Jadar Resources

ASX RELEASE: 17 November 2020

Jadar Portfolio Grows with Acquisition of Tierra Blanca Project in Prolific Mining District

Highlights

- **Option agreement secured with Pacific Advisory Pte Ltd to acquire Tierra Blanca Project ("Acquisition"), an outcropping polymetallic silver, Zinc and Lead project in Chihuahua, Mexico.**
- **The district surrounding Chihuahua is a significant silver producing region with several substantial mines operated by majors and mid-tier companies, District Historical Production of 50Mt at 310 g/t Ag, 8.2% Pb and 7.1% Zn[1].**
- **Tierra Blanca has been previously explored by associates of Pacific Advisory Pte Ltd, with a sampling and mapping programme followed by an exploration drive driven into a 20-metre-wide outcropping orebody.**
- **Tierra Blanca is a drill-ready project close to infrastructure and several processing plants. Sampling in an exploration drive has revealed high-grade zinc mineralisation outcropping to surface, with structural interpretation suggesting potential for high-grade silver at deeper levels.**
- **The reinforcing co-product credits will position Jadar as a low-cost producer at a time of rapidly rising silver and base metals prices fueled by industrial and investment demand.**
- **The acquisition is highly complementary to Jadar's precious metals portfolio in Latin America.**
- **Appointment of Mr Hugh Callaghan to lead the management of the Company's Latin American business.**

Jadar Resources Limited (ASX:JDR) ("**Jadar**", the "**Company**") is pleased to announce the acquisition of the rights to acquire Tierra Blanca from Pacific Advisory Pte Ltd ("PAL" or the "Vendor"), a drill ready polymetallic project located close to infrastructure in the prolific mining district around the City of Chihuahua in Chihuahua State, Mexico.

Jadar Resources' Executive Director Adrian Paul commented:
"The acquisition of the Tierra Blanca Project marks another significant milestone for the Company, as we seek to build a high-quality, and near-term development potential, asset portfolio within Latin American.

Tierra Blanca is highly complementary to our Yannamina gold project in Peru and the appointment of Hugh Callaghan to head up our Latin American operations is highly advantageous given Hugh's vast experience in Latin America across both project generation and management.

[1] Ryana Silver Presentation - https://reynasilver.com/presentations/GuiguiProject.pdf

