

Acquisition of Advanced Exploration Construction Sands Opportunity Adjacent to Sargon Project

ASX RELEASE

29th April 2020

ASX: PEC

CORPORATE DIRECTORY

Executive Chairman
Julian Babarczy

Managing Director
Robert Benussi

**Executive Director &
Company Secretary**
George Karafotias

Projects

Beharra Silica Sands Project,
Sargon Silica Sands,
Eneabba Silica Sands &
Eneabba North Silica Sands

CONTACT DETAILS:

Suite 801
Level 8
84 Pitt Street
Sydney, NSW, 2000

George Karafotias

Phone | +61 042 086 550

Robert Benussi

Phone | +61 410 415 335

SARGON NORTH OPTION AGREEMENT

- *PEC has acquired an option over Exploration Licence Application 70/5376 ("Sargon North"), which shows strong potential for construction sand*
- *Sargon North demonstrates potential for strong exploration and operating synergies as it sits adjacent to PEC's existing Sargon exploration tenement (E70/5227)*
- *Sargon North sits directly south of four producing construction sand mines and is 40km via road to the Port of Geraldton*
- *Previous extensive drilling of Sargon North by Iluka has delineated intervals from surface up to 39m deep of yellow-orange sand units across a strike length of 5.4km*
 - *Interpreted as potentially construction sands*
- *Surface expressions of yellow-orange sands are also evident from satellite imagery*
- *The option over Sargon North enhances and broadens PEC's portfolio of industrial sand projects*
- *PEC anticipates conversion of the Sargon North option within six months*

UPDATE ON RECENT BEHARRA DRILLING:

- *Samples from Air core drilling at Beharra have been submitted for analysis - results pending*

Perpetual Resources Limited (ASX: PEC, "PEC" or "the Company") is pleased to announce that it has entered into an Option Agreement to acquire Sargon North, which is the tenure directly to the north of PEC's existing Sargon Project (Exploration Licence Application 70/5376). The Sargon Project (incorporating Sargon North) is strategically located proximal to the Port of Geraldton within an area well recognised as being a source of construction sand materials.

