on trend from the tenements we have secured under option, and which have earned the region the label of the “Lithium Valley” of Brazil.

We also are forging a close working relationship with the permit vendor group and several other in-country specialists, which gives Perpetual significant capacity to quickly assess these compelling exploration ground positions and ultimately quickly add value through exploration activities”.



Figure 1 – Location of the prospects under Option in the prolific region of Minas Gerais, Brazil.

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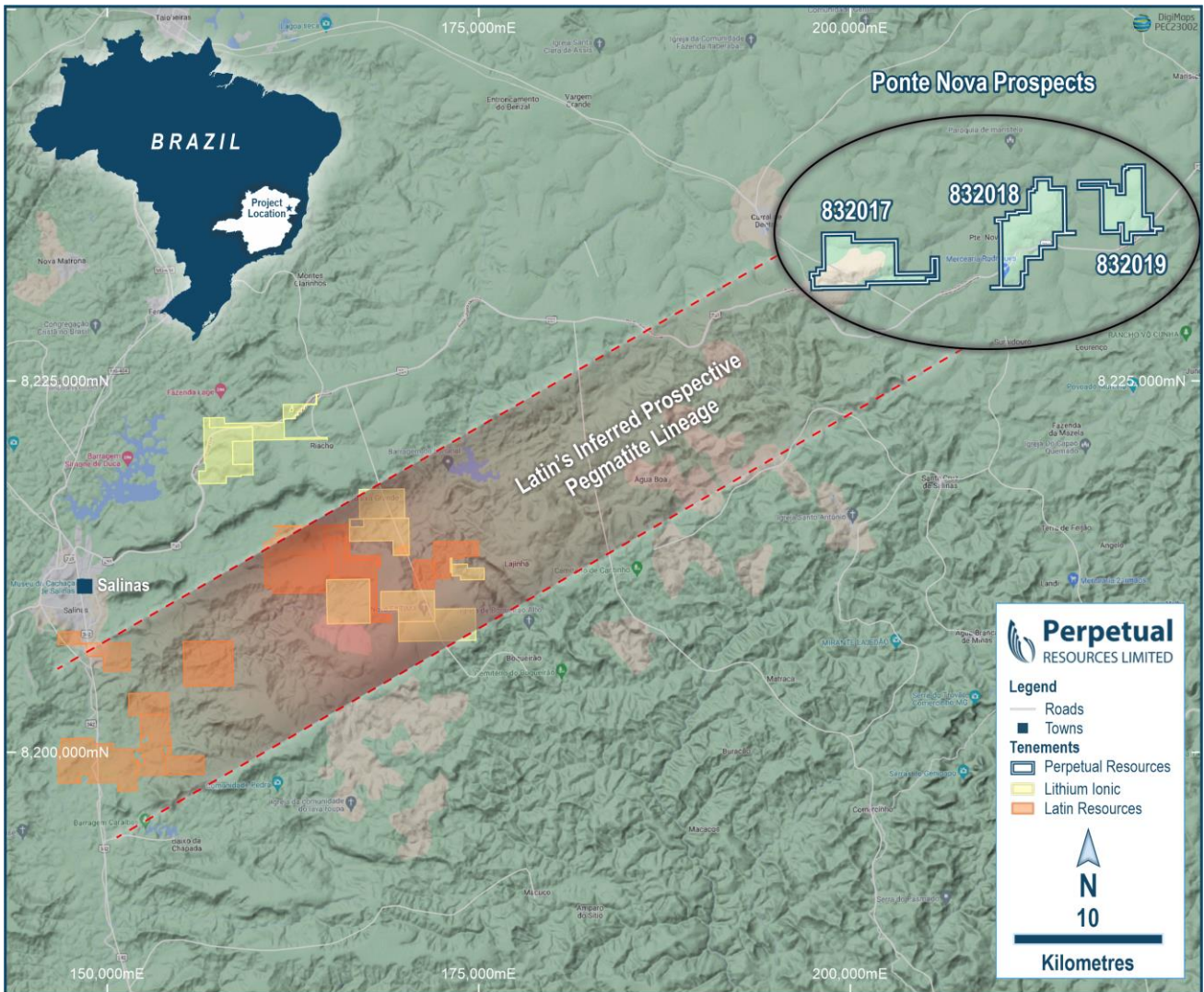


Figure 2 – Location of Ponte Nova Prospects showing interpreted spodumene trend, proximal to Latin Resources Colina lithium deposit and Lithium Ionics' (TSX.V: LTH) Salinas Project.

