

ASX RELEASE: 3 August 2020

## Jadar to acquire the Granite Belt, Queensland Silver Mine

### Highlights

- Jadar to acquire Moreton Resources Limited's (In Liquidation) (ASX:MRV) metals portfolio comprising 5 exploration tenements (EPM's), 1 mining lease (ML) and in-situ crushing, screening, stacking, treatment and refining facilities, located in the highly prospective Silver Spur Basin of Southern Queensland.
- Moreton Resources sold 32,582 troy ounces of silver for the six months to 31 December 2019<sup>1</sup>.
- Historical exploration has identified ~16 areas of interest on 190km<sup>2</sup> tenure containing indications of high grade silver and copper, with additional indications of zinc, lead and with walk up targets ready for testing with little recent exploration completed.
- Jadar to pay total consideration of AU\$500,000 cash.
- Transaction subject to Jadar completing satisfactory due diligence within the next month, together with necessary consents and approvals.

Jadar Resources Limited (ASX:JDR) ("Jadar", the "Company") is pleased to announce that it has entered into a binding term sheet with Moreton Resources Limited (In Liquidation) (ASX: MRV) ("Moreton Resources") and MRV Metals Pty Ltd (In Liquidation) ("MRV") for the purchase of MRV's Southern Queensland Granite Belt tenement portfolio, including MRV's Granite Belt Silver mining operations which is currently on care and maintenance (including all permits, plant and equipment and inventory). Consideration is AU\$500,000 cash, with non-refundable deposit of AU\$120,000 payable within 3 business days of execution of the term sheet.

Following execution of the term sheet, Jadar is currently carrying out its due diligence which will be completed in the coming month and will announce further information with regard to the proposed acquisition in due course. Completion of the transaction is subject to Jadar obtaining all required third party, regulatory, shareholder approvals, and meeting all ASX requirements to affect the transaction. Please refer to the later part of this announcement for the acquisition terms.

Luke Martino, the Chairman of Jadar Resources commented "*the acquisition of this portfolio is a major development for the company and fits strategically into the business model. Given the economic cycle and the demand for silver and other metals, these projects have the potential to deliver enormous value to the company as we apply our expertise and funding.*"

### GRANITE BELT TENEMENT PORTFOLIO

Located approximately 3 hours south-west of Brisbane in South East Queensland, the Granite Belt tenement portfolio is comprised of 5 exploration permits and 1 mining lease located approximately 7km east of the town of Texas (as detailed below). Previously owned by MRV (a subsidiary of Moreton Resources) and prior to that

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<sup>1</sup> See MRV ASX announcement "Quarterly Activities Report" for the quarter ended 31 December 2019, dated 3 February 2020 (<https://www.asx.com.au/asxpdf/20200203/pdf/44drtzcxrj28il.pdf>).

Alcyone Resources Ltd (ASX: AYN, delisted) (“Alcyone”) and others, work originally commenced on the site in early July 2011, when the former owner commenced silver production<sup>2</sup>.

The project, previously known as Texas Silver, encompasses the Twin Hills Silver Mine, as well as a wider portfolio of advanced silver and polymetallic base metal exploration targets, including amongst others the Mount Gunyan, Hawker, Harrier, and Hornet deposits. Extensive historical drill data and associated information derived from past exploration programs within the Granite Belt Project have delivered significant Silver prospects and has potential for Copper, Zinc and Lead deposits. However, due to ongoing focus of the startup of mining operations by the previous owners, the majority of the prospects identified over the years have had only minimal exploration completed.

Through this potential acquisition, Jadar is also acquiring an extensive historical drill data and associated analysis data package covering a large and highly prospective project area. This data package will be reviewed, as part of the due diligence and exploration prospects advanced as a matter of priority.

