

OPTIONS UNDERWRITING TO FUND EXPANDED NEPEAN DEEPS DRILL PROGRAMME

Highlights

- The high-impact maiden Nepean Deeps diamond drill programme has commenced, with the first drill-hole NPDD008 currently at 38m depth in slightly weathered mafic amphibolite rock
 - The first two holes of the programme have been designed primarily as platform holes for downhole geophysical surveys, and will also test the projected ultramafic-mafic footwall contact 400m below the historical underground workings of the high-grade Nepean nickel mine
 - NPDD008 is the first of at least six proposed diamond holes to test for depth extensions to the known high-grade, high-tenor nickel sulphide mineralisation of the historic Nepean mine
 - Option exercise underwriting agreement entered into with major shareholders representing an amount of \$1.64 million to assist in funding the expanded Nepean Deeps drill programme and for ongoing exploration across the Company's nickel sulphide portfolio
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Auroch Minerals Limited (**ASX:AOU**) (**Auroch** or the **Company**) is pleased to announce that the maiden diamond drill programme into the Nepean Deeps target area is underway at its Nepean Nickel Project in Western Australia (Auroch Minerals 80%).

The Company also wishes to advise that it has entered into an option exercise underwriting agreement (**Underwriting Agreement**) with existing major shareholders Rainmaker Holdings (WA) Pty Ltd and 6466 Investments Pty Ltd (each an **Underwriter**, and together the **Underwriters**) to fully underwrite the exercise of unquoted options each with an exercise price of \$0.10 and an expiry date of 30 November 2021 (**Underwritten Options**). As at the date of the Underwriting Agreement, there are 16,440,584 Underwritten Options on issue which remain unexercised, representing an amount of \$1,644,058.40 (**Underwritten Amount**) guaranteed to be received by the Company (subject to certain termination events and less the underwriting fee of ~\$66k). **As at 18 August 2021, the Company had cash reserves of \$2.7 million.**

Auroch Managing Director Aidan Platel commented:

"We are thrilled to be underway on our maiden diamond drill programme at the Nepean Deeps target area. There is great potential for the known high-grade nickel sulphide mineralisation of the historic Nepean mine to extend at depth below the pegmatite veins at the base of the old mine workings, and we have designed this drill programme accordingly to systematically test this high-priority target.

The first two drill-holes are primarily designed as platforms for down-hole geophysical surveys, but will also test for mineralisation on the projected footwall contact down to 400m below the old mine workings. Another four drill-holes will then test the highest priority targets for potential nickel sulphide mineralisation.

We are very pleased to have entered into an underwriting agreement for the remainder of the outstanding options. This strong show of support from existing shareholders means that we are well funded for the expanded Nepean Deeps drill programme, as well as ongoing exploration across our other projects.

The first drill-hole is expected to reach target depth in three to four weeks, and we look forward to keeping the market informed as this exciting programme progresses."

Nepean Deeps Drill Programme

The Company has commenced drilling the first Nepean Deeps diamond drill-hole (NPDD008) aimed at testing below the historic Nepean mine workings for down-plunge extensions to the known high-grade nickel sulphide mineralisation. NPDD008 is planned to 1,200m depth, and is currently at 38m down-hole.

The first two drill-holes of the programme were designed primarily to be used as geophysical platform holes to test for potential nickel sulphides over a larger area via down-hole geophysical techniques.

Geophysical surveys such as down-hole electromagnetics (**DHEM**), as well as down-hole magnetometric resistivity (**MMR**) and/or down-hole induced polarisation (**DHIP**), will be used to test for any conductive units that may represent nickel sulphide mineralisation within a radius of approximately 100 – 150m from each drill-hole.

The secondary objective of the first two drill-holes is to test the all-important projected footwall position for potential nickel sulphide mineralisation, down to approximately 400m vertically below the previous underground workings. The historic mine workings ceased after encountering a large cross-cutting pegmatite intrusion at approximately 500m below surface.

The geological and geophysical results from the first two holes will be used to plan another four drill-holes to test high-priority targets within the Nepean Deeps target area for nickel sulphide mineralisation, thus expanding the maiden drill programme to six proposed drill-holes.