Summary of Permits under Option

The Permits that Perpetual announces today (comprising the Ponte Nova Prospects) that it 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. 832.017/2023, covering (see Figure 2), covering 1,848.25 hectares;
- ANM ns. 832.018/2023, covering (see Figure 2), covering 1,897.24 hectares; and
- ANM ns. 832.019/2023, covering (see Figure 2), covering 1,223.67 hectares.

Collectively, the aggregate land area amount to a total of 4,969.16 hectares.

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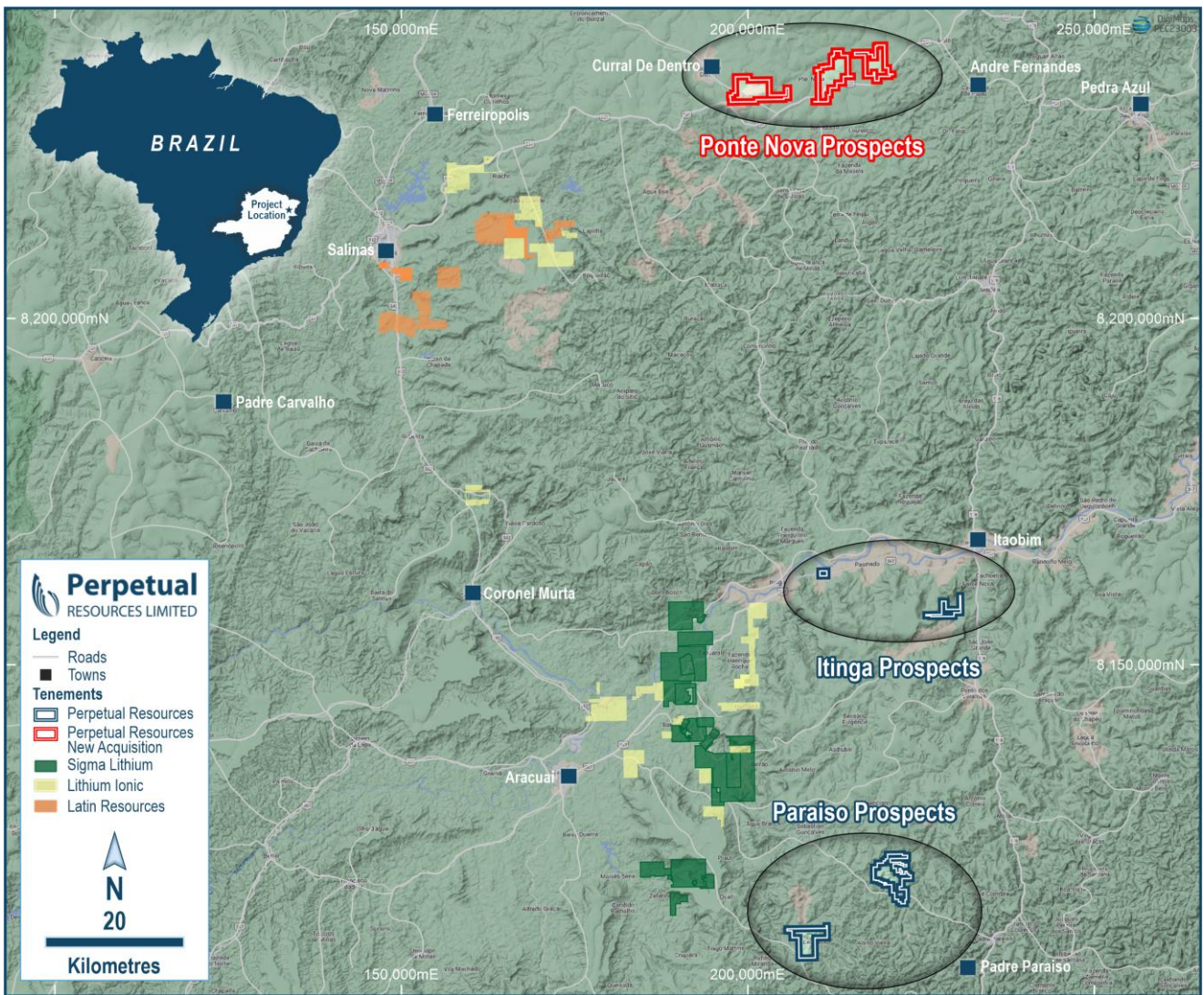


