ASX RELEASE: 24 February 2021

Jadar to Spin Out Serbian Lithium Projects

Highlights

- **Jadar to spin out its Serbian lithium and borate assets into a newly incorporated Balkan focused subsidiary, Balkan Mining and Minerals Limited ("Balkan") (proposed ASX code BMM) which intends to undertake an Initial Public Offering ("IPO") to facilitate an admission to the official list of the ASX.**
- **Jadar to retain approximately 22% of the equity in Balkan upon successful completion of the IPO allowing Jadar and, indirectly, its shareholders to retain exposure to the Serbian assets via the Company's equity interest in Balkan.**
- **Jadar and Balkan have entered into a subscription and collaboration agreement with Sandfire Resources Limited ("Sandfire") (ASX:SFR) whereby Sandfire has agreed to a AUD$2M cornerstone investment into the planned IPO and to allow Balkan to benefit from Sandfire's technical and strategic resources.**
- **Proposed transaction and listing will see Jadar create a new Balkan focused metals explorer with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.**
- **Balkan propose to appoint a strong board led by Chairman elect Sean Murray. Mr Murray's executive management career includes a number of senior roles in mining and exploration companies across the globe including Managing Director, Deputy Chief Executive and board positions within Rio Tinto plc's affiliate companies.**
- **Proposed appointment of on ground executive team assisted by Milos Bosnjakovic, Co-Founder and former board member of Adriatic Metals plc ("Adriatic") (ASX:ADT).**
- **The proposed transaction will allow Jadar to focus on its growing precious metals portfolio in Latin America and its lithium assets in Austria.**

Jadar Resources Limited (ASX:JDR) ("**Jadar**", the "**Company**") announces that the Company has made the decision to spin out its Serbian lithium and borate assets (comprising of its Rekovac Lithium and Borate Project and pending applications for new exploration permits in Serbia) into a newly incorporated subsidiary, Balkan Mining and Minerals Limited ("**Balkan**") (proposed ASX code BMM) subject to shareholder approval in accordance with ASX Listing Rule 11.4.1(b). It is intended that Balkan will undertake an IPO and seek a listing on the official list of the Australian Securities Exchange ("**ASX**") with prospectus anticipated to be lodged in late March 2021.

Under the proposed transaction, Jadar will retain an interest of approximately 22% in Balkan post IPO, allowing Jadar and its shareholders to maintain exposure to the Serbian lithium and borate assets via the Company's equity interest in Balkan.

Sandfire has conditionally agreed to participate in the proposed IPO with a strategic investment of $2M amounting to an approximate 22% equity in Balkan on the key terms and conditions set out in Schedule 1. As part of Sandfire's investment, Sandfire has also agreed to collaborate with Balkan (refer to Schedule 1 for further detail). The subscription and collaboration agreement will provide Balkan with additional resources to leverage in its exploration activities of the Serbian lithium and borate assets as well as explore other opportunities for growth within the Balkan region.

The proposed transaction will create a new listed company with a sole focus on exploration and development of mineral projects in the Balkans, assisted by a dedicated board and management team with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.

The proposed spin-out will also allow Jadar to focus its efforts on its rapidly growing precious metals portfolio in Latin America as well as its Austrian lithium assets whilst also retaining exposure to the Serbian Lithium and Borate assets via its interest in Balkan.

Further detail will be set out in the notice of meeting to be dispatched to shareholders in due course and in the prospectus to be prepared by Balkan in respect of its IPO.

Jadar Resources' Executive Director Adrian Paul commented:

"The Rekovac Project represents a high-quality yet underexplored asset that has been of lesser focus for Jadar given our rapidly growing Latin American precious metals portfolio and Austrian lithium assets.

The newly formed Balkan entity will see a concentrated effort, from a newly dedicated management team, on driving additional value into the Rekovac Project whilst also allowing Jadar to retain exposure to Rekovac via our equity interest.

