

24 May 2022

Sale of Lake Johnston Project

Key Points

- **Total consideration of up to \$1.2 million**
- **Initial cash consideration of \$150,000 upon completion of sale, plus considerable upside through additional Performance Milestones.**
- **Disposal of non-core assets allows Okapi to strengthen its focus on developing and growing its North American Uranium assets**

Okapi Resources Limited (ASX: OKR, OTCQB: OKPRF) (**Okapi** or the **Company**) has entered into a binding agreement (**Sale Agreement**) to dispose its interest in the Lake Johnston Project to Nordau Pty Ltd, a privately held company. The assets are expected to be listed on the ASX in the next 12 months.

The Lake Johnston Project consists of E63/2039 and the joint venture with Charger Metals NL (ACN 646 203 465) (**Charger Metals**) in relation to E63/1903 (**JV Agreement**).

The total consideration under the Sale Agreement is up to \$1.2 million which includes a non-refundable cash payment of \$20,000 on signing the Sale Agreement and a further \$130,000 cash upon completion of the sale. The remaining consideration consists of performance shares which are dependent on certain milestones being achieved which have been outlined on page 3.

Okapi's Managing Director, Mr Andrew Ferrier said:

"Okapi is continuing to simplify and restructure the business with the sale of one of its non-core assets, the Lake Johnson Project. The transaction crystallises value for our shareholders today, while also preserving upside exposure from exploration success at the properties. The divestment also allows the Company to continue to focus on advancing and developing its high-quality uranium projects in North America."

Key terms and conditions of Sale Agreement

The key terms and conditions of the Sale Agreement are as follows:

(a) Counterparty

The Company has entered into the Sale Agreement with Nordau Pty Ltd (ACN 641 076 539) (**Purchaser**).

(b) Disposal

Subject to the conditions precedent noted below, the Company has agreed to sell and the Purchaser has agreed to acquire:

- i. E63/2039;
- ii. the JV Agreement and all of the Company's rights, obligations and interests in the joint venture as described in the JV Agreement and the benefit of the JV Agreement;
- iii. all associated technical information in relation to E63/2039 and E63/1903 (together the Tenements);
- iv. statutory licences, approvals, consents, authorisations, rights or permits relating to the Tenements issued by any government agency, in so far as they may be transferred by the Company.

(c) Consideration

The consideration payable by the Purchaser to the Company is:

- i. a non-refundable cash payment of \$20,000 which was paid on execution of the Sale Agreement;
- ii. an \$130,000 cash payment at completion of the sale; and
- iii. the issue of three performance shares with the milestones set out below (Performance Shares) at completion by a new entity that is proposed to be incorporated as the parent of the Purchaser and will ultimately seek to list on ASX (**NewCo**).

(d) Conditions Precedent

Completion of the sale is conditional upon the satisfaction (or waiver by the Purchaser and the Vendor) of the following conditions precedent:

- i. **Due diligence:** completion of due diligence by the Purchaser on the Tenements within sixty (60) days of execution of the Sale Agreement.
- ii. **(Incorporation of NewCo):** if NewCo has not yet been incorporated, the Purchaser procuring the incorporation of NewCo;
- iii. **Regulatory approvals:** the parties obtaining all necessary regulatory approvals or waivers to allow the parties to complete the Sale Agreement;
- iv. **Third party approvals:** the parties obtaining all third party approvals and consents necessary to complete the Sale Agreement; and
- v. **Deeds of assignment and assumption:** the Vendor, the Purchaser and Charger Metals executing a deed of assignment and assumption in relation to the JV Agreement.

If the conditions precedent are not satisfied (or waived by the party with the benefit of the Condition Precedent) on or before 5pm (Perth time) on 31 July 2022 (or such later date as the parties may agree), any party may terminate the Sale Agreement by notice in writing to the other party.

(e) Completion

Completion of the sale will occur on that date which is five (5) business days after the satisfaction or waiver of the last of the Conditions Precedent.

(f) ASX Listing

If ASX does not admit the securities of the NewCo to trading on the official list of the ASX within twelve (12) months from the Completion Date, the Purchaser must at the Purchaser’s cost, transfer back to the Vendor 100% of its interests in the right and title to E63/2039 as soon as reasonably practicable for no consideration.