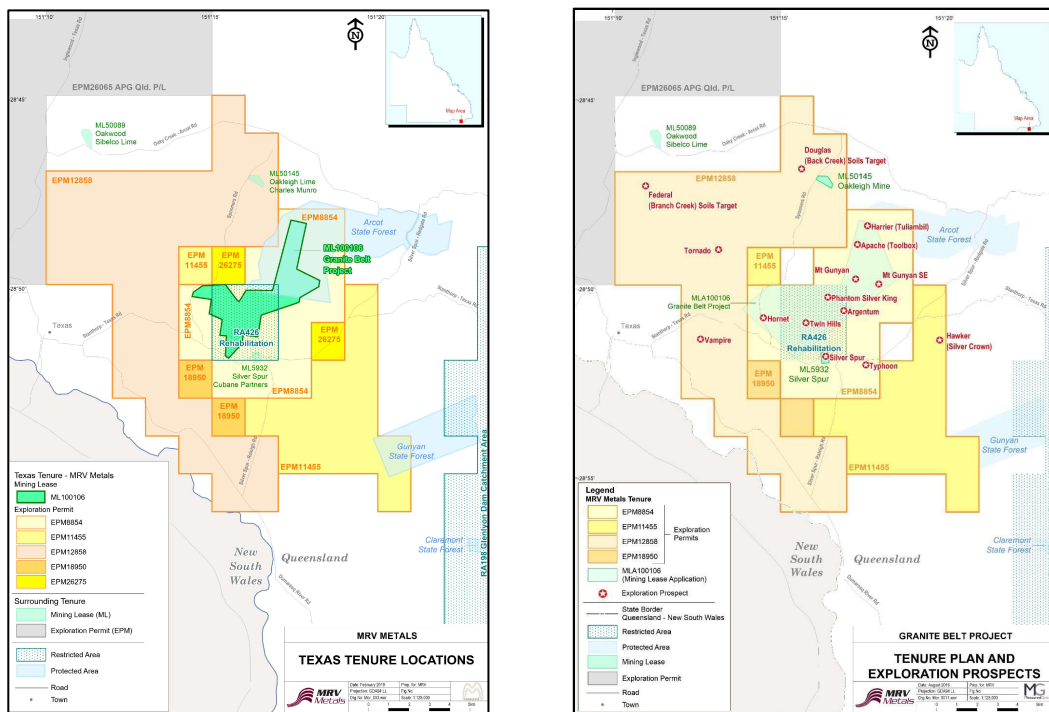


Figure 1: MRV Metals Pty Ltd (In Liquidation) tenure locations and exploration prospectus

<sup>2</sup> See MRV ASX announcement “MRV Metals Pty Ltd acquires highly prospective tenements” dated 5 February 2016 (<https://www.asx.com.au/asxpdf/20160205/pdf/434w262n7cfwns.pdf>).

## Tenement Portfolio Summary

Tenement	Mineral	Grant Date	Expire Date	Sub-blocks/area
EPM 11455	AMOC	01/04/1998	31/03/2021	14
EPM 12858	AMOC	10/08/2000	09/08/2021	34
EPM 18950	AMOC	31/05/2011	30/05/2021	2
EPM 26275	AMOC	27/02/2017	26/02/2022	2
EPM 8854	AMOC	08/07/1992	07/07/2021	17
ML 100106	Cu, Pb, Zn, Ag, Au	01/10/2017	30/09/2037	1,170.1 Ha

Table 1: Granite Belt tenements. AMOC stands for “Any metals other than coal”

## History & Setting

Significant exploration in the area commenced in 1994 with Macmin Ltd undertaking exploration and resource definition drilling predominantly at Twin Hills and Mt Gunyan (3 km to the northeast) with some minor drilling at the historic Silver Spur Mine (2 km to the southeast). These led to the definition of Mineral Resources at Twin Hills and Mt Gunyan. Macmin obtained a Mining Lease for Twin Hills and developed a heap leach operation from 2000 and commenced production in 2008 to 2009. The operation was re-commissioned by Alcyone in 2011 and production continued until early 2014 when operations ceased due to funding and production issues. The operation was restarted by Moreton Resources from 2016 until early late 2019 until operations ceased due to funding and production issues.

