



20 July 2023

ASX Limited - Company Announcements Platform

ARMADA METALS LIMITED (ASX: AMM)

ARMADA SIGNS BINDING AGREEMENT TO ACQUIRE A CONTROLLING INTEREST IN THE BEND NICKEL PROJECT, ZIMBABWE

Highlights:

- Armada has signed a binding term sheet to acquire an 80% controlling interest in the Bend Nickel Project in Zimbabwe (“Project”).
- Reliant Nickel Limited (“Reliant”) currently has a 100% interest in the Project, which contains the historically drilled Bend Nickel Deposit.
- Armada has the right to earn an initial 50% interest in the Project, with the potential to increase its stake to 80%, via a two-stage earn-in process, subject to meeting specific exploration expenditure requirements (detailed below).
- The earn-in to the Bend Nickel Project provides the Company control over a highly prospective nickel asset and area in Zimbabwe, with drilling expected to commence in Q3 2023.
- With this transaction, Armada reinforces its commitment to expanding its nickel exploration portfolio to capitalise on the growing global demand for critical metals.

Armada Metals Limited (ACN 649 292 080) (**‘Armada’** or **‘Company’**) is pleased to announce that the Company has signed a binding term sheet, dated 19th July 2023, (**“the Agreement”**) to acquire a controlling 80% interest in the Bend Nickel Project located in the Midlands Province of Zimbabwe. Reliant Nickel Limited (ACN: 13514475) (**“Reliant”**), a UK private limited company, through its Zimbabwean subsidiaries, has a 100% interest in the Project, collectively known as the ‘Bend Nickel Project’ (**“Bend”** or **“Project”**).

The Project covers a strategic 12km² of prospective geology and significantly contains the Bend Nickel Deposit. Bend was initially discovered by Anglo-American Prospecting Ventures in 1971, and subsequently drilled in the 1990s, with notable nickel intercepts reported from these programs.

The structure of the acquisition and the milestones for the two-stage “Earn-In” are outlined below.



Commenting on the transaction, Armada's Managing Director & CEO, Dr Ross McGowan said:

"We are confident in the underexplored potential of Zimbabwe and, more specifically, the Bend Nickel Project. With a skilled local team and our highly experienced technical experts, we anticipate rapid and substantial exploration success. This transaction not only grants Armada access to another drill-ready nickel project, but also expands and diversifies our base metal exploration activities beyond Gabon. While we remain focused on the ongoing exploration, and potential scale, of the Nyanga Project in Gabon, the Bend Nickel Project, and future JV partnership with Reliant presents a hugely exciting opportunity for Armada and its shareholders."

Earn-In Agreement Highlights:

Armada has the right to earn into up to 80% of the Project, and consideration for the earn-in is comprised of a two-stage earn-In process as follows:

1. Stage 1 Earn-In:

- Armada to fund 2,500 meters (m) of drilling on the Project, within the first six months ("**Stage 1 Works**").
- Upon completion of Stage 1 Works, Armada can elect to take a 50% interest in the Project ("**Stage 1 Earn-In**").

2. Stage 2 Earn-In:

- Following the creation of the Joint Venture ("JV"), Armada has the exclusive right to earn up to an additional 30% interest in the Project, resulting in an 80% Armada and 20% Reliant JV ("**Stage 2 Earn-In**").
- To satisfy Stage 2, Armada must, within a period of three years of the JV Commencement Date, contribute at least A\$3 million towards exploration and related expenditure on the Project, and pay Reliant A\$300,000.
- Armada will earn, and be issued with, three pro rata tranches of 10% interest in the Project during the Stage 2 Earn-In via expenditure payments A\$1M (10%), A\$1M (10%), and A\$1M (10%) and making three payments of A\$100,000, with each payment being made at the time that notice of expenditure is made and accepted.
- If Armada does not reach the 80% interest within the three years, its interest will revert to 50% and any project expenditure to that point in time to earn the additional interest will be converted to a shareholder loan.

Reliant will be free carried by Armada through the Stage 1 Earn-In, the Stage 2 Earn-In and up until the time at which Armada delivers a Definitive Feasibility Study ('DFS') for the Project.



This announcement has been authorised on behalf of the Armada Metals Limited Board by: Dr Ross McGowan, Managing Director & CEO.

-ENDS-

For further information, please contact:

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Background on Armada

Armada was established to define new belt-scale discovery opportunities for key commodities (principally nickel and copper) in under-explored regions of Africa. The Company is supported by a Board and Africa-based technical team, both with a track record of successful African projects. Key members of the Armada targeting team were a part of the team awarded the 2015 PDAC Thayer Lindsley Award for an International Mineral Discovery (as members of the Kamoia discovery team with Ivanhoe Mines).

