

INVESTMENT IN US URANIUM-VANADIUM PROJECT AND \$1.25M STRATEGIC PLACEMENT

HIGHLIGHTS

- » **Delecta Limited (ASX:DLC) (Delecta or the Company)** has acquired 60% of the shares in Sunrise Minerals Inc, a Colorado based US company that holds the REX Uranium-Vanadium Project.
- » The REX Uranium-Vanadium Project consists of 256 BLM contiguous claims covering 2,072ha in Colorado, USA.
- » **Uranium mineralisation confirmed**, with four historic uranium mines within the Project area and not subject to recent exploration.
- » The REX Uranium-Vanadium Project is ideally located in a region with well-established infrastructure, and a mature mining industry.
- » The White Mesa mill, the only operating conventional uranium-vanadium mill in the US, is located within trucking distance of the project and has 90% spare capacity available to toll treat locally mined ore.
- » Project lies within the Uravan Mineral Belt with a reported production, dating from 1898 totalling 86 mlbs at 0.24% uranium (U_3O_8) and 441 mlbs at 1.25% vanadium (V_2O_5).¹
- » Exploration has commenced with assay results expected early July 2020.
- » Delecta has invested in Sunrise Minerals Inc in anticipation of a major shortfall in the uranium supply, leading to shortages and potentially a significant increase in the uranium price.
- » At present 441 reactors in operation globally, 54 under construction, 111 planned, and 328 proposed (increased use).²
- » In 2019, US uranium production levels slipped 89% resulting from mine closures and production shortfall.³
- » A raw material supply shortage is projected in Q4 2021/Q1 2022 with the mining sector unable to meet demand and project resulting price rise.
- » US Government recently announced multi-year commitment to support domestic uranium production.
- » The Company has received commitments of \$1.25 million (before costs) via a placement of 312.5 million shares at \$0.004 with a 1 for 2 free-attaching 3-year option exercisable at \$0.008.
- » CPS Capital Group Pty Ltd have acted as Lead Manager and Broker to the placement.

¹] <https://www.osti.gov/servlets/purl/6512174> Page 33

² Refer to footnote 13 below

³ <https://world-nuclear-news.org/Articles/USA-releases-2019-uranium-figures>

Commenting on the acquisition, DLC Managing Director Malcolm Day:

"The Company is pleased to announce the investment in Sunrise Minerals Inc, a Colorado based US company that owns 100% of the REX Uranium-Vanadium Project. The investment provides the Company with a 60% shareholding in Sunrise Minerals Inc and fully funds the initial stage of exploration that will include mapping and sampling.

I'm excited about the potential of the Project given the regions history of uranium mining and the fact that it hasn't been subject to any modern exploration. Its proximity to operating infrastructure and the prevailing supportive government regime will assist in the development of the Project.

The predicted uranium shortfall coupled with a positive price trajectory provides for a positive outlook for the US uranium sector. I look forward to providing shareholders with a consistent flow of news regarding the projects development."

PROJECT SUMMARY

The REX Uranium-Vanadium Project (**Project**) consists of 256 BLM (Bureau of Land Management) contiguous claims of 20 acres each covering a total of 5,120 acres (2,072ha) located in Montrose County, Colorado (Figure 1).

The project is readily accessible via surfaced and county-maintained gravel roads from either Moab or Monticello, a distance of approximately 145 kms. The region has well-established Infrastructure and a mature mining industry.

URAVAN MINERAL BELT

The REX Uranium-Vanadium Project lies within the Uravan Mineral Belt, an elongated area in southwestern Colorado where vanadium-uranium deposits in the Salt Wash Member (Jms) of the Morrison Formation "generally have closer spacing, larger size, and higher grade than those in adjacent areas and the region as a whole" (Fischer and Hilpert, 1952, p. 3). These are in turn overlain by varying thicknesses of the Brushy Basin shales and sandstones (Jmb). Within the REX Project the sediments dip gently (2.5°-3.5°) to the northeast (Figure 2).

Many of the deposits in the Uravan Mineral Belt are within well-defined, sandstone filled, paleo river channels which are several hundred metres wide and up to a few kilometres long. The tabular ore bodies typically are elongated parallel to sedimentary trends and are concordant with the bedding. The ore averages about 1.2 m thick, but in a few places, ore thicknesses approaching 9 m have been mined.

Capping these units and forming flat topped mountains/highlands are the sandstones of the Burro Creek (Kbc) Formation.