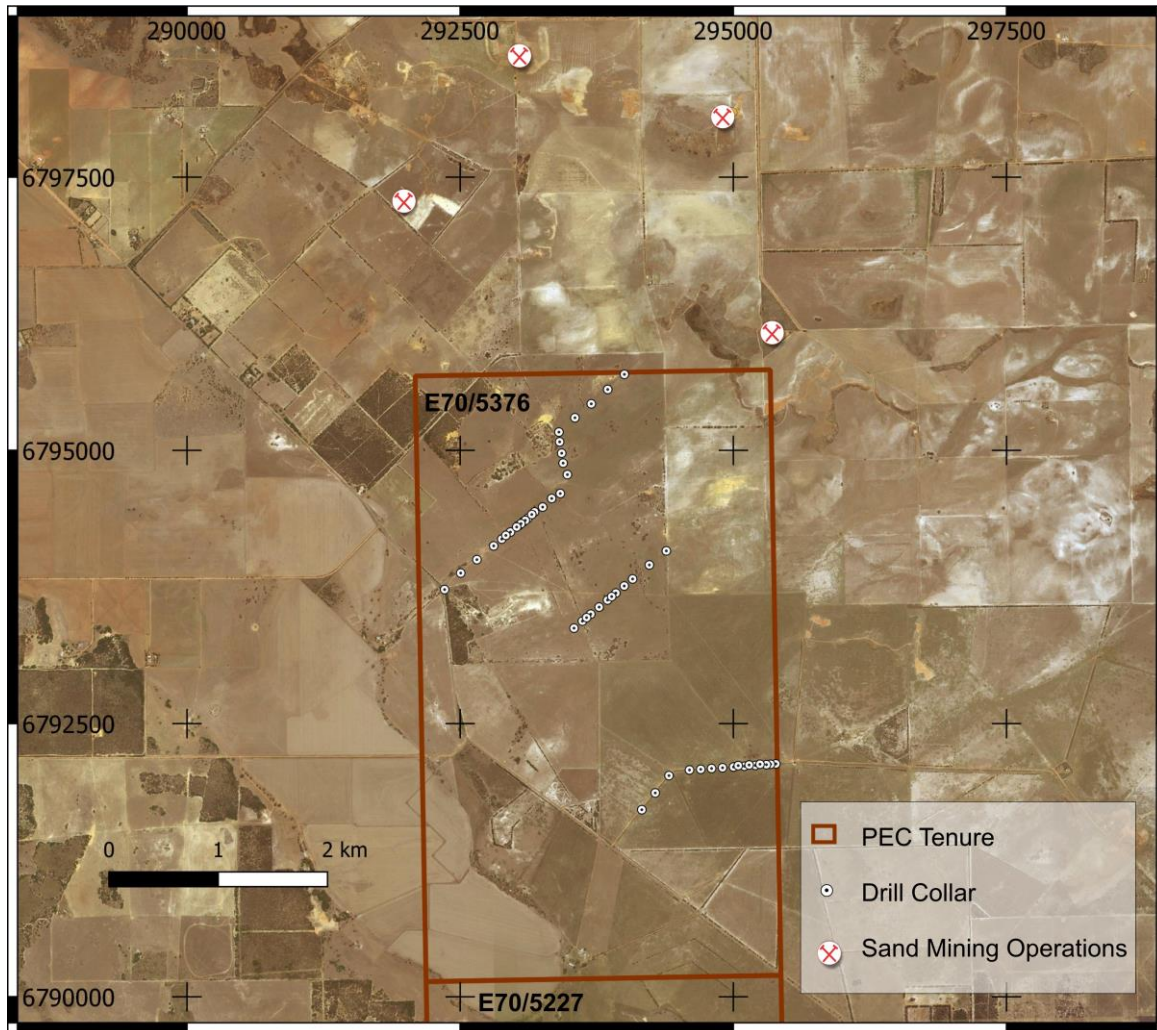


Figure 1: Sargon North location plan showing adjacency to PEC's existing Sargon project

PEC's Managing Director, Rob Benussi commented *"The expansion of the Sargon Project builds a critical mass and scale and enhances our potential product offering for both domestic and international customers. It also affords a high degree of operational synergy as we look to shortly commence exploration activities at our Sargon exploration hub. With the level of predicted future infrastructure and stimulus spending post COVID-19, we are expecting a significant level of demand for raw building materials. The Sargon Project (incorporating the Sargon North tenure), is uniquely positioned to capitalise from this increased demand due to its advantageous location, existing infrastructure access and potential scale defined by the previous drilling. We look forward to further evaluating Sargon and Sargon North, and will have further updates to market to provide relevant progress updates."*



Figure 2: PEC silica sands portfolio location plan showing new Sargon North project area in red

Sargon Project Overview:

The Sargon Project (incorporating Sargon North) consists of a granted exploration licence (E70/5227) and an Exploration Licence Application (ELA70/5376) and the Project covers a total land area of 48km². The Project is located 40km south of the Port of Geraldton by road. Local access roads connect directly to the sealed Brand Highway, which lies only ~12km from the Sargon Project.

The Sargon Project lies within the Eneabba Scarp which is a Pliocene-Age marine feature. It is understood that the area underlain by the Sargon Project formed a promontory during the Pliocene marine high strand. There are ferruginous Jurassic Bedrock outcrops at the top of the scarp while a complex of overlapping colluvial units cover the lower slopes. At the foot of the scarp and extending to the west is a sheet of cemented Pleistocene sand dunes, the Tamala Limestone.