Project Background – Bend Nickel Project

The granted tenement includes the highly prospective contact between the Bend and Reliance Formations within the Belingwe Greenstone Belt. The Reliance Formation is known to host a classic komatiite-style deposit (the Bend Nickel Deposit “**Bend**” within the Bend F claims) associated with the base of ultramafic units within the Reliance Formation.

Bend was discovered during the 1970s and has been subject to exploration by Anglo American, Messina Development, Lonrho, and Falconbridge. Historic work includes surface geochemistry, trenching, percussion drilling, ground geophysics and limited diamond drilling programs between 1971 and 1992.



Competent Persons Statement

The information in this report relates to mineral exploration results and exploration potential, compiled under the supervision of Mr. Thomas Rogers who is a Competent Person and a member of a Recognised Professional Organisation (ROPO). Mr. Rogers is contracted to the Company as Technical Lead with sufficient experience relevant to both the style of mineralisation and type of deposit under consideration, and to the activity that 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'. Mr. Rogers is a member of the South African Council for Natural Scientific Professions, a ROPO. Mr. Rogers consents to being included in this report and is aware of the information and context of the report.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Armada Metals Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Armada Metals Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.



Appendix 1: The Bend Nickel Project, Belingwe Greenstone Belt

The Bend Nickel Project is located approximately 150km southeast of Bulawayo in Zimbabwe. The project is centred on 805600E / 7719750N (Datum ARC1950 Zone 35S).

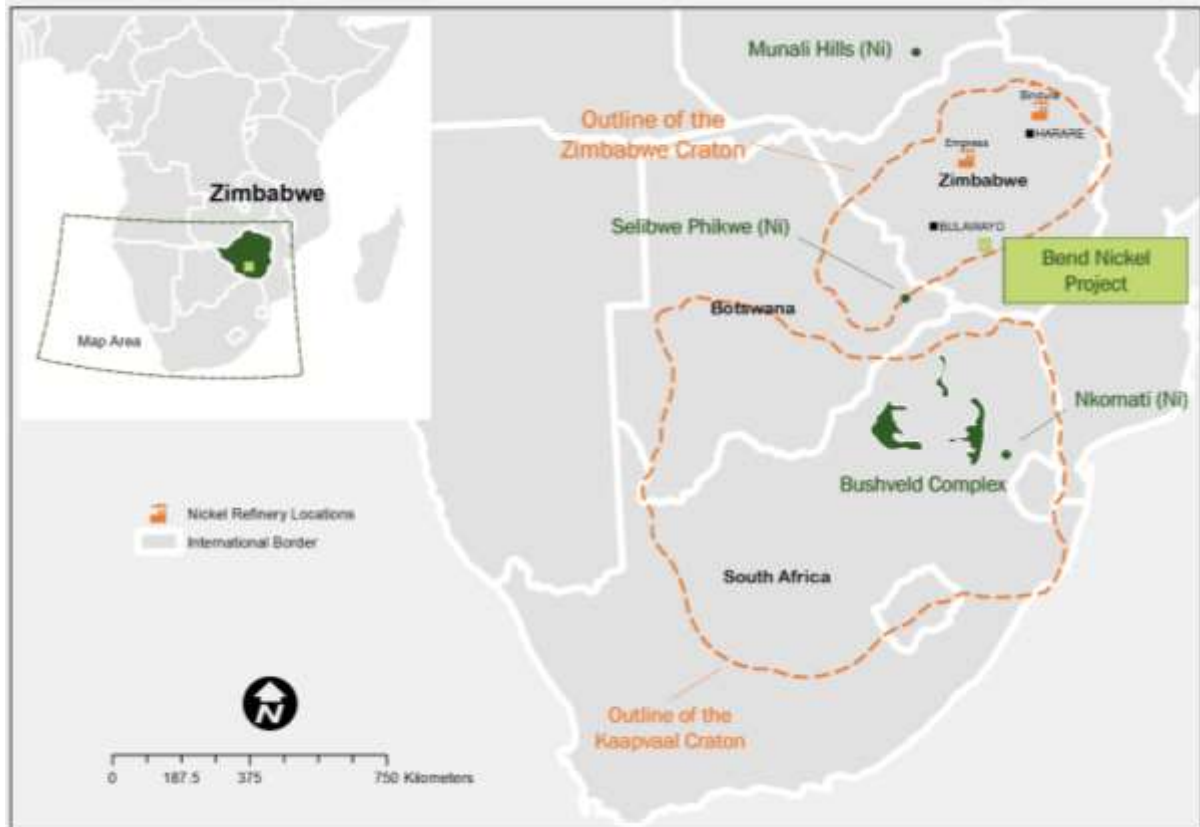


Figure 1: Location of the Bend Nickel Project in Zimbabwe, Southern Africa.

