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DELECTA TO ACQUIRE HIGH GRADE COBALT-COPPER PROJECT IN NEVADA, USA

Highlights

- **Agreement to acquire 100% interest in the high grade Highline Cobalt – Copper Project in Nevada, USA.**
- **Project located in mineral rich Goodsprings district in Nevada, USA surrounded by four historical Cobalt producing mines.**
- **Project area adjacent to ASX listed New World Cobalt's (ASX: NWC) claims and Tyranna Resources' (ASX: TYX) claims.**
- **Historical small scale mining occurred between 1917-1921 on the Highline claim group, with production results of up to 12.45% Cobalt and an average production grade of 35% Copper.**
- **No modern exploration techniques applied to the Project Area.**
- **Awaiting assay results of rock chip samples from the Project Area.**
- **Initial direct investment by Delecta in the Battery Mineral's sector, (Cobalt spot price on LME surge by 277% in the last 2 years), complimenting the Company's exposure to Lithium through its shareholding in European Lithium Ltd (ASX: EUR).**
- **Experienced project team assembled to advance the Highline Copper – Cobalt Project and other opportunities in the region.**

Delecta Limited (ASX: DLC) ('Delecta' or 'the Company'), is pleased to announce that it has entered into a binding option agreement to acquire a 100% interest in the high grade Highline Cobalt-Copper Project, located in the State of Nevada, USA.

The Highline acquisition is part of Delecta's diversification strategy aimed at capitalising on the demand for battery minerals such as Cobalt, Lithium and Vanadium which has seen the rapid rise in the LME price of Cobalt (from US$23,000/ton in March 2016 to US$63,750/ton in August 2018).

The Company intends to utilise the 90 day Option Period to complete a geological review of the Project and surrounding area and conduct an initial exploration programme to identify and map mineralisation both at surface and within existing accessible workings. This will enable the design and implementation of an exploration programme to test the projects' economic potential.

Delecta's Managing Director Malcolm Day, *"Given the Company's success with its investment in European Lithium Ltd, the Company has continued to seek and evaluate other investment opportunities in the battery minerals space. The increased demand for battery minerals, like lithium and cobalt, is primarily due to the rapid advancement and demand for electric vehicles. Given the Highline mine's previous mining and exploration was circa 100 years ago, the Company believes that the Highline Cobalt-Copper project represents a relatively low risk opportunity in an area of known mineralisation".*

Commenting on the Agreement to Acquire Highline, Consultant Geologist to the Company, Greg Smith stated, *"This region has a history of high grade mineral production and I'm optimistic that modern exploration methods will unlock the potential of the area. I look forward to commencing exploration on the Highline project".*

Highline Cobalt – Copper Project

The Highline Cobalt - Copper Project comprises 5 patented mining claims totalling 90.4 acres located within the Goodsprings mining district in southern Nevada, 48 kms southwest of Las Vegas and approximately 3 kms southwest of the town of Goodsprings, Nevada. The claims are readily accessible via interstate route I15 from Las Vegas to Los Angeles.

Located in the Springs Mountains the topography is mountainous, but access is good owing to the numerous tracks in the area.