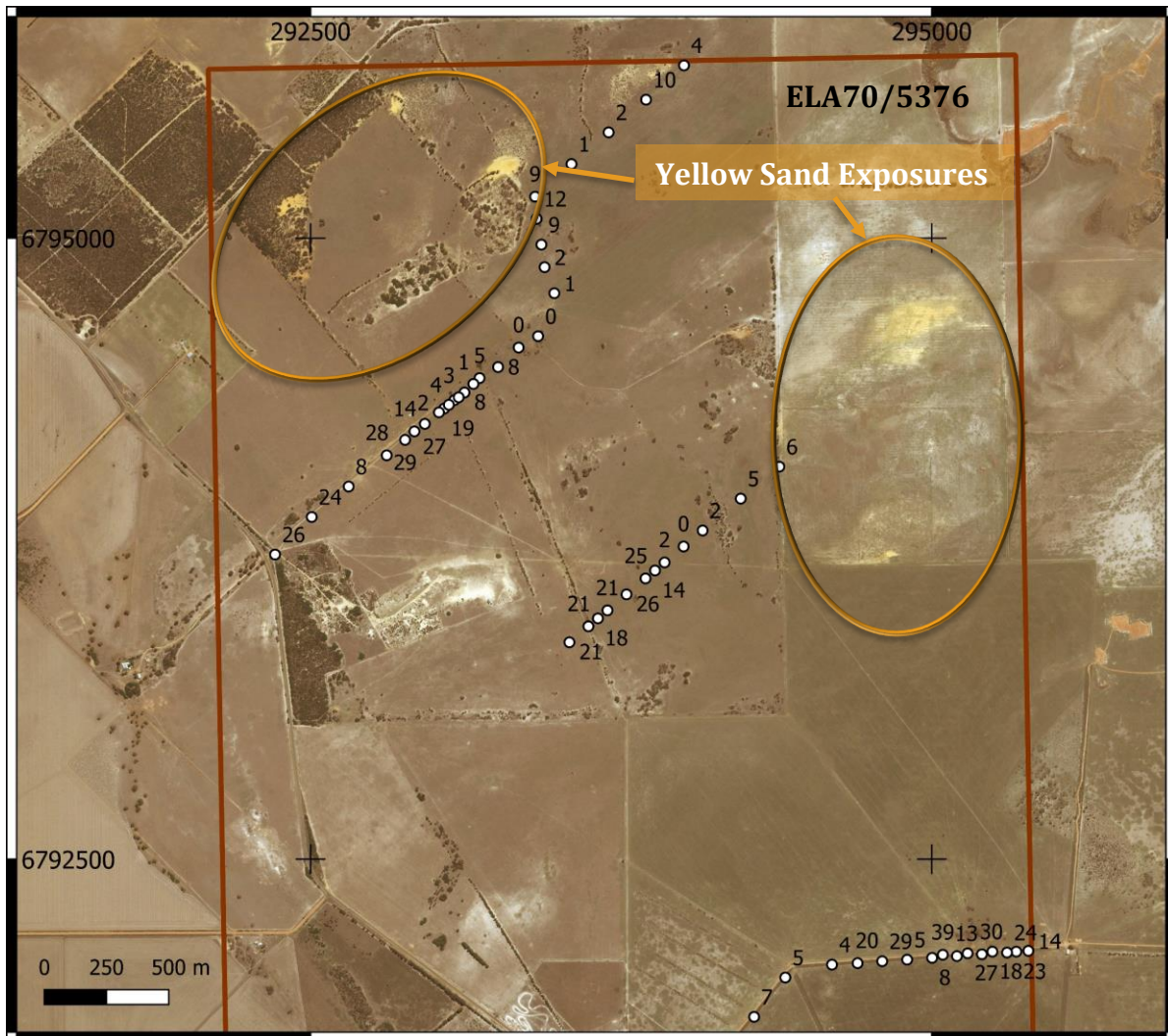


Figure 3: Sargon North previous drill holes showing yellow sand intercept thickness and yellow sand exposures at surface

Iluka Resources Ltd (“Iluka”) completed 55 vertical air core drill holes for 1,853m across three traverses. The drilling by Iluka was targeting an embayment on the Eneabba Scarp, located on the northern side of Mount Hill promontory. The drilling was completed across private property. Geological logging of the drilling completed by Iluka indicated extensive near surface intersections of yellow-orange sand (which PEC understands was not the geology targeted by Iluka). These have been interpreted to be prospective for construction sands.

