

ASX RELEASE

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ASX: PEC

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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.

Beharra DSO Scoping Study Update

HIGHLIGHTS:

- Beharra DSO Scoping Study continues, with all but a small number of key externally derived inputs remaining to be received.
- While final outcomes of the DSO Scoping Study remain undetermined, a strong indication of capital and operating cost estimates now exists.
- Delivery of final DSO Scoping Study results remain dependent on;
 - White sand only resource estimation by Snowden, results of which are expected in coming weeks, and
 - Further progression of potential offtake discussions, with recent constructive joint venture partner discussions occurring but definitive discussions ongoing.
- Timeline for final delivery of DSO Scoping Study is dependent on the outcome of commercial discussions with potential offtake partners, with further updates to be provided in due course.
- Unsolicited inbound enquiries for immediate delivery of low impurity silica sand continue to be regularly received, confirming the market interest in high quality silica sand the potential for continued strong silica sand pricing.

Perpetual Resources Limited ("Perpetual" or "the Company") (ASX: **PEC**) is pleased to announce that significant progress has been made with regard to the Beharra DSO Scoping Study (**DSO Scoping Study**), with key internally generated data points now derived, although with a number of important externally derived data points yet to be received.

The key information determined to date has provided Perpetual with the minimum DSO product cash cost position on a A\$ per tonne FOB Port of Geraldton basis, as well as an accurate capital cost estimate. This interim information is proving valuable as it allows the Company to confidently negotiate with potential off takers on an effective DSO sell price and/or contemplate other various profit share and/or joint venture partnering arrangements, the outcome of which is a key remaining input to finalizing the potential economics and approximate valuation that will be the major important outputs of the final DSO Scoping Study assessment.

The timeline for delivery and announcement of the final DSO Scoping Study is therefore dependent on the outcome of these negotiations and discussions, with Perpetual to provide further updates once clarity on the timelines and discussions are known.

Status of DSO Scoping Study

Perpetual's internal team has been working diligently to collate and analyse the various internal work streams that has enabled an accurate estimation of the capital and operating cost profile of a potential Beharra DSO Project. This specific work is a sub-set of the DSO Scoping Study and is now largely complete. It has provided valuable insights into how Perpetual negotiates other essential items required to finalise the DSO Scoping Study, including guiding how Perpetual must approach the offtake and joint venture partnering discussions to maximise the potential economic value of a potential DSO Project.

A key input into the final DSO Scoping Study is the resource estimation work relating to the white sand only horizon at Beharra, which is being conducted by Snowden Mining Consultants (**Snowden**), who have undertaken all resource estimation work previously at the Beharra project. Snowden is in the final stages of concluding their resource estimation work, which is anticipated for delivery in coming weeks. Inclusion of this necessary work in the DSO Scoping Study will enable sufficient certainty on potential annual production levels and approximate mine life, two essential inputs into a final DSO Scoping Study.

Ongoing and constructive discussions continue with the potential offtake partner (although these remain uncertain and incomplete), with successful conclusion of an economic sharing model currently seen as the most likely outcome to ensure a viable DSO project. The interested offtake partner has been actively engaged in conducting their own independent metallurgical analysis of the Beharra white sand only orebody, with further testing and analysis ongoing. With this additional metallurgical testing and commercial discussions/negotiations continuing, Perpetual is unable to finalise an appropriate sales price estimate for the Beharra DSO product at this time, or any other alternative commercial profit-sharing arrangement or joint venture structures, which is one of the remaining key inputs into the final DSO Scoping Study economic model. With constructive talks continuing, Perpetual hopes to update the marking in due course and is required to hold off finalisation of the DSO Scoping Study until that time.

Perpetual stresses that the outcome of the potential joint venture partnering discussions remains speculative and that no guarantee of a successful economic DSO business case can yet be concluded.

Unsolicited Inbound Interest in Beharra Silica Sand

In recent months, Perpetual continues to receive regular unsolicited inbound interest from buyers of high quality (low impurity) silica sand, mostly seeking significant tonnage for immediate delivery. While Perpetual is still in the project development stage and unable to supply these tons at present, it is indicative of general demand for high quality silica sand, which remains strong, driven by the need for increased tonnage of low impurity, particularly low iron (Fe_2O_3) silica sand.

Perpetual remains highly encouraged by this unsolicited interest and confirms that it is the Company's primary intent to focus on very low impurity (circa 100ppm Fe_2O_3) segment of the Asian glass markets. Our current bulk sample metallurgical test work is predominantly aimed at determining the individual impurity profile of the upper and lower zones of the white sand horizon at Beharra. Initial analysis of previous drilling results suggests a much lower impurity product may be possible from the upper zone of the white sand horizon at Beharra, with future announcements aiming to provide more insight into this potential.