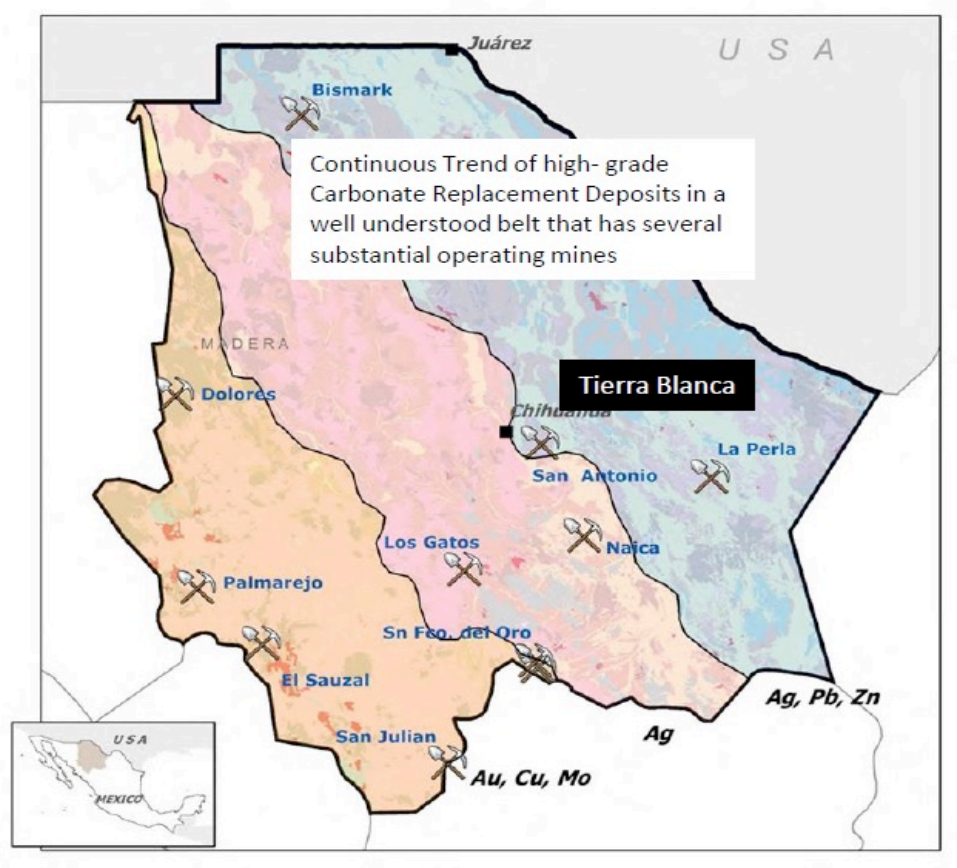

Figure 1: Location of Tierra Blanca Project

Tierra Blanca – a Carbonate Replacement Deposit

Tierra Blanca is located in a metallogenic province that has yielded several substantial orebodies predominantly containing silver, zinc and lead. Several significant mines operate in the region, with prolific artisanal workings pointing to multiple exploration opportunities.

Tierra Blanca is interpreted to be what is termed a Carbonate Replacement Deposit (CRD) which are common in the region.

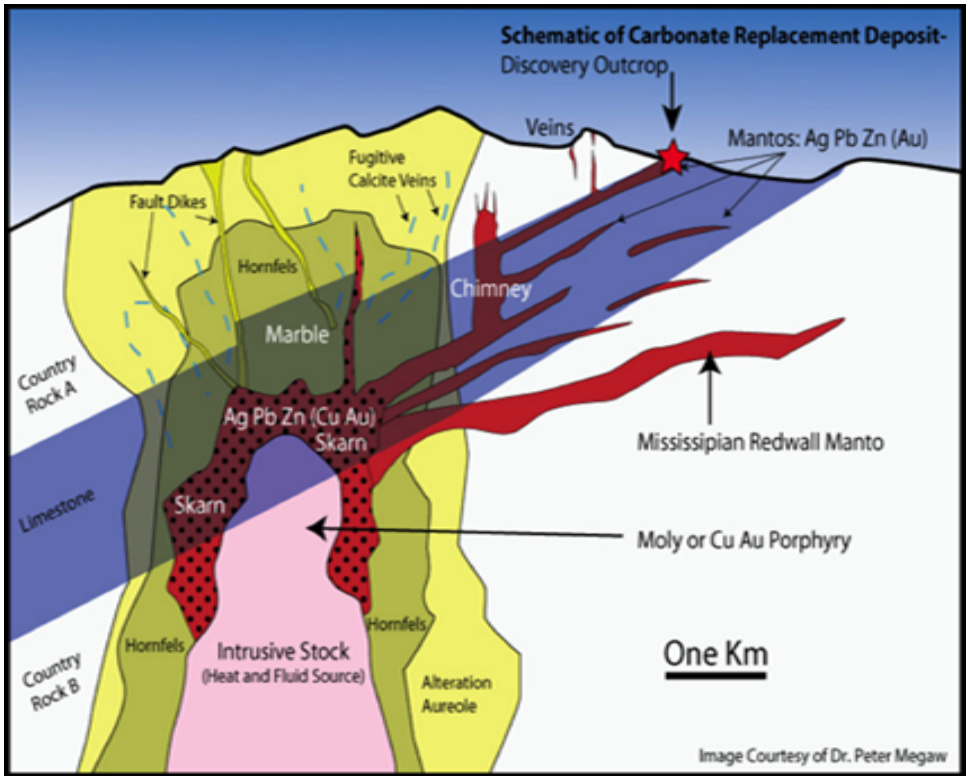

Figure 2: Typical Structure of a Carbonate Replacement Deposit

40% of the 10 billion ounces of Silver produced in Mexico have been produced from CRDs. The key features of Mexican CRDs are that:

- Deposits occur along a ~2,000 km long belt of carbonate rocks from SE Arizona to south-central Mexico, where fold and thrust architecture controls high temperature Zn-Pb-Ag+/-Cu+/- Au mineralization
- Deposits occur as chimneys (deeply plunging ore from surface), and then at depth, flatter lying mantos (lenses) in Carbonate rocks. Skarn orebodies are frequently associated with this style of deposit.
- Typically, CRD orebodies are Polymetallic, with metal contents ranging from 1- 18% Zn, 1-12% Pb, 60-600g/t Ag, up to 2% Cu and 6g/t Au.

Tonnage and grade data for skarn, chimney and manto ores in seventeen districts of Mexico show a wide range of values (with an average of 11.4 million tonnes (Mt) at 11% Pb, 8.5 %Zn, 0.7% Cu, 243 ppm Ag and 1.8 ppm Au). Santa Eulalia (the district close to which Tierra Blanca lies) is the largest district with 50 Mt of ore grading 5%Pb, 6-7% Zn, 0.1% Cu and 242 ppm Ag.

The Silver grades are high in the majority of deposits with an average of 243 g/t Ag and a range from 14 to 600 g/t Ag with most deposits (14 out of 17) having grades >100 g/t Ag. A trend of silver grades increasing at depth is frequently observed.

Tierra Blanca – a High Grade Exploration Target

Tierra Blanca is an exploration project identified in 2018, with mapping and sampling of outcrops and an exploration drive which has revealed substantial zinc grades, accompanied by lower levels of lead and silver. Numerous channel samples have been taken that demonstrate values of up to 28% Zinc, with lower levels of Lead usually at a 1:10 ratio to the zinc content. Low levels of silver were assayed informally with grade interpreted to increase at depth consistent with the depositional model for this type of deposit. These samples and assays were not conducted under JORC compliant protocols and should not be considered representative of the orebody.

Tierra Blanca lies 40km from the metropolitan centre of Chihuahua in a district that has yielded prolific silver zinc and lead orebodies, and seen a resurgence of interest with Canadian companies acquiring projects that are believed to form extensions of the famous Santa Eulalia mine which produced 500 million ounces of silver in addition to substantial volumes of zinc and lead.

Concentrates produced from mines in the region are either exported from west coast ports where large metals traders operate blending and stockpiling facilities, or transported by paved highways to the large Metalúrgica Met-Mex Peñoles, located in Torreón, Coahuila, which is one of the largest non-ferrous metallurgical complexes in the world.

Numerous outcropping orebodies believed to be similar have been identified in the region and may offer opportunities to build the portfolio.