WHITE MESA MILL

Energy Fuels Inc (TSE: EFR), White Mesa mill, is located within trucking distance of the REX Project. The White Mesa mill is the only fully licensed and operational conventional uranium mill in the United States. It is currently operating at only 10% of its capacity and offers toll treatment providing a low-cost solution for uranium and vanadium miners in the area⁴.

⁴ Energy Fuels Inc. Presentation April 24, 2020 Annual Corporate Presentation, Energy Fuels (TSE:EFR), May 2019, page 7 - <https://www.energyfuels.com/presentation>

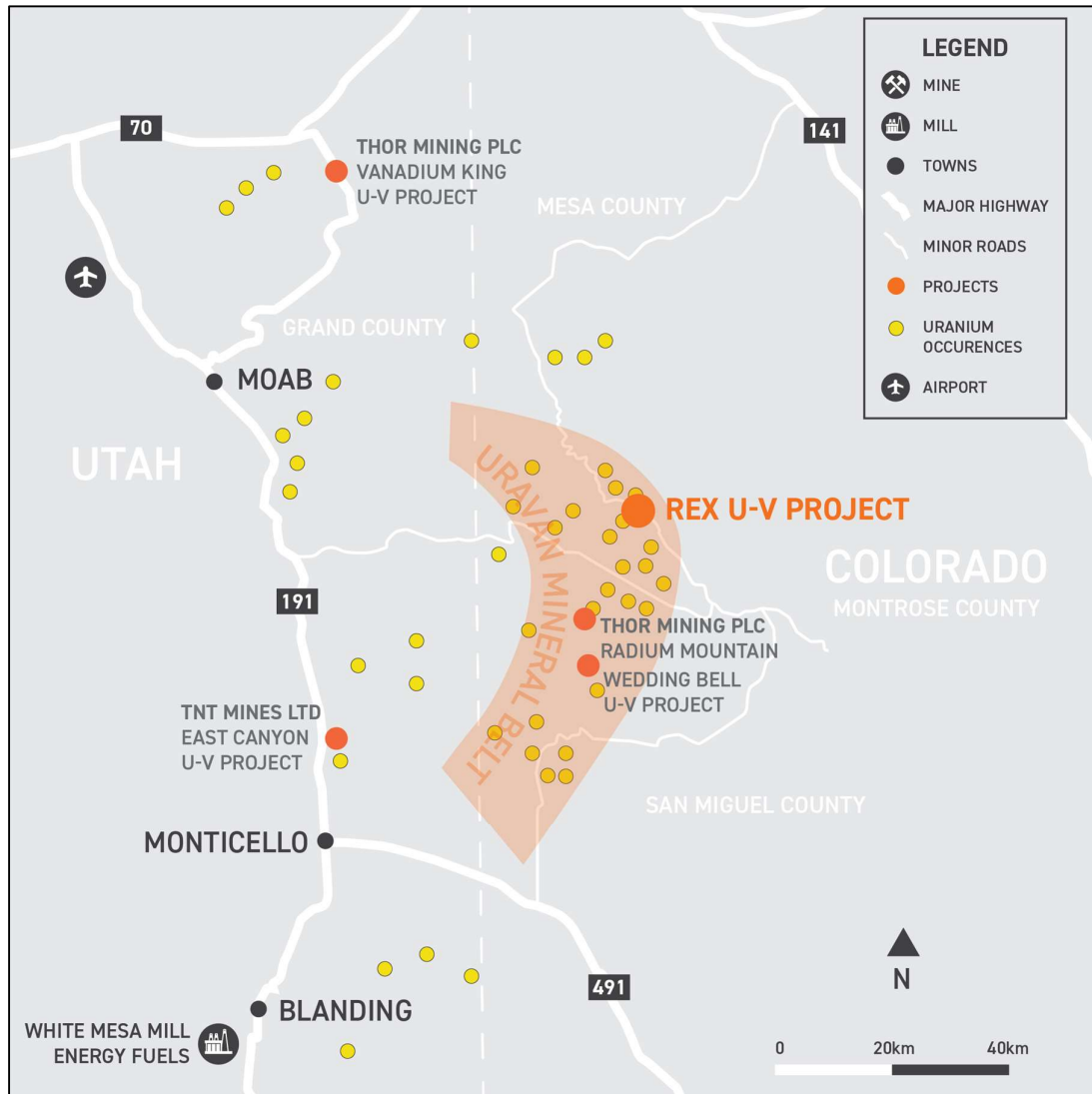


Figure 1 – Location REX Project

PROJECT GEOLOGY

The uranium-vanadium mineralisation on the REX Project is hosted primarily in reduced permeable, carbonaceous sandstones of the Salt Wash Member where they occur as individual deposits or groups of deposits. Within the Urvan Mineral Belt uranium-vanadium mineralised bodies ranging from a few tons to large masses containing more than one million tonnes of ore tend to be clustered within elongated favourable areas a few kilometres long by several hundred meters wide. Production from these elongated favourable areas has ranged from a few hundred thousand tonnes of ore to a few million tonnes of ore.

