

8th May 2019

BINDING TERM SHEET SIGNED FOR THE ACQUISITION OF THE BURPAR GOLD PROJECT - SOUTHERN PERU

HIGHLIGHTS:

- High grade Au mineralised district, with close proximity to the Ozinca Gold Plant
- Potential for large quantities of high grade feed material for the Ozinca Plant
- Existing infrastructure from mine to Plant, with good haulage on bitumen Highway
- Construction work to commence immediately on the upgrade of the Plant itself

Oakdale Resources Limited (ASX: OAR) (“Oakdale” or “the Company”) advises that it has signed a Binding Term Sheet for the acquisition of the Burpar Project incorporating the Rio De Dios and the Hanai Gold Mine prospects located in Southern Peru. The Burpar project area has potential for the discovery of economic high grade, vein copper/gold mineralisation and structurally controlled epithermal prospects, similar in age to many of the large open pit gold mines in Peru. This property is highly prospective for high grade gold vein deposits suitable for treatment in the Gold Processing Plant, to be refurbished by Oakdale at Chala. Results of the surface sampling have been highly encouraging.

Location and Access:

The Burpar Project is located in the highly rich Gold District of Southern Peru. It is positioned in the much sought after Department of Arequipa, Caraveli Province, and in the district of Cahuache to the SE of the town of Sondor. It comprises two leases: the Burpar Lease of 600 Hectares (incorporating the Rio de Dios workings) and the Hanai Lease of 900 Hectares, which includes the Hanai Gold Mine.

The property can be easily accessed by driving East from Chala on paved roads, with the entrance to the Burpar property along the road towards Chaparra, approximately 10 km east of Sifuentes.

This mine is located exactly 150 kilometres from Oakdale’s Ozinca Gold Plant which was recently acquired with Shareholder approval at the Extraordinary Meeting held in Melbourne on March 6th.



Figure 1: New sampling at the Hanai Gold Mine (Appendix 2)