The addition of Sandfire to the Balkan register will be a considerable achievement and a significant validation of the belief in the ability of the new Balkan team and the value proposition of the company. I look forward to working cooperatively with both parties in the future and developing a strong working relationship."

Sandfire Resources' Managing Director Karl Simich commented:

"Sandfire maintains strategic investments in a number of promising growth companies globally through our Sandfire Ventures program and, as part of that initiative, we are very pleased to take up this cornerstone investment as part of the spin-out of the Rekovac Project. Sandfire will emerge with a 22% holding in Balkan and, under the collaboration agreement, will provide technical and strategic assistance to the Balkan team as they progress exploration and development of this exciting lithium asset.

Lithium is a 'future-facing' metal that, like copper, forms an important part of the suite of metals required to assist the global transition to decarbonizing energy supply. The lithium sector is currently experiencing a strong resurgence due to the growth of the EV industry globally, and we look forward to seeing what the team at Balkan can achieve over the next few years.

The investment fits well strategically with our existing 16.2% holding in Adriatic Metals, which is developing an exciting high-grade base metals project in Bosnia-Herzegovina."

Proposed Board Appointments to Balkan

The Balkan board of directors will be led by Non-Executive Chairman elect Sean Murray. Mr Murray has extensive senior executive level experience over a 40-year worldwide career in the chemicals and mining industries, including non-ferrous metals and minerals and industrial minerals. His successful executive management career includes senior roles with Australian Mining and Smelting, Pasminco Europe and Pasminco Inc and Rio Tinto plc where he became Managing Director of Borax Europe and then Deputy Chief Executive, Rio Tinto Borax.

Mr Murray has also served on the boards of Rio Tinto operating companies either as an executive director or president in the USA (California), Argentina (Salta), France, Holland and Spain. He has been a Vice-President of the European Zinc Institute (The Hague), and an Industry Advisor on non-ferrous metals and minerals to the UK government at the International Lead Zinc Study Group, (United Nations). He was a Vice-President of the Industrial Minerals Association and President of the European Borates Association in Brussels where he became involved in Public Relations and Sustainable Development.

More recently, Mr Murray has provided consulting services on marketing, planning and strategy to the industrial minerals sector in Europe, Australia and the Americas and has held non-executive directorships on the boards of AIM and ASX listed copper, gold, tungsten, potash and fluorspar companies. He was a senior partner in a New York based LLP developing minerals businesses in the Former Soviet Union.

Mr Ross Cotton will be appointed as Managing Director of Balkan. Mr Cotton has over 15 years of experience in the securities and mining industries and has been instrumental in both the financing and management of mining and resource companies globally.

Mr Cotton's experience in investment banking and equity capital markets has provided him with detailed experience in corporate transaction management and execution. In these roles he has been integral in the recapitalisation and restructuring of companies, including managing of initial public offerings and reverse takeovers. In addition to a number of managerial roles with ASX listed companies, Mr Cotton has also provided corporate advisory services to listed companies on strategy, acquisitions as well as financing via both debt and equity for a number of years.

Mr Cotton currently manages a private mining strategy and finance consulting business and utilises his networks established in investment banking, mining and management to provide solutions for the effective implementation of business strategies and management solutions.

Additionally, Mr Luke Martino (Chairman of Jadar) and Mr Milos Bosnjakovic (elect) will complete the board as Non-Executive Directors of Balkan.

The board will be supported by an industry leading in country executive team assisted by Milos Bosnjakovic. Mr Bosnjakovic is a co-founder of both Adriatic and Balamara Resources Limited. He is a dual national of Australia and Bosnia Herzegovina with significant experience and industry contacts in mineral projects in the Balkan region and Former Yugoslav Republics, Australia and New Zealand as well as being a qualified lawyer.