Regional Geology

The Zimbabwe Craton comprises early Archaean gneisses and Sebakwian Group greenstones (>3.2 Ga) (refer Figs. 1 and 2). These rocks are overlain by the more widespread late Archaean Bulawayan and Shamvaian Groups greenstone sequences, intruded by various granitoids (3.0 – 2.6Ga). The 2.7Ga Reliance komatiite event, part of the Bulawayan Group (2.8 – 2.6Ga) is the thickest, most widespread, and best-preserved greenstone cover sequence of the craton. The Bulawayan sequence is a typical volcano-sedimentary sequence of basaltic metavolcanics, intercalated meta-sedimentary units, ultramafic lavas, and intrusions, and is split into the Upper and Lower Greenstones.



The Bend Formation within the Lower Greenstones of the Bulawayan Group consists of extrusive komatiites and associated sills and is overlain by the Koodoovale Formation (refer Fig. 3). The Koodoovale Formation is comprised of meta-sedimentary sequences. The Reliance Formation (refer Fig. 3), within the Upper Greenstones of the Bulawayan Group, hosts nickel mineralisation (the Bend Prospect – displayed as black dots on Fig. 3) and consists of extrusive komatiites and associated ultramafic sills. This unit is overlain by a several km-thick sequence of marine flood basalt of the Zeederbergs Formation. The sequence is indicative of deposition within a large supracrustal basin of >250,000km² in extent (Hornsey, 2021).

The Reliance Formation sills and komatiites have been comprehensively studied and described both from the academic and economic perspective in many of the greenstone belts of Zimbabwe. Most of the komatiite associated Ni-sulphide deposits of Zimbabwe are hosted within this stratigraphy, including the Epoch, Shangani, Hunters Road and Trojan Mines and the Damba-Silwane, **Bend**, Trojan Hill, Kingston Hill, Tynan, Nickel Hill, and Lanninhurst Prospects.