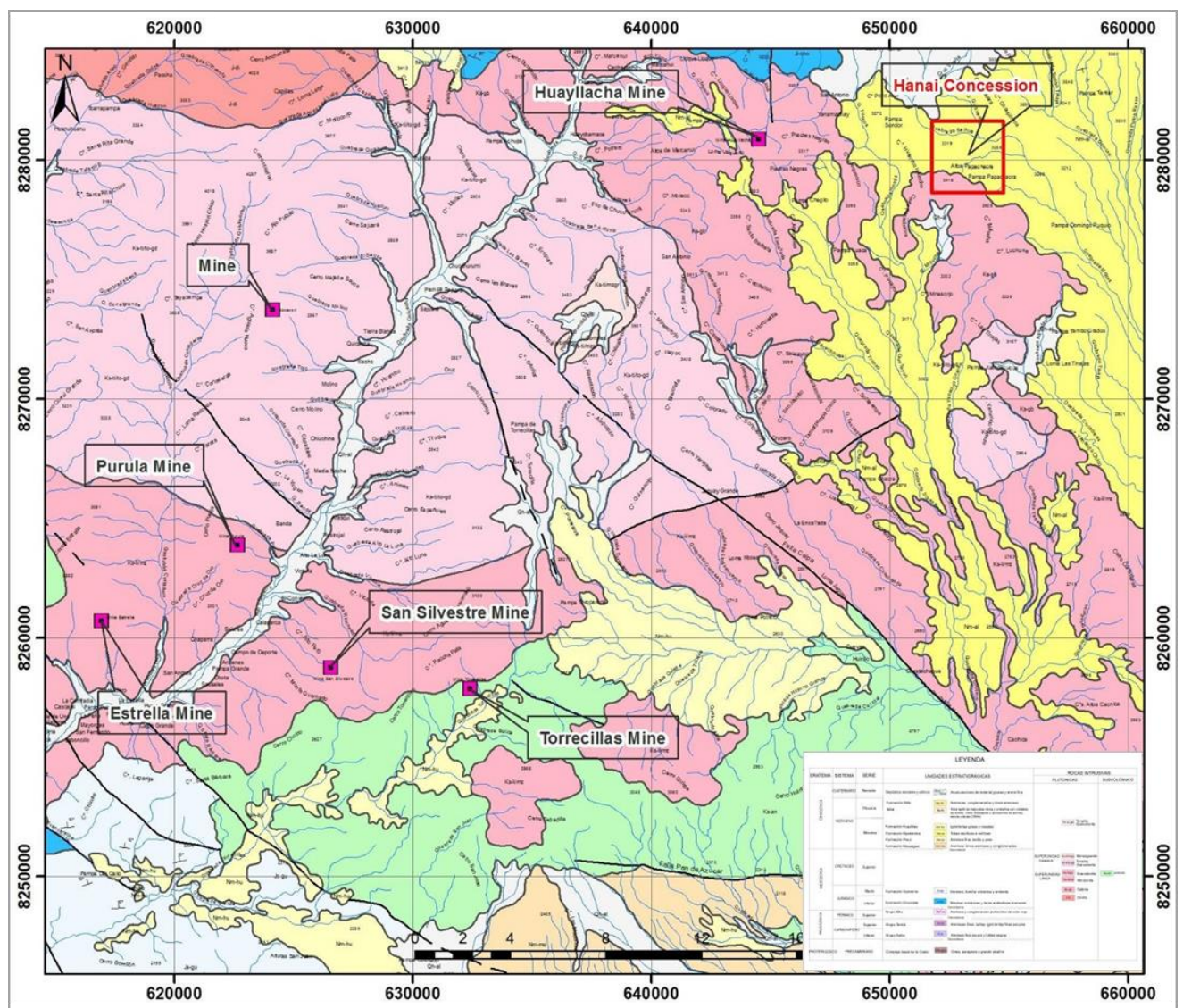


Figure 2: Regional geological map Source: INGEMMET, shows lithostratigraphic units.

Mineralisation:

The “Burpar” property is mostly underlain by intrusive rocks belonging to the Coastal Peruvian Batholith (Tertiary age) and by volcanic flows and tuffs belonging to the Senecca formation.

According to available information assembled by David Burga Professional Geo Scientist, two known styles of mineralization are present in the area:

- (1) Bedding-parallel copper-gold mineralization vein system associated with strong metasomatic alteration; and
- (2) Structurally-controlled style vein gold-silver mineralisation associated with northerly trending faults.

According to existing reports by Centromin Peru S.A., there are several other types of additional exploration targets, including numerous epithermal stockwork systems within Miocene-age volcanic equivalents, similar in age and chemistry, to the host units for many of the large open pit gold mines in Peru.

Historic Work:

There are extensive surficial pits and adits present on the South end of the property, evidenced by small shafts of 4 – 6 metres in depth. Small pits are also found throughout the property, but no major exploration or evaluation work has been conducted. The mineral potential is largely unexplored with no geophysical surveys, no systematic geochemical sampling and no drilling. However, in the report by David Burga the following Gold assays up to 3.774 ounces (circa 117 grams) per tonne were reported in a selection of sampled veins and the geology described as follows.



<u>Vein</u> (No.)	<u>Sample</u> (No.)	<u>Length</u> (m)	<u>Width</u> (cms)	<u>Depth</u> (m)	<u>Grade</u> (ozs.)	<u>Grade</u> (grams)
1	9869	800	40	220	0.047	1.46
2	9870	650	38	210	0.273	8.49
3	9871	525	45	180	0.334	10.39
4	9872	850	32	230	0.277	8.62
5	9873	1250	30	250	0.286	8.90
6	9874	450	20	180	0.257	7.99
7	9875	700	23	230	0.214	6.66
8	9876	600	42	150	0.311	9.67
9	9877	950	35	230	0.222	6.90
10	9878	350	28	130	3.774	117.38
11	9879	1050	42	260	0.198	6.16
12	9880	630	38	220	0.484	15.05
13	9881	475	37	200	1.663	51.72
14	9882	780	30	250	0.241	7.50
15	9883	1320	58	230	0.235	7.31

Table 1: Historical Burpar Gold Vein Assays from Rio De Dios No 01-00555-09

C.H. PLENGE & CIA. S.A.