Forecast rates for the drilling are 20m per shift which may include some controlled drilling to ensure the drill-holes do not deviate significantly from planned orientations. Currently the drilling is single shift until completing the collaring in the next few days, after which the collar will be cased and a second shift added so that the drilling will continue 24 hours a day. Based on forecast drill rates and shifts drill hole NPDD008 should reach target depth in approximately 3 – 4 weeks.

Options Underwriting

In accordance with ASX Listing Rule 3.11.3, the Company wishes to advise that:

- the Underwriters are not a related parties of the Company (noting that Rainmaker Holdings (WA) Pty Ltd is an existing shareholder, and 6466 Investments Pty Ltd (an existing shareholder), together with its associates, have a substantial interest in the shares of the Company);
- the Underwriters will receive (in aggregate) an underwriting fee of 4% of the Underwritten Amount; and
- a summary of the key terms of the Underwriting Agreement are detailed in Annexure A.

Any shortfall shares to be issued on exercise of outstanding Underwritten Options by the Underwriters pursuant to the Underwriting Agreement will be issued in accordance with ASX Listing Rule 7.2 (Exception 10) and do not require shareholder approval. The issue of the shortfall shares will not utilise the Company's ASX Listing Rule 7.1 placement capacity.

The net funds received will be utilised by the Company to continue to explore and develop the Nepean, Leinster and Saints nickel sulphide projects, and for working capital purposes.



Photograph 1 – Seismic Drilling’s diamond drill rig underway on the first Nepean Deeps hole NPDD008

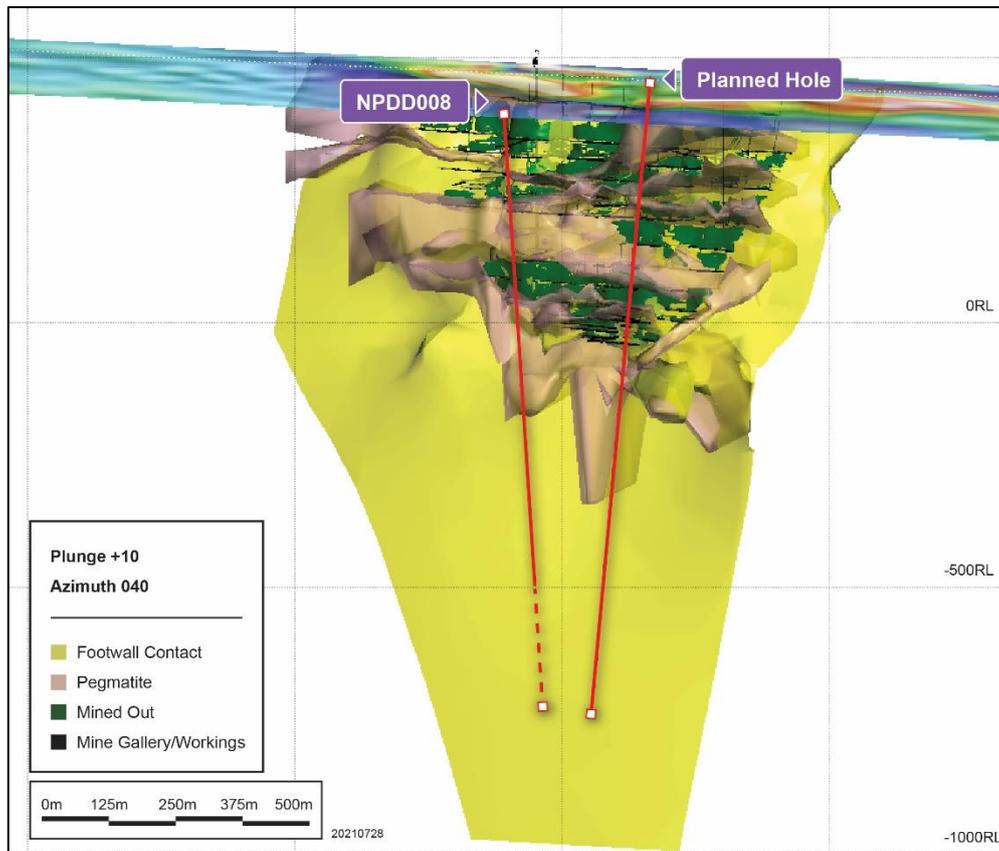


Figure 1 – 3D image (view to the NE) of the first two planned diamond drill-holes in relation to the historic Nepean mine workings, modelled footwall contact and modelled pegmatite veins

This announcement has been authorised by the Board of Directors of the Company.