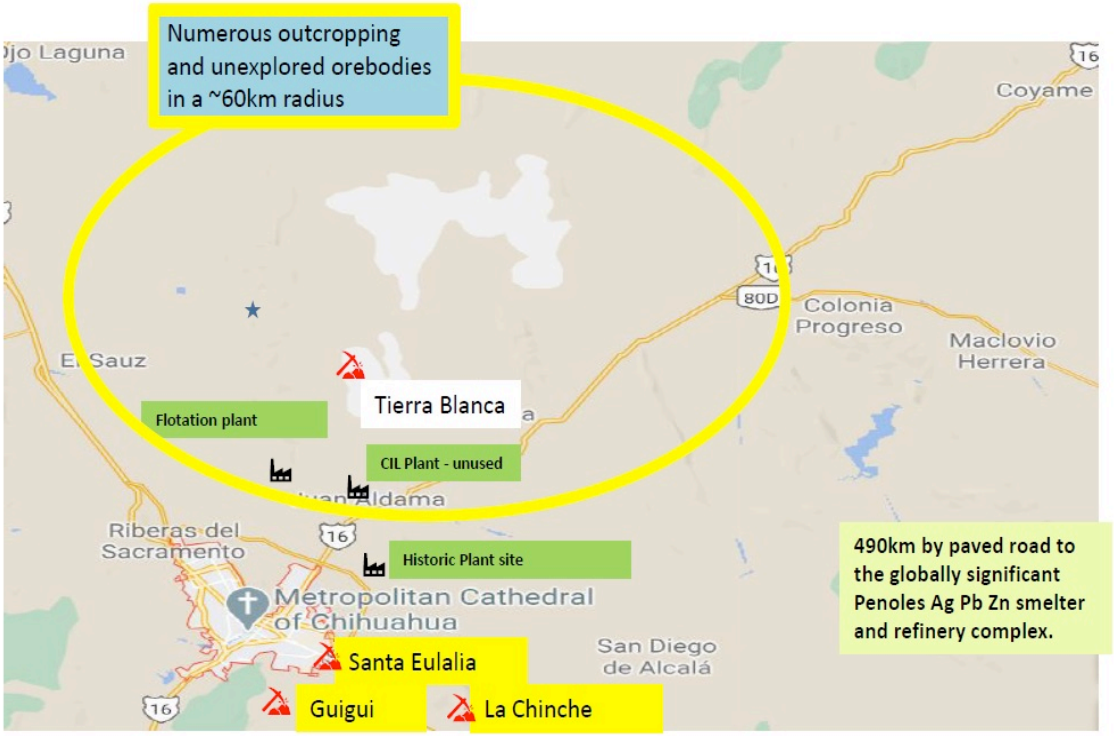

Figure 3: Outcropping and Unexplored Orebodies in a ~60km Radius of Tierra Blanca

Extensive mapping and geochemistry of the anomaly has identified an outcropping structure 20 metres in width, which is reflected in the exploration adit driven 30 metres from surface onto the orebody.

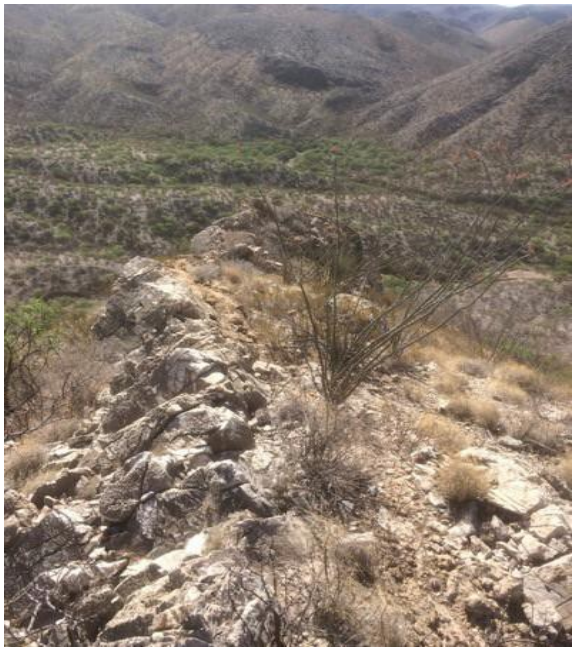

Figure 4: Tierra Blanca Outcrop

The photograph to the left shows a view of the Tierra Blanca outcrop, looking SE along the strike of the silicified breccia ore horizon, subparallel to resistant limestone. The photograph to the right is a view to the North West along strike of the silicified breccia ore horizon.

A vertical exploration shaft sunk to allow sampling and examination of the structure suggests, from “level 3” (30 metres below surface) an orebody dipping subvertically at a 65° angle, with a potentially economic width of 3-10m.

Channel samples in the underground development were tested through local laboratories recording combined Zn & Pb ranging from 12% to 28%. Silver grades in these deposits are typically encountered lower in the system around the 150m sub level.