Av. Del Ejercito 1142, Miraflores, Lima 18-Peru



Figure 3 : Sample 14152 at vein 2 (Appendix 2)

- The mineralized structures in the Hanai Minera concession are developed for at least 500 meters in length, which develop into intrusive Diorite to Granodiorite rocks. Exploration in the area will focus on these intrusive rocks where the mineralized vein and vein systems have been developed.
- These vein / fault systems generally form "ore-shoots" throughout the structures and this is where the mining activities were carried out by former artisanal miners. It is probable that these ore-shoots are situated where the veins change direction or near important lithological contacts. Exploration will focus on understanding the locations and reasons for the development of the "ore-shoots".
- The mineralized structures are interpreted to have a range of mineralized ore shoots at depth, which gives the project significant scale and potential.

The structure with the greatest potential is Vein 01, which has had the largest amount of mining operations performed along its outcrop.

According to other reports (by the state owned Centromin Peru S.A.) many other types of additional exploration targets exist within the leases, which include several epithermal prospects within Miocene-age volcanic, equivalent in age and chemistry to the host units of many of the large open pit gold mines in Perú.



Figure 4: The Ozinca Gold Plant recently acquired by Oakdale, with Upgrades to commence shortly

Ozinca Operations and Gold Plant Upgrade:

The Company is very close to finishing the Detailed Engineering Study which is the main stay submission for the expanded 120 tons per day approval and licensing process. This will be a major milestone achievement and will signal the imminent start of the construction process. Ozinca's licensing and permitting process continues in Peru, with the completion and approval of the Environmental Impact Study (EIS), the Tailings Dam design and approval and the 40 ton per day Building License. In addition, a raft of smaller applications and approvals have been completed, which mainly relate to water usage and quality, chemicals transport and usage, and evidence of the Non-existence of Archaeological Remains (CIRA).

The Burpar Terms for Oakdale Resources Ltd. (OAR):

The Term Sheet requires 3 early stage payments totalling US \$15,000 to progress the Due Diligence and Agreement milestones.

- The first is a payment of US \$5,000 following recent signing of the Term Sheet. This payment will secure an exclusive Option in order to perform the Due Diligence; a period of 60 days.
- A second payment of US \$5,000 is due, if proceeding after the DD, and is payable upon the signing of the Public Deed in Peru, which registers the new Agreement.
- A final payment of US \$5,000 is due on the 60 day anniversary of the signing of the Agreement as above.

The Option contained in this Binding Terms Sheet may be exercised upon or prior to the expiry of the Due Diligence Period. In the event of the exercise of the Option by OAR, within 30 days of the date of exercise of such Option, the Vendors and OAR shall cause to incorporate a new Peruvian Company (NEWCO) to be the vehicle for the incorporated joint venture to be entered into between OAR and the Vendors in relation to the Projects, all of which plus associated assets, shall be transferred to NEWCO in accordance with the terms of the JV Agreement referred to in this Binding Terms Sheet.

The expenditure arrangements in the NEWCO for the development of the Projects will be in cash and contributions by each party shall be in their relative holding proportions at any point in time. A total payment of cash and shares of a maximum of USD \$330,000 which shall be payable by OAR to the Vendor for 100% of the project, at the option of Oakdale post drilling program, by way of an issue to the Vendor, or its nominee, of tranches of fully paid ordinary shares in OAR and / or cash or otherwise by mutual agreement. The vendor has elected to receive up to 20% of the sale price in shares.

Following the drilling program and at its sole option Oakdale will pay a combination of cash and shares (on a 30 day VWAP) to the vendor for a total of \$216,000 USD for 70% equity in the project. Oakdale will also make cash investments for Geological studies and for exploration and to determine a resource, and such contributions will be determined by the relative ownership percentages between the parties.