Within the mineralisation, the principal uranium minerals are uraninite and coffinite while vanadium clays, consisting largely of chlorite and/or hydromica, are the main vanadium minerals.

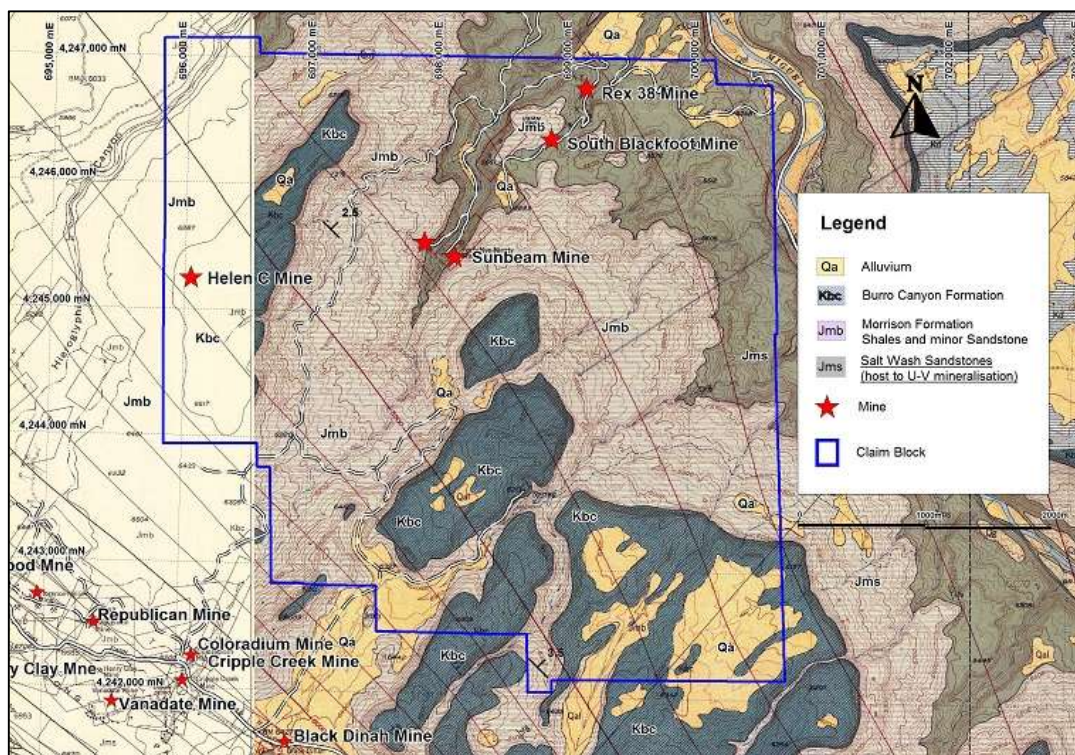


Figure 2 – REX Project geological setting

HISTORY

In 1899 uranium from the sandstones was discovered in the western part of Montrose County, Colorado.⁵ Four periods of mining followed, initially for uranium from 1900 to 1910, then radium to about 1923.⁶ Following a decade of inactivity, mining resumed, this time for vanadium, in the early 1930s until 1946.⁷ Mining began again in 1949 for major production of uranium.⁸ This period lasted until 1983, ending when the price of uranium went into serious decline. A period of exploration occurred during the uranium price spike between 2006 to 2008.⁹

The Uravan Mineral Belt containing the REX Uranium-Vanadium Project forms an arcuate belt that stretches from eastern Utah into southwest Colorado and has reported production totalling 86 million lbs U_3O_8 and 441 million lbs V_2O_5 ¹⁰ at average grades of 0.24% and 1.25% respectively.¹¹ No individual production records are available for the 4 documented mines on the Project.

The mines within the project area were subject to varying levels of exploration. Only limited data regarding drill hole position and in some instances, grades, are available on the old mine plans. Much of the drilling was completed with wagon drills, RAB rigs generally suitable for holes up to 30m depth.¹² In many cases no sample of the cuttings were taken, and down hole gamma ray logs were completed to ascertain the presence of uranium mineralisation. At the time uranium was the dominant economic mineral and the vanadium remains undocumented.