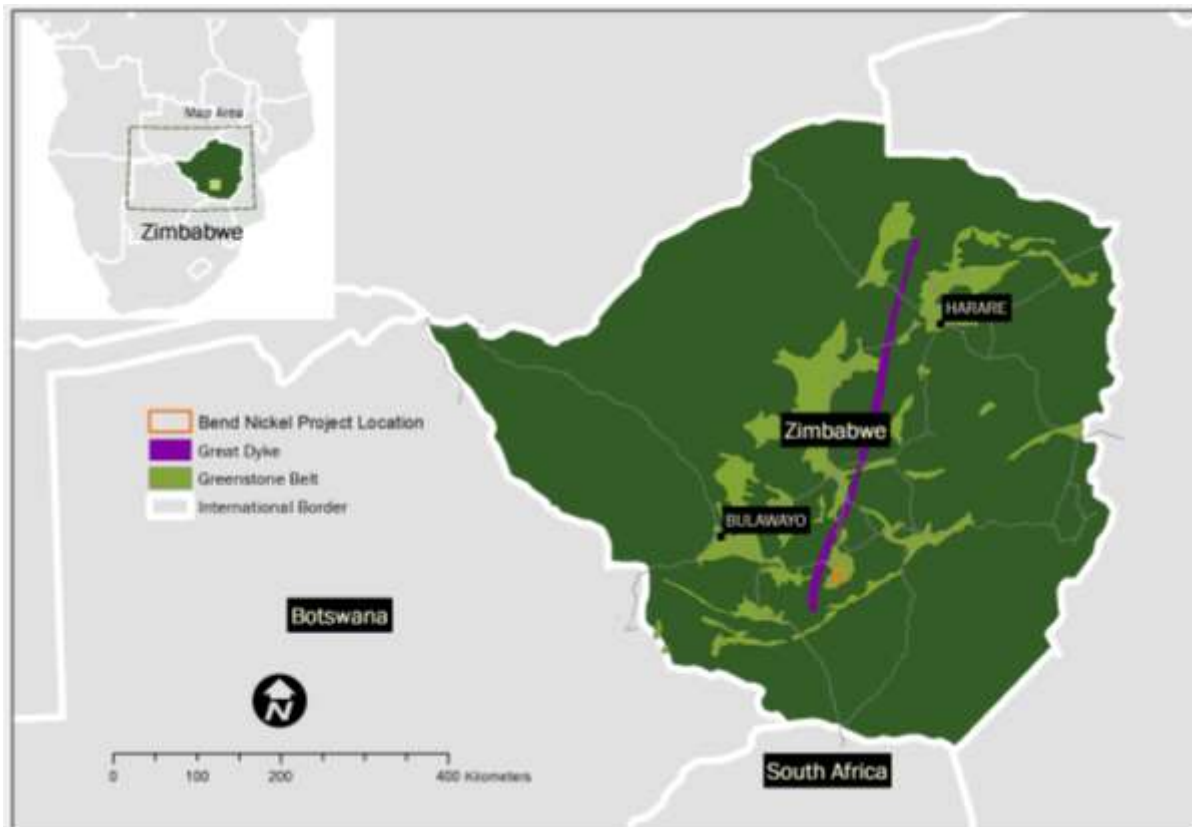


Figure 2: Zimbabwe nickel-copper greenstone belts after Markwitz et al, 2010. The Bend Nickel Project is located within the Belingwe Greenstone belt (part of the Bulawayan Group) (orange box is the location of the geological map – refer Figure 3).

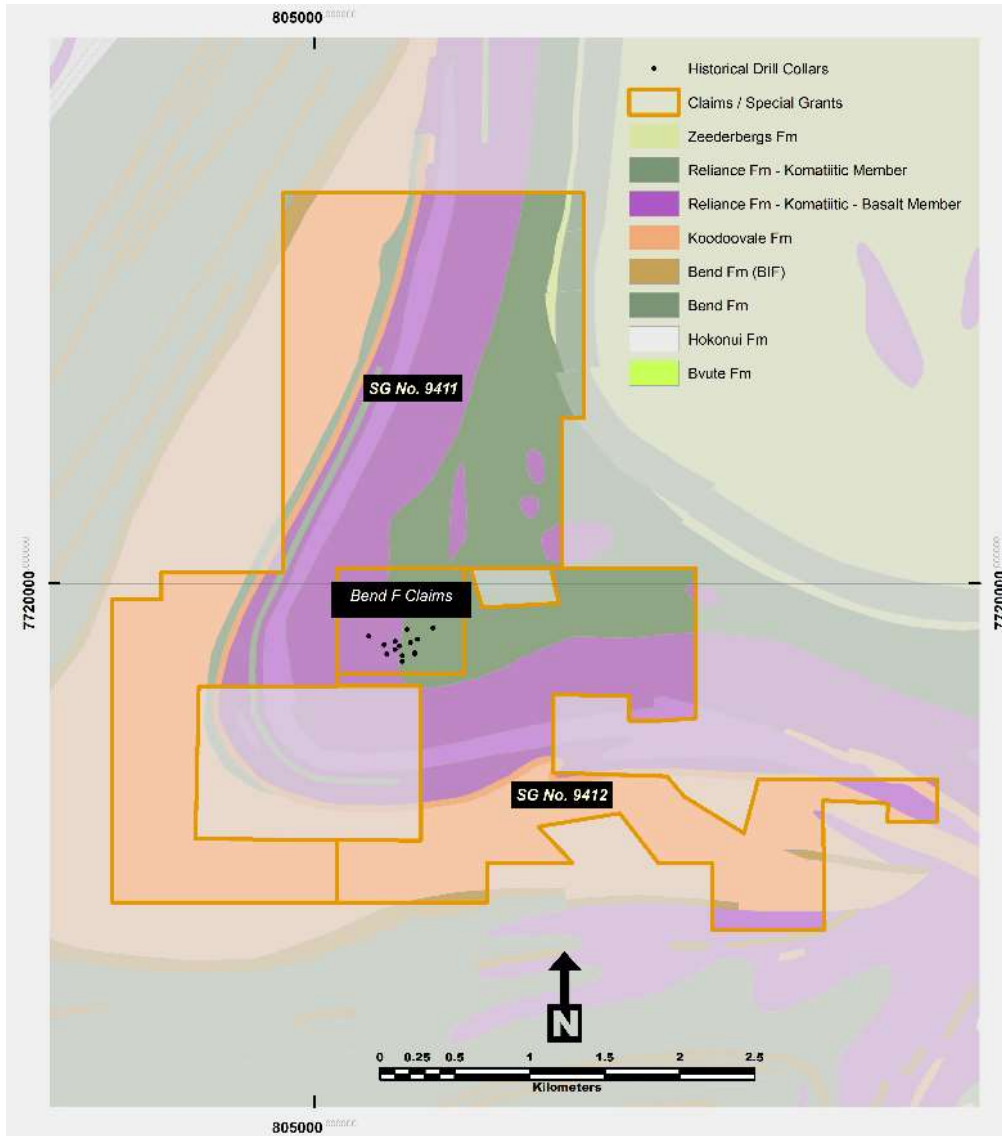


Figure 3: Bend Nickel Project – a simplified geological map of the southwest portion of the Belingwe Greenstone Belt showing the relationship between the Koodoovale Formation (orange colours) and Reliance Formations (purple and medium green colours) (source Martin 1978 and Orpen et al.1986). Black dots - the Bend Nickel Deposit historical drill collars.