Oakdale will have an option to pay a further \$99,000 USD, for the balance of the NEWCO equity (30%). In addition, at the point of 100% ownership, Oakdale will reimburse the Vendors for all its contributed Geological Development costs, from the time of the signing of the JV Agreement to the final sale of its 30% equity. This reimbursement is exclusive of the cost of shares made by Oakdale to the Vendors as part of the sale price. To be clear, the reimbursement is only for that part of the Development costs that the Vendors have contributed to the NEWCO in actual cash and will be governed by, and be in accordance with, the terms of the JV Agreement.

References

PLENGE LABORATORIO, 2010, Report 2867, Rio De Dios No 01-00555-09 C.H. PLENGE & CIA.
S.A., Av. Del Ejercito 1142, Miraflores, Lima 18-Peru

Eustaquio Valencia Ochoa, July 2018, Report Concession Minera Hanai

Anderburg Consulting Services Incorporated, E. Burga P.Eng. & D.Burga P.Geo, December 2014, S.R.M.L Burpar Gold Mining, Peru

Centromin Peru S.A., Various district Geological Reports San Borja, Lima

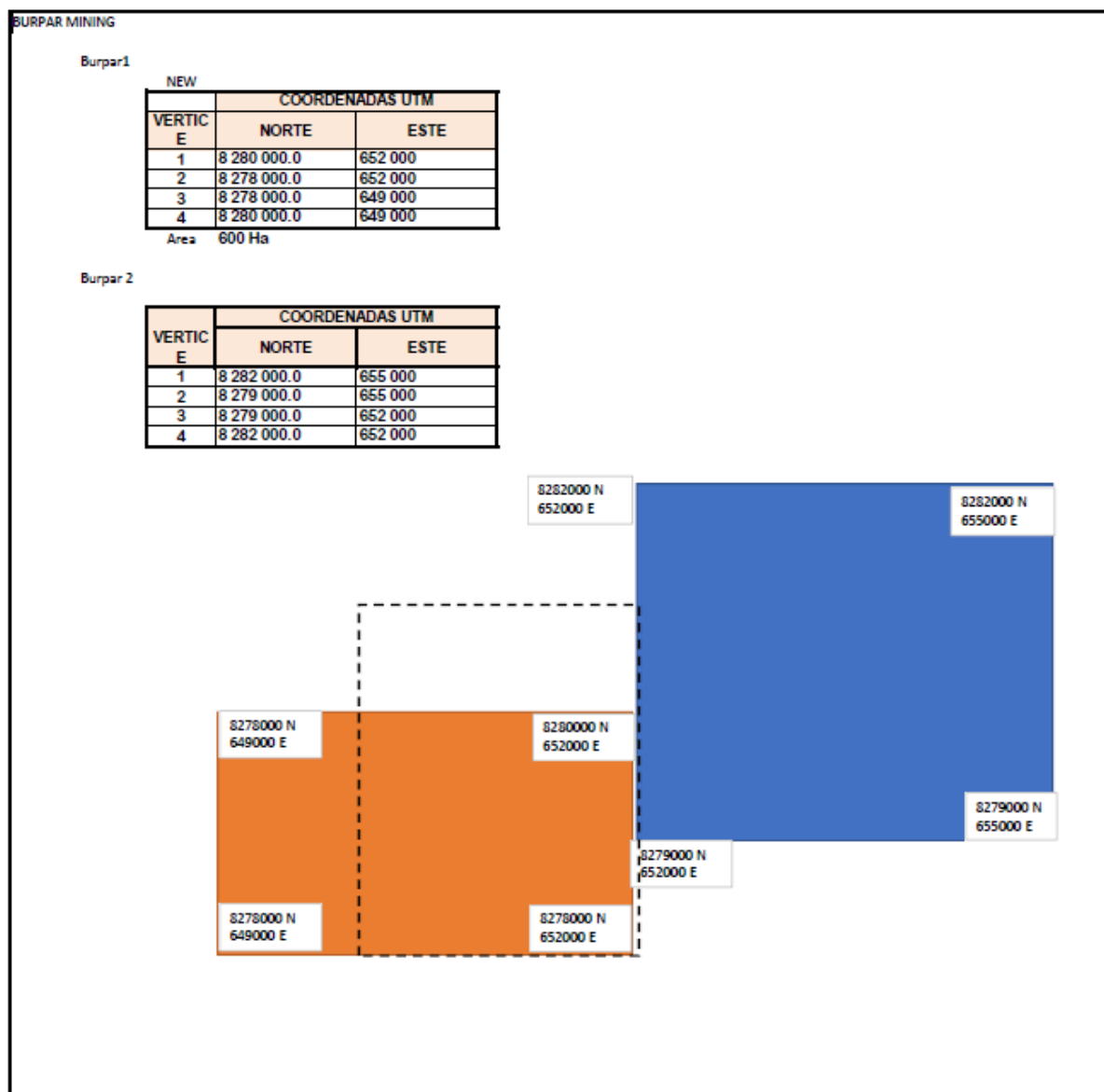
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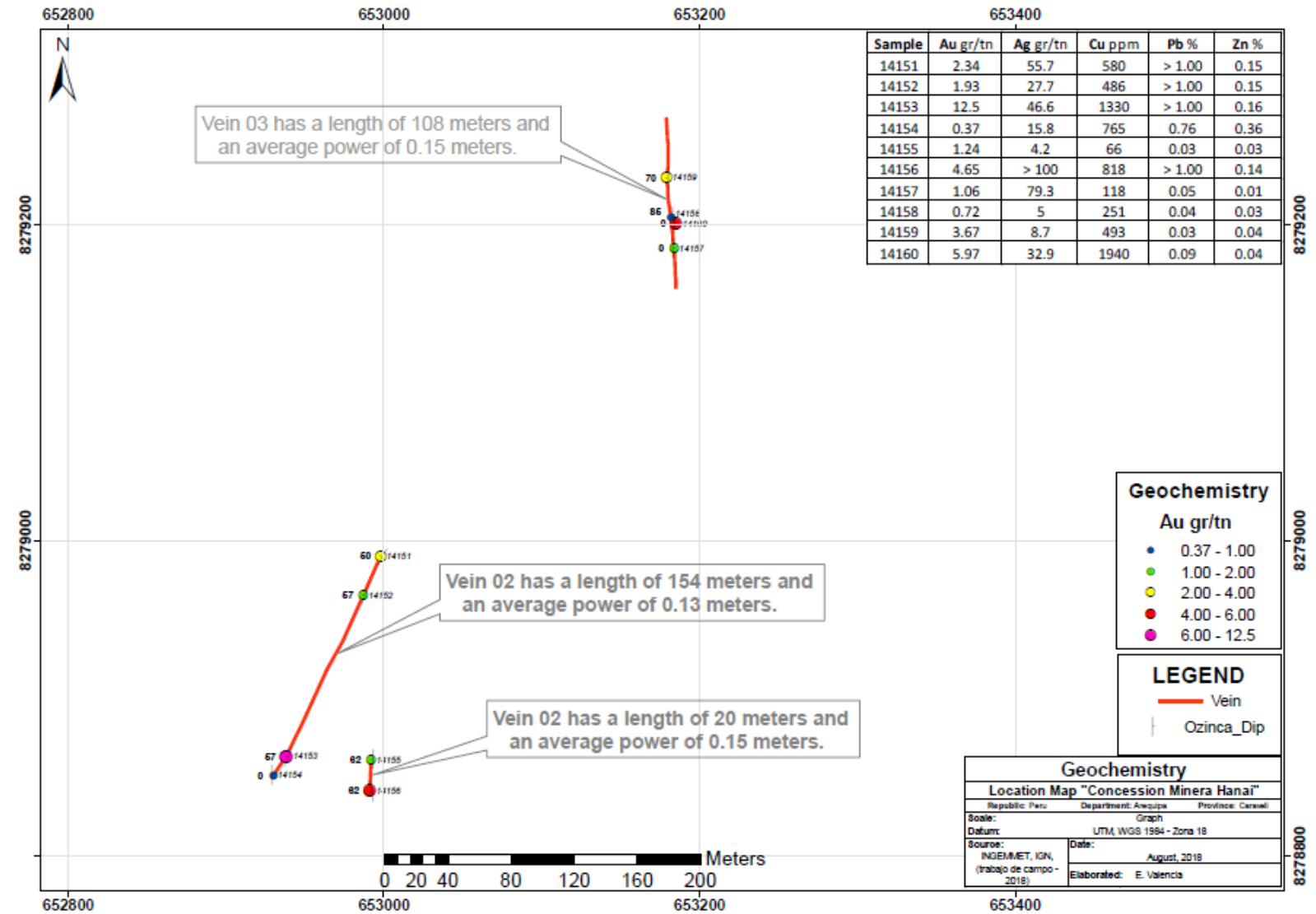
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Competent Person's Statement

