

ASX RELEASE

Tuesday 19th October 2021

ASX: PEC

CORPORATE DIRECTORY

Executive Chairman

Julian Babarczy

Managing Director

Robert Benussi

Non-Executive Director

Brett Grosvenor

Non-Executive Director & Company Secretary

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PROJECTS

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Arrowsmith West

Sargon Hub

Eneabba Hub

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We wish to acknowledge the Traditional Custodians of the land (Yamatji Southern Regional) on which we are developing the Beharra Project, and pay our respects to their Elders past, present and emerging.

Landmark Collaboration with Yamatji Southern Regional Corporation Secures Water License Requirements for Beharra

HIGHLIGHTS:

- Groundbreaking option lease agreement signed with Yamatji Southern Regional Corporation (**YSRC**), securing the required water license requirements for the Beharra Project.
- This agreement represents the first water lease signed from the Strategic Aboriginal Water Reserve.
- Agreement covers 560,000 kL of water per annum, enough to operate at Beharra's base case production scenario of 1.5 million tons per annum.
- Allocation is for a total of 10 years (5 + 5 years).
- Agreement confirms the strong working relationship between Perpetual and the YSRC, with both parties actively exploring additional economic improvement initiatives.
- Aboriginal Heritage Agreement between Perpetual and YSRC also recently signed, which paves the way for further development work to be undertaken by Perpetual at Beharra.

Perpetual Resources Limited (ASX: PEC, "PEC", "Perpetual" or "the Company") is pleased to announce that it has signed a binding lease option agreement with the Yamatji Southern Regional Corporation (**YSRC**) providing access to the water requirements of the Beharra high grade silica sand project for an initial 10-year period. This is a groundbreaking agreement which has been possible due to the close working relationship between the YSRC and Perpetual.

Mr. Robert Benussi, Managing Director of Perpetual, commented, "Perpetual is proud of its solid and strengthening relationship with the Yamatji Southern Region Corporation. We sincerely thank the YSRC for the collaborative way they have worked with us on developing this innovative water License agreement over the past few months. We have a deep and

strong respect for the YSRC, which we recognize as the custodians of the land on which the Beharra project is situated. Our mutual respect has enabled us to develop a strong working relationship, which we hope will see Perpetual and the YSRC continue to work closely for the benefit of both parties. Securing this important water allocation for the Beharra Project is a significant de-risking milestone for our Company and we look forward to a number of exciting project related updates in the coming months”.

Mr. Jamie Strickland, CEO of Yamatji Southern Regional Corporation, provided the following comment, “This agreement is the first of its kind, demonstrating how our Strategic Aboriginal Water Reserve can generate economic benefits for Yamatji Nation. We look forward to working with Perpetual in coming years to develop other economic improvement initiatives. We are excited to work with Perpetual and thank them for their commitment in recognizing our role as a catalyst for a strong and sustainable future for our members, and by unlocking opportunity with our assets. ”

Details of the Water Lease Option Agreement

The YSRC is the holder of a Strategic Aboriginal Water Reserve in the Arrowsmith (Eneabba Plains) Area of the Yaragadee North Aquifer and is entitled to a groundwater allocation (the **Groundwater Allocation**), as agreed with the Western Australian Government. The YSRC has agreed to grant Perpetual an option to lease the Groundwater Allocation on the following terms and conditions;

- Groundwater Allocation: 560,000 kL of water per annum
- Initial Option Fee: \$10,000
- Initial Option Period: 18 months
- Further Option Term: 12 months
- Further Option Fee: \$20,000
- Initial Term: 5 years
- Further Term: 5 years

Perpetual has now paid the Initial Option Fee of \$10,000, securing the right, for a period of 18 months, to elect to convert the option into a water lease agreement, covering the YSRC’s groundwater allocation for use at the Beharra Project. Perpetual also has the right to extend the Initial Option Period by a further 12 months (**Further Option Term**), by the payment of an additional \$20,000.

Should Perpetual exercise the option, the YSRC has agreed to lease the Groundwater Allocation to Perpetual for an Initial Term of 5 years. The Initial Term may be renewed at the election of Perpetual for a further 5-year term (**Further Term**).

