ASX ANNOUNCEMENT
31st August 2023
ASX: PEC

Perpetual RESOURCES LIMITED

Update on Beharra High Grade Silica Sand Project

HIGHLIGHTS

- **Beharra offtake & partnering discussions**
  - Lowest impurity focus aimed at maximising operating margins once Beharra in production.
  - Multiple samples undergoing evaluation and analysis by existing and new interested offtake and potential strategic parties.
  - Efforts remain focused on impurity removal in China, with the aim of achieving consistently low impurity levels that are suitable for highest quality PV solar cell cover glass applications.
  - Beharra sand confirmed as suitable for various other high quality glass applications in Asia.
- **Environmental approval process**
  - Continues to advance, with ongoing dialogue with state and federal departments.
  - WA State Part IV approval process expected to conclude in 6-9 months.
  - Federal EPBC Act approval expected to conclude prior to Part IV process.

Perpetual Resources Limited (ASX: **PEC**, "PEC", "**Perpetual**" or "the **Company**") is pleased to provide an update on the Beharra High Grade Silica Sand Project (Beharra Project), located 100km south of Geraldton, in Western Australia. Recent efforts at Beharra have been focussed on offtake and partnering discussions, in addition to the advancement of environmental approvals which will ultimately allow a decision on project development.

Mr. Julian Babarczy, Executive Chairman of Perpetual, commented:

"The best path to long term shareholder value creation at Beharra remains a profit maximisation strategy, where impurity reduction efforts remain paramount. While product testing and impurity removal analysis, in addition to strategic partner negotiation and selection, has taken longer than expected, we have strong conviction that this more thorough process to achieve optimal economic results places Perpetual in the best position to deliver maximum value for shareholders.

Importantly, inbound interest for Beharra sand remains consistent, and progress on the important environmental approvals process continues to be solid. We look forward to updating shareholder in the future on other key elements of the Beharra Project".

Beharra offtake & partnering discussions

Perpetual continues to undertake multiple parallel discussions with interested silica sand buying groups, with the key area of focus remaining the identification of the limits of Beharra silica sand impurity removal, specifically iron oxide (Fe_2O_3).

The process to identify Beharra's lowest impurity product has involved a comprehensive pathway, with testing having been undertaken on a range of product samples, including raw sand, direct-shipping-ore (DSO), through to intermediate and final processed product. Each potential off take partner and strategic interest group has undertaken their own bespoke impurity removal process, including the application of a range of different processing equipment, particularly on variations to the magnetic separation stage, involving trials on both wet and dry magnetic equipment at a range of different magnetic intensity settings and throughput rates. Perpetual is working closely with one of the region's leading magnetic separation OEM's, with a view to optimising their equipment to match the specific characteristics of the Beharra silica sand.

In recent weeks, Perpetual has continued to despatch Beharra product samples to interest parties, representing both new and existing follow-on testing;

1. A 20kg shipment was sent to a manufacturer of leading magnetic separator equipment, which Perpetual (via an intermediary) is working with to explore optimal impurity removal from bespoke applications of magnetic testing processes.
2. 2 x 6kg samples were also recently sent to a Chinese conglomerate company, which has suggested potential interest in silica sand offtake as well as project funding.
3. A 20kg sample is also close to being dispatched to another potential offtake partner, who has interest in low impurity as well as other product specifications.

Perpetual acknowledges that the advancement of offtake discussions continues to take longer than initially expected, due mainly to the requirement for multiple rounds of product testing and the occurrence of some variability in final product quality achieved. Perpetual continues to believe it is worthwhile to explore the impurity reduction limits for Beharra silica sand to determine the lowest impurity potential and likely highest value markets that could potentially be serviced.

Perpetual notes the similar ongoing lengthy testing process with potential offtake partners being experienced by most ASX-listed silica sand project developers, and the Company cautions investors and there is no guarantee that any of Perpetual's current discussions will necessarily lead to binding agreements.