Figure 3 – Location of the new Ponte Nova prospect acquisition and previously acquired prospects proximal to Sigma Lithium refer ASX on 21/07/2023, in Minas Gerais, Brazil.

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 Permits covered by the Option for Perpetual showcase substantial potential, meeting high-level prospectivity criteria within the prolific Eastern Brazilian Pegmatite District (EBPD). Strategically situated within Granitic rocks formed during the Araçuaí orogeny, these Permits present exciting opportunities for exploration and development.

Similar to the Company's previously optioned tenements (as outlined in the ASX announcement dated 21st July 2023), the region's pegmatite swarms show a strong correlation with the Neoproterozoic Araçuaí orogeny. The regional granite rocks are classified into five supersuites (G1, G2, G3, G4, and G5), which originated during the collisional episode associated with the Gondwana Supercontinent's Trans-Amazonian event. Significantly, the inferred pegmatite corridor within the optioned Permits is closely linked to these supersuite formations.

Noteworthy is the fact that the Perpetual's optioned Permits extend along-strike and are extrapolated to the north-east of the Latin Resources (ASX: LRS) Colina Project, following their modelled interpreted prospective pegmatite corridor (refer Figure 2). Mapped lineages lend support to the extension of this pegmatite geometry into the optioned areas, located just 40km along-strike.

Moreover, both Sigma Lithium's (NASDAQ: SGML, TSXV: SGML) Grota do Cirilo spodumene mine and Latin Resources' Colina Project are situated within the same G4 supersuite granites, akin to the Permits covered by Perpetual's Option. The sound geological basis demonstrated by the latter example, with lithium-bearing pegmatites being an extension of a known and developed resource, enhances the Company's confidence. These compelling geological connections underscore the significant lithium potential within our exploration areas, fuelling Perpetual's optimism for promising future prospects.

Perpetual recognizes that the tenements under Option have not yet undergone any exploration activities, leading to uncertainty about the existence of pegmatites and/or lithium mineralization. However, we have conducted a comprehensive desktop review of the regional and local geology, which, combined with the proximity of significant spodumene mining and development activities, provides additional evidence supporting the potential of these tenements.

Transaction structure and consideration

In accordance with the Option Agreement, Perpetual now has from the date of execution of the Option Agreement until 29 September 2023 to complete due diligence and to elect to either continue with the transaction or terminate the Option Agreement at no additional cost to Perpetual.

GBA Capital has acted as a facilitator to the transaction, as well as the transaction announced on 21st July 2023.

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

- (a) RTB grants Perpetual an exclusive option until 7th October 2024 (**Option**) to acquire a 100% interest in exploration permits held by RTB in respect of three exploration permits located in Brazil (**Permits**).