The annual rent payable to YSRC for the Groundwater Allocation will be \$70,000 plus GST (being \$0.125c/kL). The Option Lease Agreement and subsequent Groundwater Allocation Lease Agreement are subject to other customary terms and conditions. YSRC and Perpetual have also agreed to negotiate in good faith to enter into a Renewed Lease Agreement at the end of the Further Term, which potentially provides Perpetual with access to water for the Beharra project well beyond an initial 10-year period.

Finalisation of Aboriginal Heritage Agreement

In addition to the Groundwater Allocation Agreement, Perpetual is also pleased to confirm that it has recently finalized the required Aboriginal Heritage Agreement (**AHE**) that applies to the Beharra tenure (E70/5221, M70/1406 and L70/219) as well as the recently acquired Arrowsmith West tenure (E70/5798). The AHE covers the tenure and all related activities, spanning exploration, development and production, and was completed between Perpetual and YSRC with significant commercial alignment and goodwill.



Kirk Taylor and Jai Taylor, members of the YSRC undertaking recent work with Perpetual at the Beharra Project

Local Stakeholder and Community Efforts at Beharra

Perpetual is a strong believer in the requirement for exploration, development and mining companies to earn their social license to operate. The Company acknowledges that it is essential to have inclusion in the operations and also the potential benefits flowing from the Beharra project, from a range of stakeholders, including to the local YSRC, local councils and other important relevant interest groups.

Perpetual is pleased to announce its recent support of the Shire of Irwin Charity Ball, where the Company proudly acted as significant sponsor. This event is a key local social occasion, aimed at raising money for the Ronald McDonald House, which supports seriously ill children in the community.

Perpetual was extremely fortunate to share this occasion with YSRC Directors Carol Martin and Steve Lennon attending the event alongside representatives of Perpetual and the local community. Perpetual thanks all who played a role in hosting this important event and we are proud to have been involved.



Members of the Perpetual Beharra project team and members of the YSRC attending the recent Shire of Irwin Charity Ball in Dongara, Western Australia

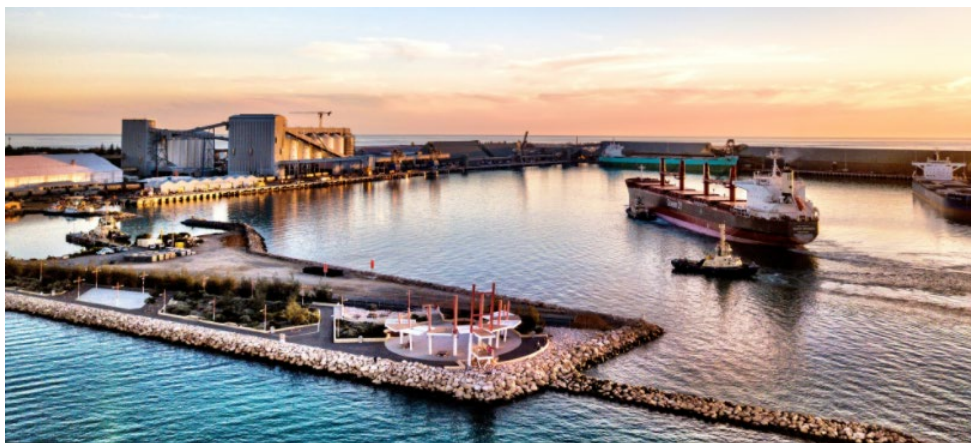
About Perpetual Resources Limited

Perpetual Resources Limited (**Perpetual**) is a focused explorer of silica sands, aiming to produce high purity silica for export to the high growth Asian markets.

Perpetual's flagship asset, the Beharra Project (**Beharra**) 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 approximately 8.5km east on the Mt Adams unsealed road providing access to the center of the tenure.



The port of Geraldton is an established bulk material handling facility and is currently utilised for the export of bulk materials, minerals, grain and concentrates. Commodities currently exported via Geraldton Port include grains, copper concentrates, zinc concentrates, nickel concentrates, mineral sands, talc, and iron ore.