Balkan Advisor Appointment

Balkan has engaged Clayton Capital Pty Ltd ("**Clayton Capital**") to act as its corporate advisor in respect of the proposed transaction. Balkan has agreed to pay Clayton Capital a fee of $500,000 (inclusive of GST) to be satisfied via an issue of fully paid ordinary shares at a deemed issue price equal to shares offered under the IPO.

Serbian Lithium and Borate Assets

Jadar's Serbian lithium and borate assets which are the subject of the proposed spin-out to Balkan include the Rekovac Project located in Serbia and its pending applications for new exploration permits lodged by Jadar also in Serbia. It is the current expectation of Jadar that the Serbian Ministry of Energy and Mining ("MEM") will issue the new permits shortly after all approvals for relevant institutions are obtained. The potential new permit areas are "greenfields" exploration project areas which cover regions considered prospective for lithium, boron and other associated elements.

Rekovac Project

Figure 1 – Rekovac location map

The Rekovac lithium and borate project is located within the Vardar Zone an emerging Tier 1 lithium borate jurisdiction. The Rekovac Project shows some very similar geological setting to the Jadar and other productive basin on the Vadar Zone, including Rio Tinto's world-class Jadarite discovery - one of the world's largest lithium and borate deposits (ore reserve of 16.6 Mt at 1.81% lithium oxide (Li_2O) and 13.4% boron trioxide (B_2O_3), and 139.2 Mt resources (I&I) at 1.78% Li_2O and 14.7% B_2O_3)[1].

The project area is located in central Serbia near the cities of Jagodina and Kragujevac and 110 km away from Belgrade, the capital of Serbia. The project is proximate to the E75 European motorway and modernized rail corridor 10 and thus well connected to Central and Western Europe.

Drilling undertaken by Jadar to date has included two (2) maiden stratigraphic diamond drill holes (REK_001 and REK_002) totaling 1,238.1m with preserved Borate and Lithium mineralisation observed in both drill holes and thus confirming the potential for the Rekovac project to host a large mineral system[2].

Drilling was widely spaced with REK_002 being 1.8km south of REK_001 with the target remaining open laterally to the east, west, and south as well as at depth and highly underexplored. The drilling program was designed to test the gravity low indicated Neogene basin which previous sampling results suggest was prospective for deposits related to the emanation of lithium-boron enriched fluids and their precipitates.

REK_002 intercepted significant intervals over 49m with more than 20,000 parts per million (ppm) B_2O_3 from 51.5m, including[2]:

[1] RIO ASX Announcement 10 Dec 2020 - Rio Tinto declares maiden Ore Reserve at Jadar
[2] JDR ASX Announcement 20 May 2020 - New Discovery of Borate and Lithium Mineralisation Intersections at Rekovac Project

- 6.75m at 21,860 ppm B_2O_3 and 278 ppm Li_2O from 170.4m (including 0.6m at 26,565 ppm B_2O_3 and 258 ppm Li_2O from 176.55m)
- 0.4m at 60,858 ppm B_2O_3 and 108 ppm Li_2O from 263.15m
- 8.2m at 21,390 ppm B_2O_3 and 496 ppm Li_2O from 269.6m
- 9.15m at 31,820 ppm B_2O_3 and 321 ppm Li_2O from 305.35m (including 3.44m at 39,928 ppm B_2O_3 and 215 ppm Li_2O from 311.1m)
- 7.3m at 29,570 ppm B_2O_3 and 303ppm Li_2O from 387m (Including 1.8m at 32,683 ppm B_2O_3 and 344 ppm Li_2O from 388.9m).

REK_001 intercepted two intervals with preserved searlesite mineralisation resulting 2.5m with more than 10,000 ppm B_2O_3 from 515.9m[2].

Please refer to Jadar's ASX announcement dated 20 May 2020 "New Discovery of Borate and Lithium Mineralisation Intersections at Rekovac Project" for further information regarding the drilling results.