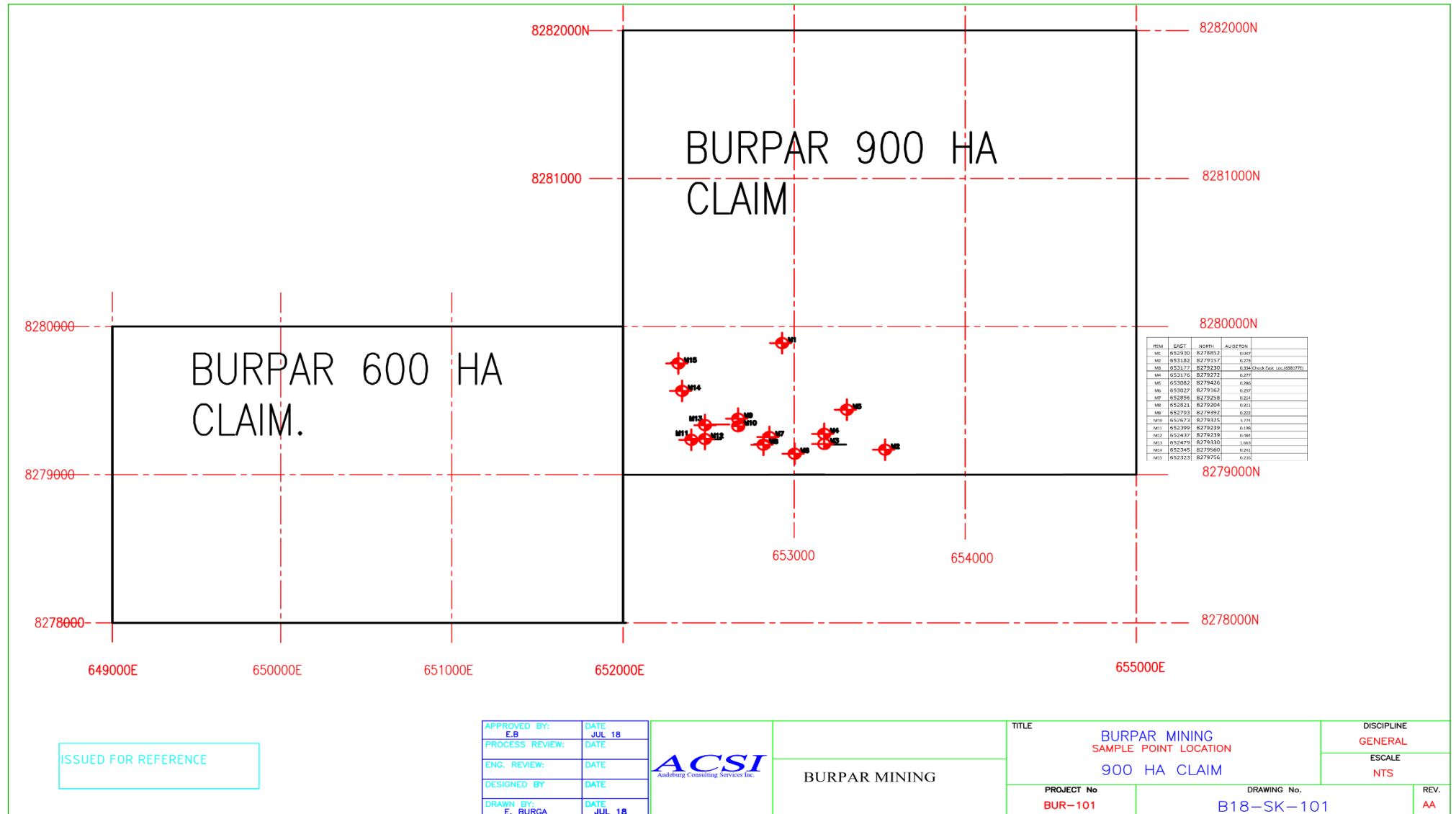
The information in this Announcement for Oakdale Resources Limited was compiled by Mr John Lynch who is a member of the Australian Institute of Geoscientists and Fellow of the Australasian Institute of Mining and Metallurgy. John Lynch has sufficient experience, which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' John Lynch consents to the inclusion of his opinion, and of the matters set out in this announcement, based on the information in the form and context in which it appears.