(g) Performance Share milestones

The Performance Shares shall be subject to the following **Performance Shares Value, Performance Milestone** and shall have the following **Expiry Dates** (These terms and conditions are subject to any amendments or additional requirements required by ASX and/or the ASX Listing Rules):

Class	Number of Performance Shares	Performance Shares Value	Performance Milestone	Expiry Date
Class A	1	\$50,000	Upon NewCo receiving approval from ASX to be admitted to the official list of ASX (Class A Milestone).	Twelve (12) months from the Completion Date.
Class B	1	\$300,000	Upon the Purchaser completing a drilling program and returning a drill intercept of at least 2m @ 1.0% Li ₂ O or 10m @ 0.8% Li ₂ O on the Tenements as verified by an Independent Technical Consultant (Class B Milestone).	Three (3) years from the date NewCo’s securities are admitted to the official list of ASX (ASX Admission Date).
Class C	1	\$700,000	Upon the Purchaser returning a Mineral Resource in accordance with the JORC Code 2012 Edition (or the current edition at the time) (JORC Code) of at least 5mt @ >1.0% Li ₂ O on the Tenements as verified by an Independent Technical Consultant (Class C Milestone).	Five (5) years from the ASX Admission Date.

The Company has liaised with ASX in relation to the Sale Agreement and ASX has confirmed, based on the information provided, that Listing Rules 11.1.2, 11.1.3 and 11.4 do not apply to the sale.

This announcement has been authorised for release by the Board of Okapi Resources Limited.

Further information:

Andrew Ferrier
Managing Director
E: info@okapiresources.com
P: +61 8 6117 9338

Gareth Quinn
Investor Relations
E: gareth@republicpr.com.au
P: +61 417 711 108

About Okapi Resources

Okapi Resources Limited recently acquired a portfolio of advanced, high grade uranium assets located in the United States of America and in the Athabasca Basin, Canada.

Assets include a strategic position in one of the most prolific uranium districts in the USA – the Tallahassee Creek Uranium District in Colorado. The Tallahassee Uranium Project contains a JORC 2012 Mineral Resource estimate of **49.8 million pounds of U₃O₈ at a grade of 540ppm U₃O₈** with significant exploration upside. The greater Tallahassee Creek Uranium District hosts more than 100 million pounds of U₃O₈ with considerable opportunity to expand the existing resource base by acquiring additional complementary assets in the district.

The portfolio of assets also includes an option to acquire 100% of the high-grade Rattler Uranium Project in Utah, which includes the historical Rattlesnake open pit mine. The Rattler Uranium Project is located 85km from the White Mesa Uranium Mill, the only operating conventional uranium mill in the USA hence provides a near term, low-capital development opportunity.

In January 2022, Okapi acquired a portfolio of high-grade exploration assets in the world's premier uranium district, the Athabasca Basin. The Athabasca Basin is home to the world's largest and highest-grade uranium mines.

Okapi's clear strategy is to become a new leader in North American carbon-free nuclear energy by assembling a portfolio of high-quality uranium assets through accretive acquisitions and exploration.

JORC 2012 Mineral Resource Estimate for the Tallahassee Uranium Project												
Property	Measured			Indicated			Inferred			Total		
	Tonnes (000)	Grade U ₃ O ₈ (ppm)	Lbs U ₃ O ₈ (000)	Tonnes (000)	Grade U ₃ O ₈ (ppm)	Lbs U ₃ O ₈ (000)	Tonnes (000)	Grade U ₃ O ₈ (ppm)	Lbs U ₃ O ₈ (000)	Tonnes (000)	Grade U ₃ O ₈ (ppm)	Lbs U ₃ O ₈ (000)
Hansen/Picnic Tree**	-	-	-	7,309	640	10,360	9,277	580	11,874	16,586	610	22,234
Taylor and Boyer	-	-	-	7,641	520	8,705	14,869	460	15,172	22,513	480	23,877
High Park	2,451	550	2,960	24	590	30	434	770	734	2,907	580	3,724
Total	2,451	550	2,960	14,976	580	19,095	24,580	510	27,780	42,007	540	49,835

Notes: Calculated applying a cut-off grade of 250ppm U₃O₈. Numbers may not sum due to rounding. Grade rounded to nearest 10ppm.

**Numbers reported are 51% of the Hansen/Picnic Tree due to ownership agreements.

Competent Persons Statement

Information on the Mineral Resources presented, together with JORC Table 1 information, is contained in the ASX announcement titled "Okapi to acquire Hansen Deposit – Resource increased by 81%" which was released as an announcement on 7 April 2022. The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant market announcements, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original announcements.

Where the Company refers to Mineral Resources in this announcement (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate with that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the original announcement.