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For further information visit www.aurochminerals.com or contact:

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Matthew McCarthy and represents an accurate representation of the available data. Mr McCarthy (Member of the Australian Institute of Mining and Metallurgy) is the Company's Senior Geological Officer and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' ("JORC Code 2012"). Mr McCarthy consents to the disclosure of this information in this report in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Auroch Minerals 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 Auroch Minerals 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.

ANNEXURE A

The Underwriting Agreement provides for (amongst other matters) the following key terms:

1. General

The Company and the Underwriters have agreed as follows:

- (a) Underwriters to fully underwrite 16,440,584 Unwritten Options (being the number of Underwritten Options on issue and which remain unexercised as at the date of the Underwriting Agreement) as follows:
 - (i) Rainmaker Holdings (WA) Pty Ltd, 52%; and
 - (ii) 6466 Investments Pty Ltd, 48%,representing an Underwritten Amount of \$1,644,058.40;
- (b) Company to pay Rainmaker Holdings (WA) Pty Ltd and 6466 Investments Pty Ltd an underwriting fee (in aggregate) of 4% of the Underwritten Amount, representing a total of \$65,762.34 (excluding GST). The proportion of the underwriting fee will be paid to the Underwriters as follows:
 - (i) for Rainmaker Holdings (WA) Pty Ltd, 52%; and
 - (ii) for 6466 Investments Pty Ltd, 48%;
- (c) The Underwriters may appoint sophisticated or professional investors as sub-underwriters to sub-underwrite the Underwritten Options; and
- (d) The obligation of the Underwriters to subscribe for shares (**Shortfall Shares**) on exercise of Underwritten Options which remain unexercised as at 30 November 2021 at \$0.10 per

Shortfall Share is subject to and conditional upon the Company providing to each Underwriter a certificate confirming (amongst other matters) that no termination event has occurred (as outlined below) and the representations and warranties given by the Company under the Underwriting Agreement are true and correct.

The Underwriting Agreement also contains a number of representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this nature.

2. Termination events

The obligations of the Underwriters to underwrite the Underwritten Amount are subject to certain events of termination. Subject to the following events, each Underwriter may terminate its obligations under the Underwriting Agreement if one or more of the events detailed below occurs before 5.00pm (WST) on 8 December 2021.

Unless otherwise defined, capitalised terms detailed below have the meaning given to them in the Underwriting Agreement.

- (a) **(market fall)** The S&P/ASX 200 Index of the ASX closes on any Business Day at a level that is 10% or more below the level at market close on the date of the Underwriting Agreement and remains at 10% or more below that level for at least three (3) consecutive Business Days or until 5.00pm on the Shortfall Subscription Date if the Business Day on which either index closed 10% or more lower is a Business Day that is one (1) or two (2) Business Days before the Shortfall Subscription Date.
- (b) **(change of law)** There is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State or Territory of Australia or into any legislature or like body of any other jurisdiction a new law or the Reserve Bank of Australia or any Commonwealth or State or Territory authority or any other like authority of any other jurisdiction adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate the Business Activity of the Company or the Group, the Option Exercise, capital issues generally in Australia, or stock markets generally in Australia.
- (c) **(hostilities)** Hostilities not presently existing begin (whether war has been declared or not) involving any one or more of Australia, the United States of America, United Kingdom, Singapore, Japan, Russia or People's Republic of China.
- (d) **(Company breach of law)** There occurs a contravention by the Company or by any entity in the Group of the Corporations Act or their constitutions.
- (e) **(ASIC hearing or investigation)** ASIC issues or applies for an order or indicates an intention to hold a hearing arising out of, or in connection with, the Option Exercise or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Option Exercise or the Company.
- (f) **(offence by director)** A director of the Company is charged with an indictable offence.
- (g) **(Company default under the Underwriting Agreement)** There is a default by the Company in the performance of any of its obligations under the Underwriting Agreement.
- (h) **(Company breach of warranty)** A representation or warranty made or given or deemed to have been made or given by the Company under the Underwriting Agreement proving to have been untrue or incorrect in any material respect and the matters