The yellow-orange sands extend for a strike length of >5,400m, across a width of 2,800m and range in thickness from 1m to 39m (averaging 12.5m).

Modelling of the sand units in conjunction with satellite imagery interpretation is underway to assist with defining the scale of the Sargon Project and allow for commencement of exploration planning.

Commercial Details:

PEC has entered into an Option Agreement to acquire 100% of E70/5376, with the acquisition of the Option completed via the payment of a \$500 option fee, with the eventual tenement acquisition to be completed via the reimbursement of \$11,500 of prior expenditure. The Vendors (Kitara Investment Pty Ltd, Peter Gianni and Robert Jewson) are to retain a 1% gross revenue royalty for all minerals extracted, produced and sold from the Projects.

About Perpetual Resources Limited:

Perpetual Resources Limited (Perpetual) is focussed explorer of silica sands, striving to produce high purity silica for domestic and international markets.

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. Access to the Project from Geraldton (to the north) and Perth (to the South) is via the sealed Brand Highway, thence the Mt Adams unsealed road providing access to the centre of the tenure.





Figure 4: Mt Adams Road (above) & Proximal Rail (below)

Rail is accessible via the Mt Adams Road, with the rail line potentially providing access directly to the Port of Geraldton. Rail distance from the road access point adjacent to the Beharra Project is approximately 91km. The port of Geraldton is utilised as a bulk materials handling facility and is currently utilised for the export of bulk materials, minerals and concentrates. Grains, copper concentrates, zinc concentrates, nickel concentrates, mineral sands, talc and iron ore are currently being exported from the port. Extensive heavy mineral sands mining occurs to the south of the Project area, lime sands mining to the west and natural gas production to the south of the Project. The Beharra Project comprises of a single exploration licence, E70/5221, covering an effective land area of 56.8km².

Auger drilling has confirmed the presence of extensive, high purity silica sands. Air core resource definition drilling has been completed and assay results are presently awaited.

Silica Sands Market

Silica sands have an extensive range of uses including lower purity and grade applications such as construction sand, proppant sand used in well fracturing, and foundry sand. With increasing purity (>99.5% SiO₂) uses includes glass making including clear glass. Uses for purity >99.8% includes semiconductor fillers, LCD screens, and optical glass.

The information in this announcement that relates to the Exploration Results for the Beharra Project and is based on information compiled and fairly represented by Mr. Colin Ross Hastings, who is a Member of the Australian Institute of Mining & Metallurgy and consultant to Perpetual Resources Ltd. Mr. Hastings is also a shareholder of Perpetual Resources Ltd. Mr. Hastings has sufficient experience relevant to the style of mineralisation and type of deposits under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Hastings consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

-ENDS-

For enquiries regarding this release please contact:

Mr George Karafotias

Company Secretary

Ph +61 421 086 550

Appendix 1: Tenement Schedule

Tenement	Project	Status	Area (Km²)
E70/5376	Sargon North	Application	18

Appendix 2: Drilling Details

Hole	East	North	RL	Type	Azimuth	Dip	Total Depth	From	To	Interval	Colour
MH0001	292,357	6,793,726	28	AC	0	-90	30	0	26	26	Orange
MH0002	292,504	6,793,877	31	AC	0	-90	48	0	24	24	Orange
MH0003	292,653	6,794,000	36	AC	0	-90	45	0	8	8	Orange
MH0004	292,806	6,794,126	43	AC	0	-90	42	0	28	28	Orange
MH0005	292,880	6,794,188	46	AC	0	-90	30	0	29	29	Orange
MH0006	292,960	6,794,252	49	AC	0	-90	41	0	27	27	Orange
MH0007	293,038	6,794,314	52	AC	0	-90	31	0	19	19	Orange
MH0008	293,119	6,794,379	55	AC	0	-90	27	1	9	8	Orange
MH0009	293,180	6,794,437	57	AC	0	-90	27	1	6	5	Orange
MH0010	293,254	6,794,481	60	AC	0	-90	30	8	16	8	Yellow
MH0011	293,416	6,794,605	69	AC	0	-90	12	NSI	NSI	0	Dark Red
MH0012	293,481	6,794,778	74	AC	0	-90	9	2	3	1	Orange
MH0013	293,429	6,794,974	80	AC	0	-90	18	6	15	9	Orange
MH0014	293,403	6,795,167	88	AC	0	-90	15	2	11	9	Orange
MH0015	293,550	6,795,298	95	AC	0	-90	9	3	4	1	Orange
MH0016	293,699	6,795,426	103	AC	0	-90	9	1	3	2	Orange
MH0017	293,850	6,795,557	114	AC	0	-90	15	1	11	10	Orange
MH0018	294,003	6,795,695	119	AC	0	-90	9	1	5	4	Orange-White
MH0019	293,410	6,795,078	84	AC	0	-90	15	0	12	12	Orange
MH0020	293,442	6,794,883	77	AC	0	-90	9	1	3	2	Orange
MH0021	293,155	6,794,413	56	AC	0	-90	27	0	1	1	Orange
MH0022	293,079	6,794,348	54	AC	0	-90	27	1	11	10	Orange
MH0023	294,162	6,791,711	39	AC	0	-90	48	0	3	3	Orange
MH0024	294,285	6,791,865	43	AC	0	-90	48	1	8	7	Orange
MH0025	294,410	6,792,023	46	AC	0	-90	48	0	5	5	Orange-Yellow
MH0026	294,598	6,792,075	49	AC	0	-90	48	1	5	4	Orange-Yellow
MH0027	295,388	6,792,131	59	AC	0	-90	42	5	19	14	Orange
MH0028	295,340	6,792,128	59	AC	0	-90	45	2	25	23	Orange
MH0029	295,303	6,792,124	58	AC	0	-90	48	1	25	24	Orange
MH0030	295,201	6,792,117	56	AC	0	-90	48	1	31	30	Orange
MH0031	295,101	6,792,110	55	AC	0	-90	48	1	14	13	Orange
MH0032	295,001	6,792,103	55	AC	0	-90	48	1	9	8	Orange-Yellow
MH0033	294,901	6,792,095	53	AC	0	-90	48	1	6	5	Yellow
MH0034	294,800	6,792,089	51	AC	0	-90	48	1	30	29	Yellow-Orange
MH0035	294,701	6,792,081	50	AC	0	-90	48	1	21	20	Yellow-Orange
MH0036	294,386	6,794,080	90	AC	0	-90	9	0	6	6	Orange
MH0037	294,231	6,793,951	78	AC	0	-90	21	0	5	5	Orange
MH0038	294,078	6,793,823	67	AC	0	-90	12	0	2	2	Orange
MH0039	294,001	6,793,759	62	AC	0	-90	12	NSI	NSI	0	Brown-Orange
MH0040	293,924	6,793,694	59	AC	0	-90	12	1	3	2	Orange-Yellow
MH0041	293,848	6,793,630	55	AC	0	-90	39	1	26	25	Orange-Yellow
MH0042	293,886	6,793,662	57	AC	0	-90	24	3	17	14	Orange-Yellow