- (b) Perpetual will be entitled to conduct due diligence investigations from the date of execution of the Option Agreement until 29 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 \$150,000 within 5 days after the Due Diligence Period;
 - (ii) issue 10,000,000 shares to RTB (or its nominees) within 5 days after the Due Diligence Period; and
 - (iii) issue 12,500,000 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.
- (d) RTB will transfer its 100% interest in the 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 Permits. Perpetual will have the right to buy-back half of the royalty for \$500,000;
 - (ii) in the event Perpetual reports a 10m or greater continuous intercept at 1% Li₂O (Spodumene) on the Permits within 5 years, Perpetual will issue RTB (or its nominees) 10,000,000 shares; and
 - (iii) in the event Perpetual reports a JORC Compliant Inferred Resource (or greater) of 10 million tonnes @ 1% on the Permits 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.

Capital raising

Perpetual also confirms that it has received firm commitments from sophisticated and professional investors to raise \$1.5 million (before costs) through a placement of a total of 68,181,818 fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.022 each (**Placement**). 68,181,818 Placement Shares will be issued without shareholder approval utilising the Company's existing placement capacity under Listing Rule 7.1 (36,768,595 Placement Shares) and 7.1A (31,413,223 Placement Shares). The Placement Shares will rank equally with the existing fully paid ordinary shares on issue and are anticipated to be issued on 18 August 2023.

Demonstrating their strong support for the strategy and outlook for Perpetual, the Directors have also agreed to subscribe for 11,363,636 Shares at an issue price of \$0.022, totalling an additional \$250,000 on top of the Placement proceeds (Director Shares). This issue of these Director Shares will be subject to shareholder approval at the next general meeting.

The Placement and Director Share issue provides Perpetual with a good capital position to continue the advancement of the Beharra Project in Western Australia, as well as to initiate due diligence activities and initial exploration activities in Brazil, as outlined in the table below:

Activities	\$ (AUD)
Beharra: Regulatory approvals/permits (\$386k) and Environmental studies (\$638k) the scope of works includes: <ul style="list-style-type: none"> o Mining Proposal and Mine Closure Plan o Water license drilling and ground water operating strategy assessment study o Flora impact study o Carnaby cockatoo study o Offset proposal and rehabilitation study With the remaining \$276k planned spend to include, off-take and product marketing related costs, bulk sampling and trial shipment costs and other related working capital with the timing on this spend anticipated over the next 12 months.	1,300,000
Ponte Nova Prospects: Early-stage assessment and due diligence, mapping, identification of pegmatites, rock chip sampling and analysis	150,000
Itinga and Paraiso Prospects: Early-stage assessment and due diligence, mapping, identification of pegmatites, rock chip sampling and analysis	150,000
Costs of the Placement	115,500
Working capital	34,500

Note: The above table is a statement of current intentions as at the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. It should be noted that budgets will be subject to the outcome of exploration activities. The Board reserves the right to alter the way funds are applied on this basis.

GBA Capital Pty Ltd acted as sole Lead Manager to the Placement. As part of the fee payable in connection with the Placement, GBA Capital (or its nominees) will receive 2,500,000 unlisted options exercisable at \$0.04 each expiring 2 years from issue. In recognition for the introduction of the two separate exploration permit packages (one announced on 21st July 2023, as well as today's announced agreement), GBA Capital (or its nominees) will also be issued with an additional 5,000,000 options on the same terms (2,500,000 for each transaction). These options will be issued without shareholder approval pursuant to Perpetual's available 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 is already working 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 has also appointed in country specialists to assist with field and legal based due diligence requirements. Perpetual will update shareholders as to the outcomes of its initial field investigations in Brazil when they become available.

Perpetual also continues to develop its Beharra project, with active discussions ongoing with potential offtake partners, including additional testing and analysis of Beharra silica sand for various potential glass markets in Asia. Perpetual also continued to progress environmental approvals at Beharra with additional studies having recently been completed (for further information on Beharra environmental approvals, please refer to ASX announcement dated 16th June 2023). As detailed in previous announcements, Perpetual aims to conclude the Beharra environmental approvals around mid-2024. This announcement has been approved for release by the Board of Perpetual.

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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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