Details of the Spin-out Transaction

Pursuant to the proposed spin-out transaction, Jadar will transfer all of the issued capital in its wholly owned subsidiary, Centralist Pty Ltd ("Centralist") to Balkan. Centralist holds all of the issued capital of Jadar Lithium D.O.O who in turn, is the holder of the granted Rekovac exploration licence and lodged pending exploration licence applications in Serbia.

In addition, as part of the proposed spin-out transaction, Jadar will extinguish the intercompany loan of approximately $1.06 million receivable from the Serbian group.

As set out above, Balkan intends to undertake an IPO of fully paid ordinary shares to raise $6,500,000 to facilitate admission to the official list of the ASX. A prospectus will be made available by Balkan at the time the offer of securities under the IPO is made. Balkan does not intend on making a priority offer to shareholders of Jadar under the IPO. Any persons who wish to acquire shares under the IPO will need to complete an application form that will be in, or will accompany, the prospectus.

In accordance with ASX Listing Rule 11.4.1(b), Jadar will seek shareholder approval for the proposed spin-out transaction at an upcoming shareholder meeting anticipated to be convened in the coming months.

The indicative capital structure of Balkan following completion of the IPO is set out below:

Holder	Shares		Options		Performance Rights	
	(#)	(%)	(#)	(%)	(#)	(%)
Jadar Resources Limited	10,000,000	22.2	-	-	-	-
IPO Capital Raising: [1]						
Sandfire Resources Limited	10,000,000	22.2	-	-	-	-
Other IPO investors	22,500,000	50.0	-	-	-	-
Director and officers' incentives	-	-	3,500,000 [2]	100.0	2,400,000 [3]	100.0
Clayton Capital Pty Ltd [4]	2,500,000	5.6				
TOTAL	**45,000,000**	**100.0**	**3,500,000**	**100.0**	**2,400,000**	**100.0**

Notes:

1. Assuming 32,500,000 fully paid ordinary shares at an issue price of $0.20 per share to raise $6,500,000 are offered under the IPO.

2. Exercisable at $0.50 each, on or before the date that is three years from the date of issue of the Options.

3. Which will convert into Shares on a 1 for 1 basis in accordance with the following milestones:

   Milestone A - the Company achieving a volume weighted average price (VWAP) of Shares of at least $0.60, calculated over 20 consecutive trading days on which the Company's Shares have traded.

   Performance period: 2 years from date of issue

   Total Number: 800,000

   Milestone B - the Company achieving a VWAP of Shares of at least $1.20, calculated over 20 consecutive trading days on which the Company's Shares have traded.

   Performance period: 3 years from date of issue

   Total Number: 800,000

   Milestone C - the Company achieving a VWAP of Shares of at least $1.80, calculated over 20 consecutive trading days on which the Company's Shares have traded.

   Performance period: 3 years from date of issue

   Total Number: 800,000

4. To be issued to Clayton Capital Pty Ltd for corporate advisory services provided to the Company.

An indicative timetable for completion of the proposed transaction is set out below:

Event	Date*
Dispatch of Notice of Meeting by Jadar	5 March 2021
Lodgement of Prospectus with ASIC	22 March 2021
Opening Date of IPO	29 March 2021
Date of General Meeting	5 April 2021
Closing Date of IPO	26 April 2021
Completion of the Spin-out	10 May 2021
Balkan admitted to trading on the official list of ASX	14 May 2021

**This timetable is indicative only and is subject to change.*

ENDS

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

Forward Looking Statements

Forward Looking Statements regarding Jadar´s plans with respect to its mineral properties and programs are forward-looking statements. There can be no assurance that Jadar's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Jadar will be able to confirm the presence of additional mineral resources, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Jadar's mineral properties. The performance of Jadar may be influenced by a number of factors which are outside the control of the Company and its Directors, staff, and contractors. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Compliance Statement

This announcement contains information on the Rekovac Project extracted from an ASX market announcement dated 20 May 2020 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX market announcement.