Hole	East	North	RL	Type	Azimuth	Dip	Total Depth	From	To	Interval	Colour
MH0043	293,771	6,793,566	52	AC	0	-90	45	1	27	26	Orange-Yellow
MH0044	293,695	6,793,501	50	AC	0	-90	52	1	22	21	Orange-Yellow
MH0045	293,618	6,793,437	48	AC	0	-90	58	2	22	21	Orange-Yellow
MH0046	293,656	6,793,469	49	AC	0	-90	58	1	19	18	Orange-Yellow
MH0047	293,541	6,793,373	47	AC	0	-90	30	1	22	21	Orange-Yellow
MH0048	293,096	6,794,359	54	AC	0	-90	36	3	6	3	Orange
MH0049	293,056	6,794,329	53	AC	0	-90	36	3	7	4	Orange
MH0050	293,016	6,794,298	51	AC	0	-90	45	1	3	2	Orange
MH0051	292,918	6,794,222	48	AC	0	-90	49.75	1	15	14	Orange-Yellow
MH0052	293,337	6,794,560	65	AC	0	-90	9	NSI	NSI	0	Brown-Orange
MH0053	295,244	6,792,128	57	AC	0	-90	54	1	19	18	Orange-Yellow
MH0054	295,144	6,792,121	55	AC	0	-90	51	3	30	27	Orange-Yellow
MH0055	295,044	6,792,115	55	AC	0	-90	60	0	39	39	Orange-Yellow

Notes: All holes drilled are vertical. Coordinates are reported in MGA94-Zone 50

References

Chapman, A., (2006), *“Annual Report on Exploration of E70/2771 for the period 7/10/05 – 6/10/06 Mount Hill”*, Iluka Resources, (Wamex Report: a73756).

Appendix 3: JORC Tables

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Exploration undertaken includes only aircore drilling for which only the geological logging was utilised to assist with the interpretation of zones of interest.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Drilling consisted of air core drilling. No details on bit size or other parameters were documented.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No details on sample weights or methods of ensuring adequate recovery were documented within the historical reports. No analytical results reported.
<i>Logging</i>	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> The samples have been sufficiently logged including estimates of grain size, sorting and texture, and colour.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> No analytical results reported
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No analytical results reported
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No analytical results reported
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. 	<ul style="list-style-type: none"> The position of the hole locations was determined by a differential GPS with an accuracy of <0.5m. The CRS used was GDA94/MGA Zone 50 Topographic control was established by

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	using a differential GPS with an accuracy of <0.5m.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drilling was conducted across three traverses 1-1.7km apart. On section drill spacing varied between 20m to ~200m. Drilling is reconnaissance in nature and not intended for inclusion in a mineral resource estimation. No analytical results reported and therefore no sample compositing was applied
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Orientation approximates perpendicular to the regional trend with the exception of the three south-eastern traverse which is drilling obliquely to the overall geological trend. On the basis that the drilling is being applied to develop a lithological model it is not expected that this will adversely effect the interpretation.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No analytical results reported
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> None undertaken at this time

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> ELA70/5376 currently under application, comprising effective land area of 18km². Located approximately 32km SE of of Geraldton. The Licence is underlain by Private Property and suitable access agreements will be required to be entered into to facilitate exploration and development of the Project. Perpetual Resources owns 100% equity in the Project. A 1% gross revenue royalty for all minerals extracted, produced and sold from the Project applies to the original vendors
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Exploration has been undertaken by Iluka Resources Limited between 2005-2006. Exploration focussed on targeting mineral sands via aircore drilling.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Unconsolidated Quaternary coastal sediments, part of the Perth Basin.

Criteria	JORC Code explanation	Commentary
		Aeolian quartz sand dunes overlying Pleistocene limestones and paleo-coastline.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> A complete listing of the entire drilling program is included in Appendix 2.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No analytical results reported
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> No analytical results reported
<i>Diagrams</i>	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view 	<ul style="list-style-type: none"> A map of the drill collars with interpreted yellow-organise sand intercepts its reported. A full listing of drilling and respective intervals is additionally

Criteria	JORC Code explanation	Commentary
	of drill hole collar locations and appropriate sectional views.	provided in Appendix 2.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All drill holes including those with no intervals of logged yellow-orange sand have been included.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> No other meaningful information.
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Negotiation of access with private property owners Diagrams illustrating the exploration potential of the project will be provided to the market once a modelling of the sand units in conjunction with satellite imagery interpretation is completed