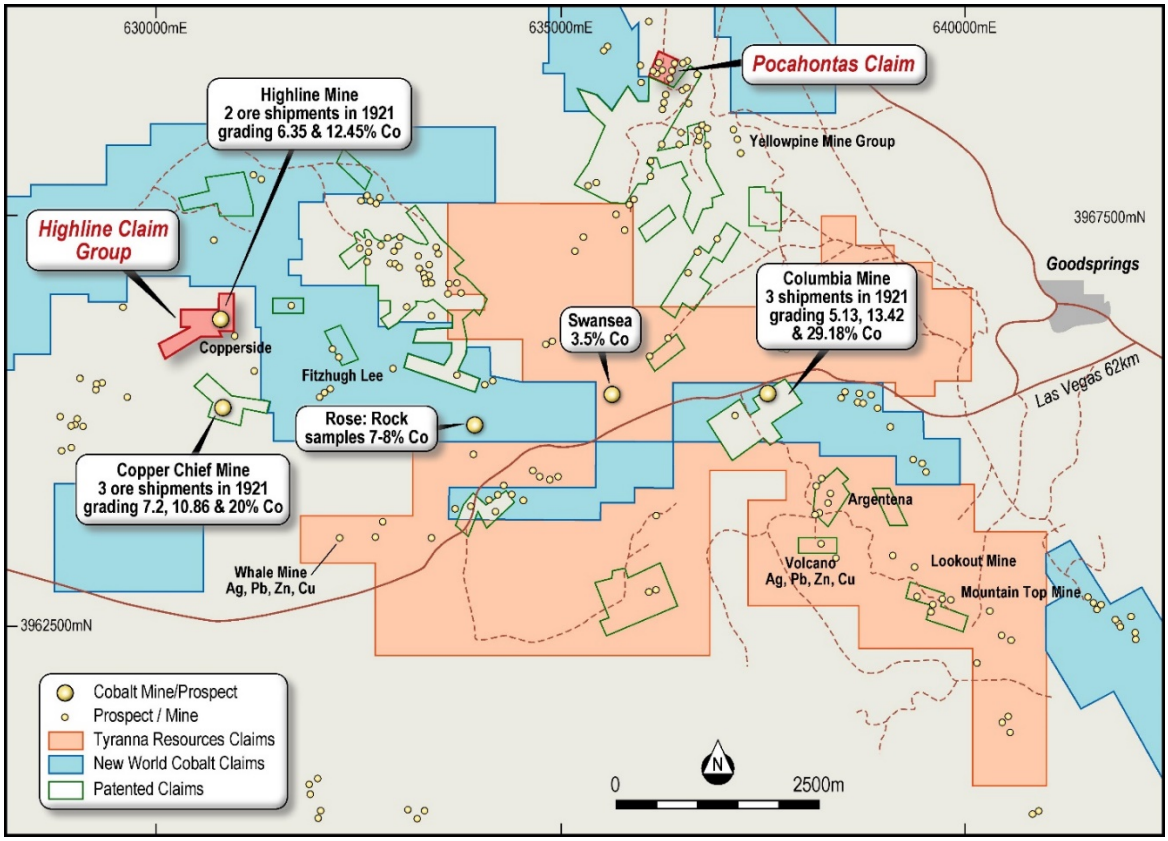
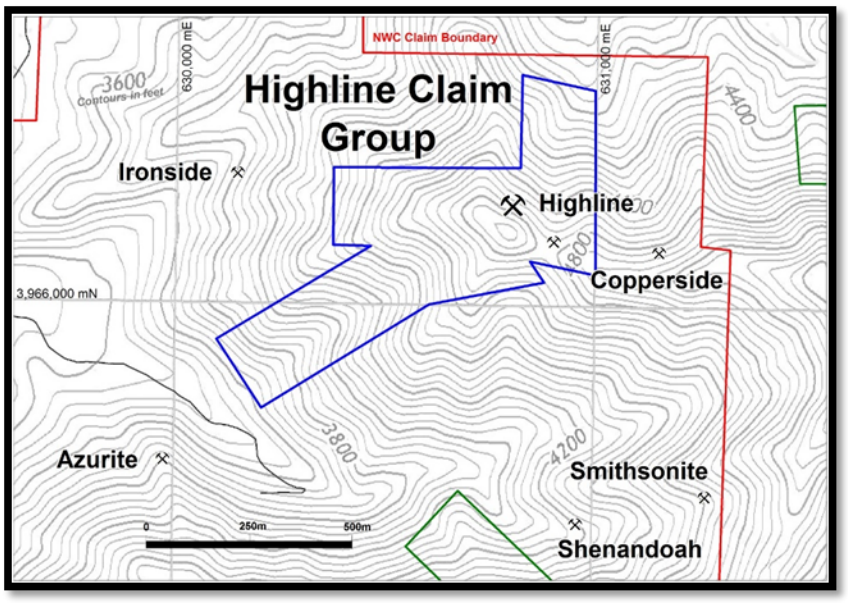


Figure 1 – Location Plan Highline and Pochontas Claims



The region is structurally complex with Cambrian to Jurassic dolomite and limestone having undergone folding and faulting. North to northeast oriented thrust faults dominate the structure, generally paralleling the strike of the beds. The mineralization occurs as either flattish tabular bodies that are bedding parallel or cross at low angles where the bedding is dipping or follows steep dipping fault zones.

Historical records report that by the end of 1962, the Goodsprings District had yielded; 109,000 tons of zinc, 47,000 tons of lead, 2,500 tons of copper, 90,500 ounces of gold, 2,100,000 ounces of silver, and 5.5 tons of cobalt.