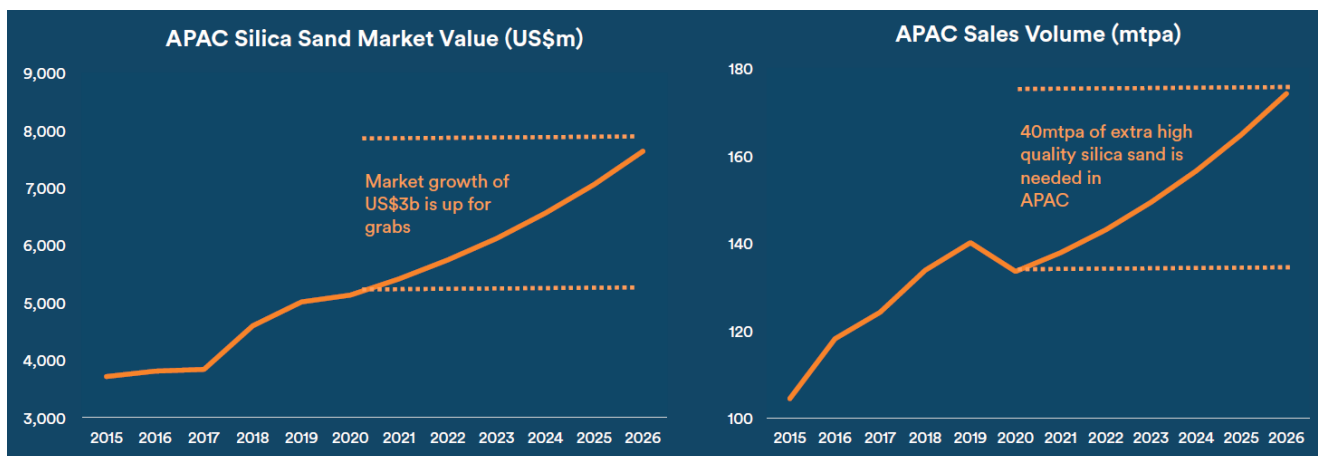
Geraldton Port – Operated by Mid-West Port Authority

Beharra comprises a granted mining lease, M70/1406, covering an effective area of 10.4km², and a granted exploration license, E70/5221, covering an effective land area of 56.8km². Extensive heavy mineral sands mining occurs to the south of Beharra, lime sands mining to the west and natural gas production to the south of the project area.

Auger and air core drilling has confirmed the presence of extensive, high purity silica sands, with a maiden Mineral Resource Estimate completed in July 2020. A detailed Pre-Feasibility Study demonstrating compelling project economics for Beharra was released to the ASX in March 2021, along with a Maiden Ore Reserve.

Silica Sands Market

Silica sands have an extensive range of uses, with lower purity (<99.5% SiO₂) and lower priced applications including construction sand, proppant sand used in well fracturing, and foundry sand. With increasing purity (>99.5% SiO₂) and price, uses include glass making including ultra-clear glass, with a main determinant of the sand's suitability for specific applications and pricing being the level of the key impurity iron oxide (Fe₂O₃). Significant expansion of solar PV cell manufacturing capacity globally is driving demand for silica sand with Fe₂O₃ content of <200ppm and lower, which is a key focus market for Beharra.



Source: IMARC Group, Report Title: "Asia Pacific Silica Sand Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026", Report Date: February 2021

Perpetual is targeting the high growth Asia Pacific silica sand markets, where independent market assessments have calculated a 40mtpa incremental market growth opportunity through to 2026.

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

For enquiries regarding this release please contact:

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Forward-looking statements

Certain statements contained in this document may be 'forward-looking' and may include, amongst other things, statements regarding production targets, economic analysis, resource trends, pricing, recovery costs, and capital expenditure. These 'forward-looking' statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Perpetual, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as 'believe', 'expect', 'anticipate', 'indicate', 'target', 'plan', 'intends', 'budget', 'estimate', 'may', 'will', 'schedule' and others of similar nature. Perpetual does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements as they are not a guarantee of future performance.

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