Appendix 1: Burpar Mining Concession coordinates Source: INGEMMET



Appendix 2: Eustaquio Valencia Ochoa, July 2018, Report Concession Minera Hanai



Appendix 3: ACSI Burpar Mining Location Map

APPENDIX 4

The following information is provided to comply with the JORC Code (2012) requirements for the reporting of the above at the Burpar project, Southern Peru. The project comprises the concessions as appear in Appendix 2 above.

JORC Code, 2012 Edition – Table 1

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">• <i>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.</i>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>• <i>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.</i>	Ten individual chip channel samples were taken horizontally along three veins totalling 282 metres in length.
<i>Drilling techniques</i>	<ul style="list-style-type: none">• <i>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).</i>	Not applicable
<i>Drill sample recovery</i>	<ul style="list-style-type: none">• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Not applicable

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	
Logging	<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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	The chip samples consisted of quartz plus iron oxides (limonite and haematite)
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"> Samples were sent to ALS, Lima Peru and were crushed, pulverised and further crushed to 70% -2mm. Riffled split and pulverised to 85% <75µm) Samples were single samples of the vein systems and no duplicate samples were taken. Sample weights varied between 1.85 and 4.14 kg.
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. 	Samples were assayed for gold by fire assay ALS code Au – GRA22) and by aqua regia digestion and ICP-AES to determine the base metals and r element analyses.
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, 	Not applicable

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <i>data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	
<i>Location of data points</i>	<ul style="list-style-type: none"> <i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	Refer Appendix 2
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i> 	Not applicable
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i> 	The sampling was across the vein structure
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	The samples were delivered to the ALS Laboratory in Lima, Peru
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	Not applicable

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> 	Oakdale has a Binding Term Sheet over two leases with SMRL Burpar Gold Mining, the Burpar Lease of 600hectares and the Hanai Lease of 900 hectares. Location as per plans in announcement
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	Refer current ASX announcement
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	Vein style gold and base metal mineralisation within Miocene volcanics
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>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.</i> 	Not applicable
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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</i> 	Not applicable

Criteria	JORC Code explanation	Commentary
	<p><i>aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>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').</i> 	Not applicable
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>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 of drill hole collar locations and appropriate sectional views.</i> 	Refer announcement
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>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.</i> 	Widths and assays reported
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>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.</i> 	Not applicable
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	Additional channel samples at five metre intervals and detailed geological mapping of mineralised veins to determine the structural and lithological controls of the mineralisation