Environmental approvals

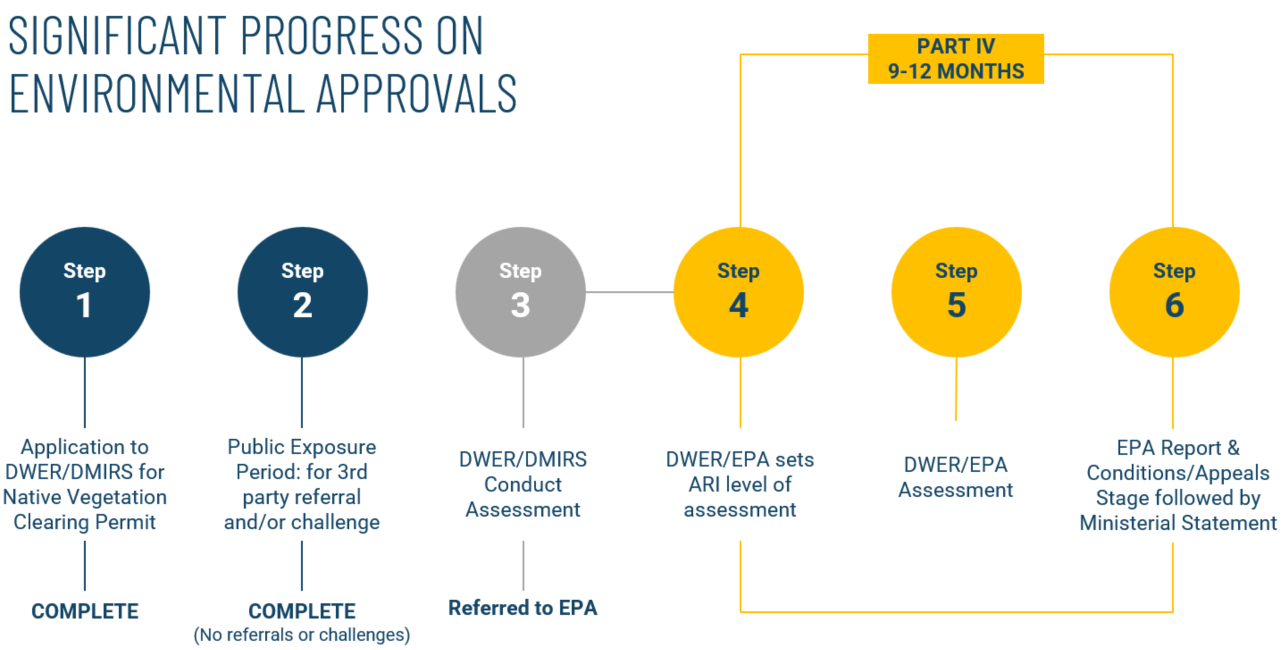

Figure 1 – Confirmed Environmental Approval Processes for Beharra

Perpetual has previously updated shareholders (please see ASX Announcement dated 16th June 2023), regarding formal confirmation from the Government of Western Australia Environmental Protection Authority (WA EPA) that pursuant to s.38G(1) of the Environmental Protection Act 1986 (EP Act), the WA EPA has decided to assess the Beharra Silica Sand Project proposal. The level of assessment is Referral Information, with additional information required under s.40(2)(a) in addition to an associated 4-week public review under s.40 (5) of the EP Act.

Perpetual is now in a planning process to determine the next steps for the advancement of the Part IV approvals process, although notes the following key stages are likely required;

1. Commencement of assessment of the Beharra proposal under Part IV Division 1,
2. Public comment on proposal process and referral information process,
3. Flora & vegetation review process,
4. Terrestrial fauna review process,
5. Inland waters review process,
6. Consultations on conditions process.

Perpetual notes that based on advice, the Company anticipates a process of a further 6-9 months for conclusion of the above-mentioned environmental approval processes, noting that Perpetual is currently at Step 5 of 6 as detailed in the schematic representation shown in Figure 1 above.

Once Perpetual has engaged in further dialogue with the relevant government agencies, the Company will update shareholders with additional details and approval milestones.

Perpetual has also previously updated shareholders that the Beharra Project was deemed a Controlled Action under the Environmental Protection and Biodiversity Conservation Act (EPBC Act), with the project requiring assessment and approval under the EPBC Act prior to final approval.
Progress continues to be made in relation to the EPBC Act approvals with further updates planned for shareholders once new information is received.

The expected timeline for EPBC Act approval remains as later in 2023, with Perpetual having opted to progress the Federal approvals process in parallel to the State based approvals, which mean that this process should conclude in advance of the Western Australia state-based Part IV approvals process.

- ENDS -

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

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About Perpetual Resources Limited

Perpetual Resources Limited (Perpetual) is an ASX listed company pursuing exploration and development opportunities within the critical mineral sector. Perpetual's flagship asset, the Beharra Project is located 300km north of Perth and is 96km south of the port town of Geraldton in Western Australia.

Perpetual is also undertaking analysis and review of potential new energy commodity projects, with a view to adding additional projects to the Company's portfolio that will complement Beharra.

Forward-looking statements

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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