A shaft of ~50 metres in length would be sufficient to get on the ore horizon at the 30 metre level using the mountain topography and existing adit.

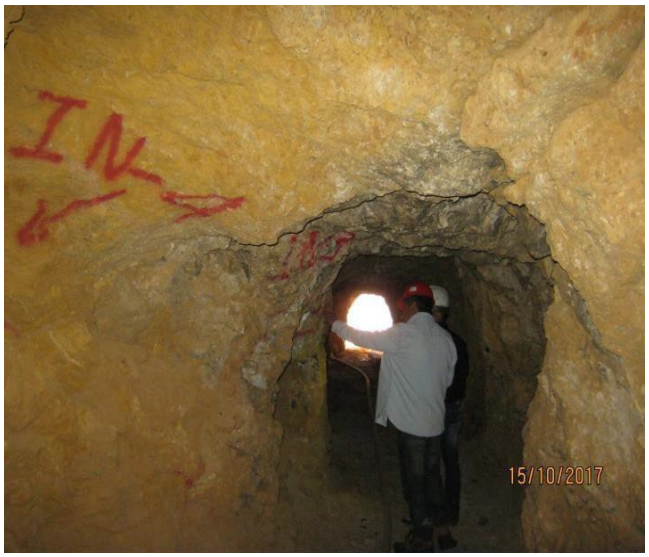

Figure 5: Tierra Blanca Project

Jadar intends to build a GIS database on the project and prepare permits to drill an initial campaign on the property in early 2021.

Next Steps

Jadar is committed to building a portfolio of Latin American precious and base metals projects and intends to resume work on its Yannamina gold project in Peru when the COVID-19 restrictions are lifted. The investment into Mexico represents a low-cost entry into a country with prolific outcropping precious and base metals orebodies, excellent infrastructure and a highly skilled workforce with a history of commercial mining dating more than 500 years. Jadar believes there is potential to grow a portfolio of larger high-quality assets in Mexico, and that a management team based in Latin America is critical to project generation and delivery.

Appointment of Hugh Callaghan

Jadar has appointed Mr Hugh Callaghan to lead the management of the Company's Latin American business and he will be based between Mexico and Peru. Mr Callaghan has extensive experience in Latin America in project generation and management, which includes working at Escondida copper mine in Chile, building a 3,000 tonne per day underground copper mine in Chile as Chairman of Tamaya Resources Limited, and has subsequently done extensive project generation in Columbia and Mexico for private equity interests which have resulted in substantial projects under development. Prior to this, Hugh served in commercial and business development roles with Gold Fields of South Africa, Rio Tinto plc in their corporate headquarters, and Xstrata. Hugh was founder of ASX listed Riversdale Mining Limited (which was subsequently acquired by Rio Tinto for $3.9b) and has extensive experience of project generation and management in Latin America and Africa.

Mr Callaghan has assembled a team of technical and services contractors in Mexico and will build the Peruvian team when the current travel restrictions are limited.

Acquisition Terms

Jadar has secured the option to acquire equity in a local Mexican company, the holder of the Tierra Blanca Project, with an upfront payment of USD$30,000 cash and issuing 3,000,000 Ordinary Fully Paid Shares to the Vendor. The Vendor, Pacific Advisory Pte Ltd, is an advisory company with experience in mineral projects and advises companies around the world on deal structuring.

The option terms are spread over 3 years at a cost of US$24,000 per annum in equal monthly instalments in addition to meeting the license costs of the Vendor.

A payment equivalent to US$25,000 will become payable at the decision to mine along with a royalty of US$2.00 per tonne of ore fed to the mill.

ENDS

For further information, please contact:

Luke Martino
Non-Executive Chairman
Tel: +61 8 6489 0600
E: luke@jadar.com.au

Adrian Paul
Executive Director
Tel: +61 8 6489 0600
E: adrian@jadar.com.au

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

Forward Looking Statements

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)”, “potential(s)” and similar expressions are intended to identify forward-looking statements. 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.