## Granite Belt Project Area

The Granite Belt Project area consists of a mining precinct which contains multiple potential resources covering a range of metals from Copper, Silver, Lead, Zinc and Gold, and a central processing facility that currently has in-situ crushing, screening, stacking, treatment and refining facilities. The status of these facilities will be determined from the planned due diligence.

Past exploration within the Granite Belt Project has historically been successful in defining a mineral resource of silver mineralisation at the Twin Hills Deposit, and silver/gold mineralisation at the Mt Gunyan Deposit. Before its closure in 2014, the Twin Hills Mine was an operating and producing mine. Post its acquisition in 2016, MRV Metals commenced heap leach silver operations in 2016 until temporarily suspending operations in late 2019 as a consequence of operational difficulties, largely the result of water quality issues leading to a working capital deficiency.

Since acquiring the project in 2016, Moreton Resources had carried out a significant amount of work developing the project in accordance with its “2017 re-start strategy”<sup>3</sup>. Jadar is currently carrying out its due diligence on the current status of the operations and will look to release additional information upon completion.

<sup>3</sup> See MRV ASX announcements, “Progress Report - Moreton Resources Granite Belt Update” dated 30 August 2019 (<https://www.asx.com.au/asxpdf/20190830/pdf/4482j2ykv145rx.pdf>).

### **Hornet Prospect**

Hornet is located 1.5 to 2km west of Twin Hills Mine. Hornet was formerly known as the Old Texas Copper Mine and is defined by elevated copper in soil samples, historical mine workings (small collapsed pits and shafts) and ore-grade intersections reported in RAB, RC and diamond drilling over 1.6 km of strike length.

To date the exploration conducted at Hornet consists of 314 drill holes with a total drilled depth of 10,994.6m, dating back from 1970 to present. The Hornet Project is located within the Western Tectonic Corridor (WTC). The interpretation of the WTC has been reported as a series of NNW-SSE trending shear zones intersected by north-south orientated structures, with the potential for precious and base metals mineralization to exist along and at the intersections of these features.

### **Harrier Prospect**

The Harrier Project sits some 6-8km north-west of the Hawker prospect, north of Mt Gunyan and ~ 4km north-east of the Twin Hills mine.

The prospect is defined by elevated copper, silver, zinc and lead in soil samples, ore-grade intersections reported in RAB and diamond drilling and historical mine workings (small collapsed pits and shafts) over a 500 metre strike length.

Recent historical drilling was completed in 2004 and 2010, consisting of approximately 63 RAB holes and 13 diamond drill holes located on section lines spaced approximately 25 to 50m apart along a strike length of about 350m.

### **Hawker Prospect**

The Hawker Prospect is located ~ 15km east of the town of Texas, Southern Queensland and ~6.5km east of the Twin Hills mine. Historically known as Silver Crown, elevated copper and silver values in surface soil samples originally identified the prospect in an area adjacent to remnant old mine workings.

### **Other potential prospects (pipeline)**

A number of prospects explored by previous owner Alcyone in 2013 reported encouraging hand held XRF results that indicate results. In addition MRV had identified an exploration project pipeline, as set out in Moreton Resources' 2019 AGM Presentation, and set out below, which will be the subject of further review and due diligence.

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#### **Jadar Resources Limited**