rendering the representation or warranty untrue in such respect are not remedied to the satisfaction of an Underwriter.

- (i) **(undisclosed charge over Company assets)** The Company or an entity charges, or agrees to charge, the whole or a substantial part, of its business or property.
- (j) **(insolvency)** Any member of the Group becomes Insolvent, or there is an act or omission which is likely to result in a member of the Group becoming Insolvent.
- (k) **(Delay in Timetable)** Any event specified in the Timetable is delayed for more than three (3) Business Days (other than events solely within the control of the Underwriters) without the prior written approval of the Underwriters.
- (l) **(judgment)** A judgment in an amount exceeding \$250,000 is obtained against any entity in the Group and is not set aside or satisfied within seven (7) days.
- (m) **(process)** Any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$250,000 is issued against, levied or enforced upon any of the assets of any entity in the Group and is not set aside or satisfied within seven (7) days.

No event detailed in paragraphs (b), (c), (d), (g), (h), (l) and (m) above will entitle the Underwriters to exercise its right to terminate its obligations under the Underwriting Agreement unless it has reasonable grounds to believe and, acting reasonably, does believe that the event:

- (a) has, or is likely to have, a materially adverse effect on the:
 - (i) ability of the Underwriter to settle the Shortfall Shares;
 - (ii) subsequent market for the Shortfall Shares; or
 - (iii) condition, trading or financial position, performance, profits and losses, results, business or operations of the Company;
- (b) is likely to have a material adverse effect on the Company; or
- (c) will, or is likely to, give rise to a liability of the Underwriter under, or a contravention by the Underwriter of, any applicable law.

3. Several right to terminate

Any rights or powers of the Underwriters to terminate may be exercised severally. If an Underwriter terminates, that Underwriter (**Terminating Party**) will be immediately relieved of its obligations under the Underwriting Agreement and the Company will be immediately relieved of any obligation to pay to the Terminating Party any fees referred to in the Underwriting Agreement which as at the date of the termination are not yet accrued, but the termination of its obligations under the Underwriting Agreement will not limit or prevent the exercise of any other rights or remedies which any of the parties may otherwise have under the Underwriting Agreement.

The remaining Underwriter (the **Remaining Party**) may elect, but is not obliged, to take up the rights (including the right to be paid all amounts which, at the date of termination, are not yet payable to the Terminating Party) and perform the remaining obligations of the Terminating Party under the Underwriting Agreement.

Within two (2) Business Days of the Remaining Party becoming aware of the termination by the Terminating Party, the Remaining Party must give notice to the Company stating whether or not they are electing to take up the rights and perform the remaining obligations of the

Terminating Party. If the Remaining Party elects to take up the rights and obligations of the Terminating Party, the Remaining Party is required to subscribe, or procure subscriptions, for the Terminating Party's proportion of the Shortfall Shares (in addition to any existing obligations of the Remaining Party under the Underwriting Agreement).

The rights of the Remaining Party to take up the rights and obligations of a Terminating Party may be varied by agreement in writing between the Remaining Party and the Company. If the Remaining Party does not elect to take up all of the rights and obligations of the Terminating Party (in aggregate) within the three (3) Business Day period, the Company may terminate the Underwriting Agreement (in which case the position will be as though all Underwriters had terminated). If the Remaining Party elects to take up the rights and perform the remaining obligations of the Terminating Party, the Company must pay to the Remaining Party the fees that would have been payable under the Underwriting Agreement to the Terminating Party if it had not exercised its right of termination.