Executive Chairman of Perpetual, Julian Babarczy, commented:

“While we have made solid progress in recent months on the key aspects of the DSO Scoping Study over which our project team has direct control, required input from key external stakeholders has taken slightly longer than expected. While this has led to an extension for the time for delivery of the DSO Scoping Study, the extra time is allowing this key information to be utilised in ongoing discussions and negotiations with the interested offtake partner. While a successful outcome of the DSO Scoping Study remains speculative, engagement with the interested potential joint venture partner remains constructive.

Continued unsolicited interest from Asian silica sand buyers has confirmed the high level of ongoing interest and end user demand from buyers of low impurity silica sand in the region. Based on recent test work, Perpetual believes that Beharra shows good potential to produce a very low iron silica sand product, which has potential to attract a premium in the Asian market due to robust demand growth from the fast-growing solar panel cover industry concurrent with more limited supply potential due to the relative uniqueness of silica sand orebodies that can achieve low iron end product using simple gravity and magnetic separation techniques”.

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

For enquiries regarding this release please contact:

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About Perpetual

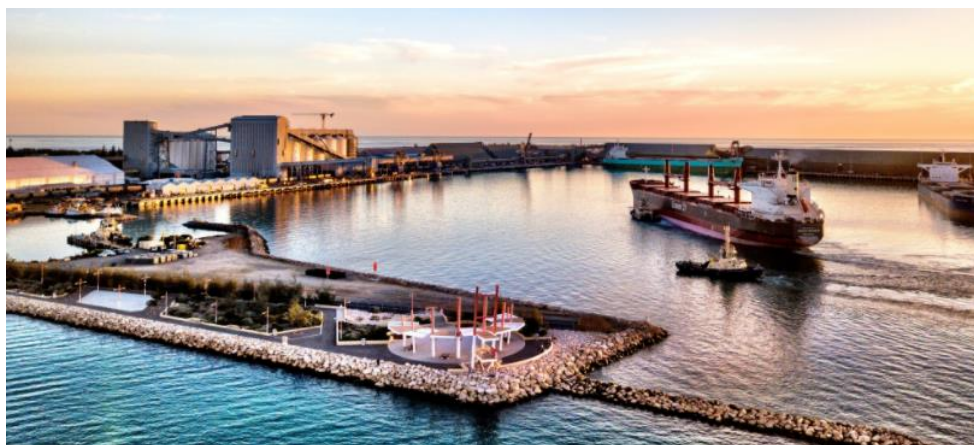
Perpetual is a focused explorer of silica sands, aiming to produce high purity silica for export to the high growth Asian markets.

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 centre of the tenure.



**Mt Adams Road which Intersects the Beharra Tenement (left) and Brand Highway
Intersection with Mt Adams Rd (right)**

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.



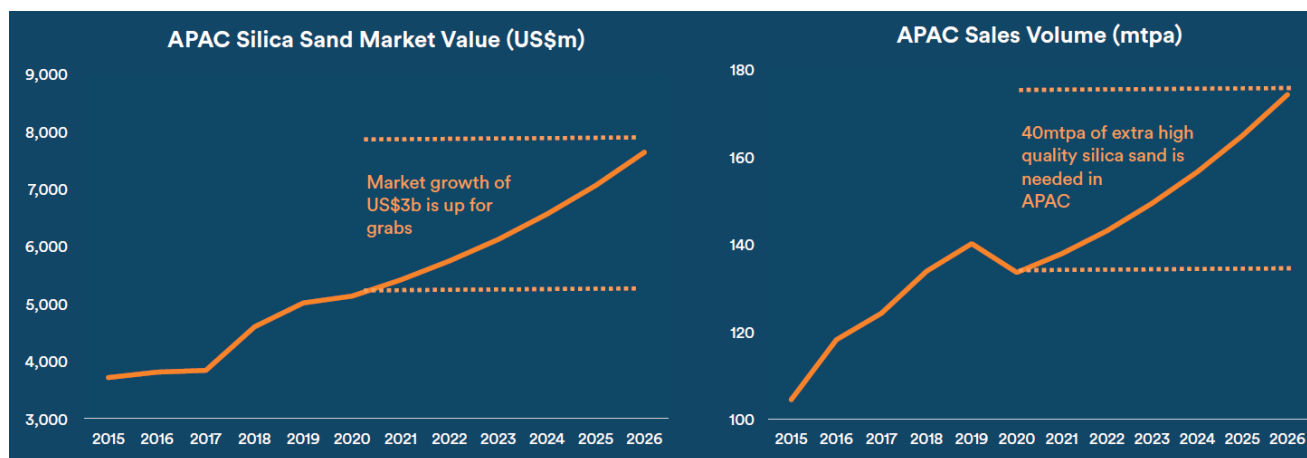
Geraldton Port – Operated by Mid-West Port Authority

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.

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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