Schedule 1 – Key Terms of Material Contracts

Sandfire Subscription and Collaboration Agreement

Balkan, Jadar and Sandfire have entered into a subscription and collaboration agreement (the **Agreement**) pursuant to which Sandfire has agreed to subscribe for, and Balkan agreed to issue, the Subscription Shares (as defined below) on the following terms and conditions.

(a) **Subscription:** Sandfire agrees to subscribe for, and Balkan agrees to issue, 10,000,000 fully paid ordinary shares in the capital of Balkan ("Subscription Shares") as part of the IPO at a price of $0.20 per Subscription Share for a total subscription amount of $2,000,000 ("Subscription Amount") and otherwise on the terms set out in the prospectus to be prepared by Balkan in respect of the IPO ("Prospectus").

(b) **Timetable**: Jadar and Balkan must take all reasonable steps to propose and implement the spin-out substantially in accordance with the timetable set out above.

(c) **Conditions precedent**: Completion of the subscription for, and issue of, the Subscription Shares is subject to satisfaction or waiver of the following conditions precedent on or before 30 June 2021 ("End Date"):

- (i) no material adverse change in relation to Balkan occuring, being discovered, announced, disclosed or otherwise becoming known to Sandfire on and from the date of the Agreement until immediately prior to completion;
- (ii) Jadar shareholders approving all resolutions required by the Corporations Act or ASX Listing Rules in order to effect the spin-out by the requisite majorities;
- (iii) the form and content of the Prospectus (as it relates to Sandfire, the Serbian assets and the use of funds raised under the IPO) being acceptable to Sandfire (acting reasonably);
- (iv) Balkan receiving valid applications under the Prospectus in an amount which, when aggregated with the Subscription Amount, exceeds the minimum subscription specified in the Prospectus; and
- (v) ASX resolving on a conditional basis to admit Balkan to the official list of the ASX, on terms acceptable to Balkan (acting reasonably).

(d) **Completion:** Completion of the issue of the Subscription Shares to Sandfire will take place in accordance with the terms and conditions set out in the Prospectus (or at any other time and place agreed by the parties). At completion, subject to receipt of the Subscription Amount in cleared funds and completion of the IPO, Balkan must:

- (i) issue the subscription Shares to Sandfire; and
- (ii) register the Subscription Shares in Balkan's register of members, free from any security interest.

(e) **Termination**: Sandfire may terminate the Agreement without liability at any time before completion by notice in writing to Jadar and the Issuer if:

- (i) Balkan is prevented from issuing or allotting the Subscription Shares on the completion date by the order of a court of competent jurisdiction or by a government agency;
- (ii) Jadar and Balkan commits a material breach of the Agreement;

(iii) at any time following the execution of the Agreement, the S&P/ASX 200 Index is at any time at a level which is 15% or more below its level as at the close of business on the last trading day immediately prior to the date of the Agreement; or

(iv) completion has not occurred prior to the End Date.

(f) **Technical Advisory Committee**: Following Completion and provided that Sandfire has an interest of at least 10% or more in Balkan, Balkan and Sandfire will form a technical committee which will consist of 4 members in total, including up to 2 representatives appointed by Sandfire who are acceptable to Balkan acting reasonably ("Technical Advisory Committee") for the purpose of jointly collaborating in connection with assets and operations and sharing information to identify the best options to advance those assets and operations, pursuant to which Sandfire may provide:

(i) technical advice regarding exploration programs, and metallurgical and processing issues;

(ii) business and technical support regarding development and mining studies; and

(iii) financial support in accessing new capital to fund the growth of the Issuer's business.

The recommendations and advice provided by the Technical Advisory Committee are advisory only and not binding on the board of Balkan.

The Subscription and Collaboration Agreement otherwise contains customary terms and conditions, including representations and warranties (given both by the Issuer and the Subscriber), indemnities, undertakings and confidentiality clauses.