The Highline claim group themselves are recorded as having been mined between 1917 and 1921, producing 132 tons of copper at an average grade of 35%, the highest grade in the district, from 477 tons of ore. 2 lots of cobalt ore from the dump; 2,190 kgs and 545 kgs returned 6.35% and 12.45%.

Figure 4 – Highline Mine – Mullock on Hillside

Figure 5 – Highline Adit

This mineralization is considered separate to the surrounding lead/zinc mineralization in the district. It is closely associated with northeast near vertical structures and sheared bedding planes. The mineralization is predominantly copper with cobalt as an accessory.

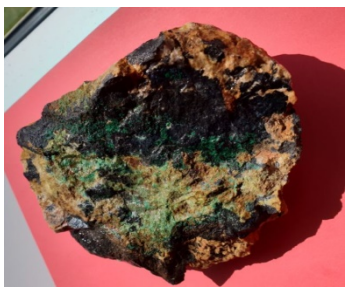


Figure 6 – Cobalt oxide (black mineral) Underground to left and hand specimen to right

Due to the lack of any modern exploration, the project area presents very attractive opportunities to deploy modern exploration techniques which Delecta is planning to commence as soon as the option agreement is executed.

Acquisition Details

Delecta has entered into a binding Option Agreement to acquire Silver Queen Mining Pty Ltd, the registered owner of the Highline Cobalt-Copper Project. The key commercial terms of the Option Agreement include:

1. An option fee comprising of a cash payment of $100,000 and the issue of 10 million fully paid shares in the Company for a 90-day exclusive option period;

2. Upon exercise of the Option, at the Company's sole and absolute discretion, the payment of an Option Exercise Fee of:

    i) $150,000 cash; and

    ii) The issue 50 million fully paid shares in the capital of the Company (voluntarily escrowed, from the date of issue, for a period of 6 months).

Engagement of Consultants

To advance the Highline Cobalt-Copper Project, and to assess other opportunities within the region and resources space, Delecta has engaged a consultant geologist in Greg Smith, and intends, subject to the exercise of the Option Agreement, to engage the Vendor of the Highline Cobalt-Copper Project as Project Consultant.

Each consultant will be paid mutually agreeable day rates for approved work, and subject to shareholder approval and the meeting of specified criteria will be issued the following Options to acquire fully paid ordinary shares in the capital of the Company:

1. Upon Exercise of the Option Agreement and subject to Shareholder Approval:

    a. Each of the Consultant Geologist and Project Consultant will be issued 20,000,000 Options (Unlisted) to acquire a fully paid share in the capital of the Company at an exercise price of $0.015 per Share expiring on 30 June 2020.

2. Upon exercise of the Option Agreement, and subject to and conditional upon the market capitalisation of the Company reaching AUS$15 million within 18 months of the Consultant's initial engagement, based on a 10 day VWAP of the Company's Fully Paid Ordinary Shares on the ASX:

a. Each of the Consultant Geologist and Project Consultant will be issued a further 20,000,000 Options (Unlisted) to acquire a fully paid ordinary Share in the capital of the Company at an exercise price of $0.015 per Share expiring on 30 June 2020.

About Mr Greg Smith – Consultant Geologist

Mr Smith is a geologist (BSc in Geology from Dalhousie University in Canada) with 40 years' experience as an exploration and mining geologist in North America, Africa, Australia and South East Asia. In his role as Exploration Manager for Moto Goldmines on the Moto Gold Project in the DRC he was instrumental in the successful development of the Moto Gold Project (now Kibali). As Managing Director of Elemental Minerals (now Kore Potash) he was responsible for the evaluation and acquisition of the Sintoukola Potash Project located in the Republic of the Congo.

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COMPENTENT PERSONS STATEMENT

The information in this report that relates to mineral composition investigations is based on information compiled by Mr Greg Smith, a Competent Person whom is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith 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'. Mr Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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
Sampling techniques	Nature and quality of sampling (e.g. 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.	All sampling was undertaken by previous operators. While results of previous sampling programs have been documented in numerous formal (historic) reports, the details of sampling and assay procedures is not recorded in these reports, hence is currently unknown.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m 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 (e.g. submarine nodules) may warrant disclosure of detailed information.	

Drilling techniques	Drill type (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube,	No drilling conducted.
	depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.).	

Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	No drilling conducted.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	
	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	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.	No drilling conducted
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography	
	The total length and percentage of the relevant intersections logged.	

Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	No drilling conducted
	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.	Available historic reports do not provide any details of sampling techniques, sample preparation or analytical methods.
	Quality control procedures adopted for all subsampling 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.	
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the Assaying and laboratory procedures used and whether the technique is considered partial or total.	Available historic reports do not provide any details of sampling techniques, sample preparation or analytical methods.
	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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of	No geophysics has been completed on the project area.

	accuracy (i.e. lack of bias) and precision have been established.	
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	All exploration work on the project area was completed by external, independent consultants.
	The use of twinned holes.	
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	The historical data is currently stored in hardcopy and digital format in the Company's office. A hard drive copy of this is stored with G Smith. **<u>References Used to Collate Historical Results:</u>** Albritton, C.C. Jr., Richards, A., Brokaw, A.L., and Reinemund, J.A., 1954, Geologic controls of the lead and zinc deposits of the Goodsprings (Yellow Pine) district, Nevada: U.S. Geological Survey Bulletin 1010, p. 92-95. Cooke, S.R.B. and Doan, D.J., 1935, The mineragraphy and x-ray analysis of stainerite from the Swansea mine, Goodsprings, Nevada: American Mineralogist Volume 20, 274 p. Hewett, D.F., 1932, Geology and ore deposits of the Goodsprings quadrangle: U.S. Geological Survey Professional Paper 162, p. 108-151. Hewett, D.F., 1956, Geology and mineral resources of the Ivanpah quadrangle California and Nevada: U.S. Geological Survey Professional Paper 275, p. 149-155. Longwell, C.R., Pampeyan, E.H., Bowyer, B., and Roberts, R.J., 1965, Geology and mineral deposits of Clark County, Nevada: Nevada Bureau of Mines and Geology Bulletin 62, p. 102-112, 186-198. Smith, P.L., Tingley, J.V., Bentz, J.L., Garside, L.J., Papke, K.G., and Quade, J., 1983, A mineral inventory of the Esmerelda-Stateline Resource Area, Las Vegas District, Nevada: Nevada Bureau of Mines and Geology Open File Report 83-11, p. 93-96

		Vikre P: Geol Survey, Mackay School of Mines, MS 176, University of Nevada, Reno, Reno, NV 89557-0047, pvikre@usgs.gov. DIVERSE STYLES AND AGES OF BASE, PRECIOUS METAL, AND PGE MINERALIZATION AT GOODSPRINGS, NV 2001 Vanderburg, W.O., 1937, Reconnaissance of mining districts in Clark County, Nevada: U.S. Bureau of Mines Information Circular 6964, p. 37-52. U.S. Geological Survey Mineral Resource Data System (MRDS), online database, https://mrdata.usgs.gov.
	Discuss any adjustment to assay data.	No adjustment was made to assay data.
Location of data points	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.	All data points are taken from historical reports.
	Specification of the grid system used.	Projected into UTM NAD83 Zone 12
	Quality and adequacy of topographic control.	
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Historical data contains production records and limited sampling records related to that mine or prospect.
	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.	
	Whether sample compositing has been applied.	

Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	No drilling completed
	If the relationship between the drilling orientation and the orientation of key mineralised structures are considered to have introduced a sampling bias, this should be assessed and reported if material.	
Sample security	The measures taken to ensure sample security.	No sampling has been completed
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits or reviews are possible on the historical data.

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	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.	The Highline Project consists of Patented Claims including the Pocahontas, Red Streak, Highline, Chance and Chance2. These claims are considered private land with ownership of both the surface and mineral rights granted to the owner. All indigenous title is cleared and there are no other known historical or environmentally sensitive areas.
	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.	The claims have been granted and are subject to an annual payment. Other than the payment there is no requirement for minimum exploration or reporting. There is no expiry date on the claims.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Other than historically documented prospecting/mining no modern exploration has been completed on the claims.
Drill hole Information	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: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	No drilling completed.

	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.	

Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	No exploration to date
	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 aggregations should be shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are stated.
Relationship between mineralization widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.	No exploration completed.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	

Diagrams	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.	Other than the diagrams presenting the historical data no further information is available.
Balanced reporting	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.	This release includes all reported historical results.
Other substantive exploration data	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.	This information will be supplied as the project advances and said data is generated.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Geological mapping, sampling, geophysics and eventually drilling are being planned within the claim area.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	