# Granite Belt Project Pipeline

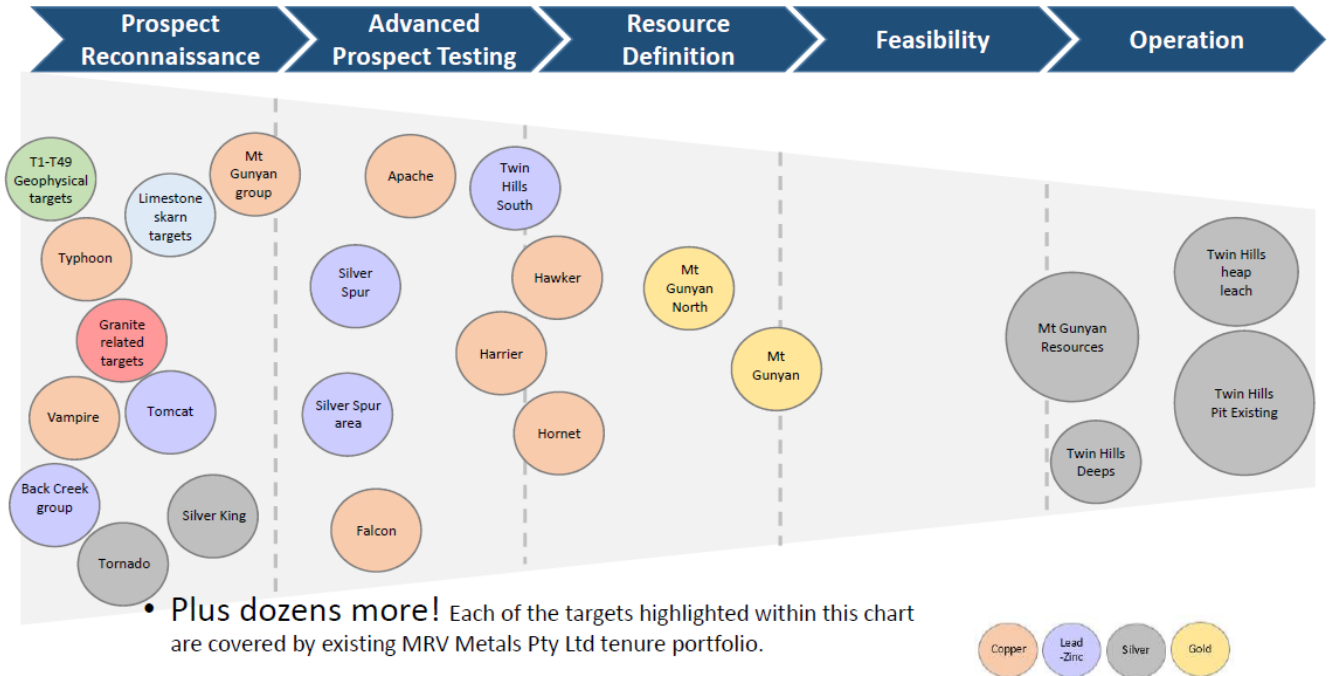


Figure 2: list of potential prospects.

### **Acquisition terms**

The material terms of the Transaction are as follows:

- (a) Jadar, at its sole discretion, is to acquire either
  - i) all the issued capital of Moreton Metals Pty Ltd, the holder of the 6 mining and exploration permits in the Granite Belt region of Southern Queensland (subject to assignment of pre-transaction liabilities to MRV); or
  - ii) all the permits and operations of Moreton Metals Pty Ltd (including all rights to other metals and tenements owned by the Company, permits, licenses, plant and equipment, inventory and any other item necessary to allow Jadar to carry out the operations).
- (b) Consideration is AU\$500,000 cash, with non-refundable deposit of AU\$120,000 payable within 3 business days of execution of the term sheet.
- (c) The agreement is subject to a number of standard conditions precedent including:
  - i) completion of due diligence on the tenements, operations and Moreton Metals Pty Ltd by Jadar, to be completed within 1 month of execution of the term sheet;
  - ii) execution of any relevant binding documentation to achieve the objective of the Proposal (“Transaction Documents”);
  - iii) the Parties obtaining all required and necessary consents, regulatory, shareholder and stakeholder approvals (if required), including the requirements of the ASX Listing Rules and the applicable provisions of the Corporations Act 2001 (Cth);
  - iv) Moreton Resources and MRV obtaining consent of the QLD Department of Environment and Science (“DES”), and the QLD Department of Natural Resources, Mines and Energy (“DNRME”) to the transaction (as required), including Jadar providing any replacement financial assurance or other form of security required by DES and DNRME to transfer ownership of the MRV Assets to Jadar and operate the MRV Assets post-Completion.

**ENDS**

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*This ASX announcement was authorised for release by the Board of Jadar Resources Limited.*