Exploration Model

The ore formation model for komatiites is that primitive, pristine magma ascends rapidly from source to surface and is extruded onto or intruded at shallow level into marine sediments and volcano-sediments. The magma/lava flow becomes channelised, forming flow focal points that accommodate large volumes of through-flowing magma that may erode and assimilate the substrate, forming deeper sinuous lava channels. If the substrate is sulphidic or carbonaceous, this process contaminates the lava, leading to sulphur saturation and sulphide liquid immiscibility. The sulphide liquid scavenges nickel from the magma due to its chalcophile characteristics. The sulphide liquid becomes concentrated as disseminated, net-textured or massive bodies, often with very high metal tenors due to the elevated nickel content of the ultramafic komatiites.

Prendergast (2003) suggests that the most important sulphur source for the Reliance Formation komatiites is the felsic volcano-sedimentary 'Koodoovale Formation'. This unit contains pyrrhotite and pyrite, hosts komatiite sills containing disseminated mineralisation, all known deposits are in komatiites that overlie this unit. No known deposits are in sills or komatiites that overlie sulphide-deficient lithologies.

Bend Nickel Deposit Geology

The Bend Nickel Deposit ("Bend") is a classic komatiite-style deposit associated with the base of ultramafic Reliance Formation. Markwitz et al. 2010 describe the deposit as a 'komatiite-hosted extrusive' ascribed to the Bulawayan Group. The host lithology is pyroxenite with 15 wt% MgO. The sulphide mineralisation is located at the base of a komatiite flow. The host rocks are carbonaceous, sulphidic sediments of the Manjeri Formation. This description suggests that the basic requirements for mineralisation are present at Bend (Hornsey, 2021).

Exploration History

Bend was discovered by Anglo-American Prospecting Ventures Ltd in 1971. Subsequently it has been subject to exploration by Messina Development, Lonrho, and Falconbridge (refer Table 1).

Historic work includes surface geochemistry, trenching, percussion drilling, ground geophysics and early-stage diamond drilling.



Table 1: Exploration History

Company	Date	Activities and key results
Anglo-American	1971-74	Soil geochemistry 150 x 25m grid (38,154 samples) Trenching (1,275m in 5 trenches) Percussion Drilling (775.76m in 28 holes), and Diamond Drilling (340.41m in 3 holes)
Messina Development Company	1976	Diamond Drilling (1,256.15m in 4 holes)
Lonrho	1981	Soil geochemistry 25 x 10m (1,300 samples)
Falconbridge	1992	Diamond drilling (770.84m in 5 holes)



Appendix 2: Nickel potential in Zimbabwe (review by Richard Hornsey, 2021)

Zimbabwe has historically been subject to Ni-sulphide exploration due to the recognition of the relationship between ultramafic rocks and Ni-sulphide in the Australian Yilgarn Craton which led to the Nickel Boom of the late 1950 – 1960's. Both academic research and discovery progressed very rapidly in Southern Africa, based mainly on the mining history, excellent tertiary institutions, competent geological surveys, and the very active exploration sector. Several discoveries were made during this period, leading to the development of six mines and establishment of the Bindura and Empress smelter complexes (refer Fig. 1).

There has been little or no significant exploration undertaken in Zimbabwe using modern technologies or applying the significant advances in Ni-sulphide geology and exploration targeting since 2008. This is despite the greenstone belts having proven discovery potential. In addition, as pointed out by Markowitz et al. (2010), there is potential for discovery of other styles of Ni-sulphide mineralisation associated with other igneous and tectonic events such as the orogenic margins to the craton, or the extensive intrusions related to the Karoo Large Igneous Province.

A further consideration is that the Zimbabwe mining sector was predominantly undertaken by established mining companies, in particular Anglo-American, Lonrho and Falconbridge amongst others. These companies maintained excellent geological records and contributed to periodic Geological Society of South Africa mineral deposit volumes. In addition, the University of Harare was, for many years a centre of excellence, producing many detailed theses. There is a reasonably comprehensive technical archive at the Geological Survey of Zimbabwe.

References:

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