⁵ https://nmgs.nmt.edu/publications/guidebooks/downloads/32/32_p0165_p0170.pdf Page 5

⁶ https://nmgs.nmt.edu/publications/guidebooks/downloads/32/32_p0165_p0170.pdf Page 6

⁷ https://nmgs.nmt.edu/publications/guidebooks/downloads/32/32_p0165_p0170.pdf Page 6

⁸ https://nmgs.nmt.edu/publications/guidebooks/downloads/32/32_p0165_p0170.pdf Page 7

⁹ http://me.smenet.org/docs/Publications/ME/Issue/DEC_Web_Feature_2.pdf Page 5

¹⁰ <https://www.osti.gov/servlets/purl/6512174> Page 33

¹¹ <https://www.osti.gov/servlets/purl/6512174> Page 33

¹² Greg Smith's discussions with local industry sources

URANIUM OUTLOOK

In May 2020, the uranium price was at US\$34/lb with 441 reactors in operation globally, 54 under construction, 111 planned, and 328 proposed.¹³

In April 2020 there were 62 uranium producers and of those, 10 are government associated or multi-national and 7 are listed producers.¹⁴ There are 18 potential developers struggling to survive due to inability to raise capital or have projects subject to geopolitical or technical issues.

Currently, major suppliers are mothballing mines or exiting the sector with production now cut back by 40 million pounds on an annualised basis. The COVID-19 crisis is estimated to result in another 20Mlb of uranium production cut back.¹⁵ It was recently reported that US domestic production of uranium concentrate plunged 89% to 174,000 pounds of U₃O₈ in 2019.¹⁶

If this shortfall and the lag between discovery and production is not realised, there will potentially be no significant new mining development until the price hits a minimum US\$60/lb. A supply problem is expected to materialise in late 2021 or into 2022 with the mining sector totally unprepared for the shortages.

This shortage occurs in concert with the United States rising protectionist policy and its desire to reclaim US nuclear leadership.

The US Federal Government 2021 budget proposes creating a US\$1.5 billion U₃O₈ reserve through 10 years of purchasing US\$150 million p.a. (circa 3.75Mlbs p.a.) of domestic U₃O₈ production.¹⁷ Further congressional approval will be sought to expand this initiative to acquire 17-19Mlbs of U₃O₈ over 10 years versus 2019 US production of 174,000Lbs¹⁸.

EXPLORATION

Exploration has commenced on the Project and the initial exploration plan includes:

1. Map and sample along the sandstone mesa rims on the Project utilising a handheld XRF gun and scintillometer.
2. Geo-reference the existing underground mine plans and where accessible complete mapping and sampling to establish the presence of mineralisation and provide a guide for surface drilling.
3. Locate previous surface drill holes.

Initial assay results from rock chip sampling are expected in early July 2020. These results will assist with the possible expansion of the planned exploration program.

¹³ IAEA power Reactor Information Service <https://www.iaea.org/newscenter/news/preliminary-nuclear-power-facts-and-figures-for-2019> and <https://smallcaps.com.au/uranium-supply-fragile-precarious-shortages-inevitable-2023/>

¹⁵ <https://smallcaps.com.au/uranium-supply-fragile-precarious-shortages-inevitable-2023/>
¹⁶ <https://smallcaps.com.au/uranium-supply-fragile-precarious-shortages-inevitable-2023/>

¹⁶ US Energy Information Administration, 2019 Domestic Uranium Production Report, May 2020

¹⁷ <https://www.energy.gov/articles/secretary-brouillette-announces-nuclear-fuel-working-groups-strategy-restore-american>

¹⁸ <https://www.energy.gov/articles/secretary-brouillette-announces-nuclear-fuel-working-groups-strategy-restore-american>

ACQUISITION

The Company has acquired 60% of the issued capital of Sunrise Minerals Inc, a Colorado based company, that owns the 256 BLM claims, for consideration of A\$150,000.

As part of the acquisition, the current shareholder of Sunrise Minerals Inc, Gavin Harrison (or his nominee) will, subject to receipt of shareholder approval, be issued with 20,000,000 options to acquire Shares (**Options**). Mr Harrison is not a related party or substantial holder of the Company.

CAPITAL RAISING

The Company will undertake a placement to raise approximately \$1,250,000 (**Placement**) via the issue of 312,500,000 new fully paid ordinary shares (**Shares**) at a price of \$0.004 each. Subscribers to the Placement will receive, subject to receipt of shareholder approval, one Option for each two Shares, exercisable at \$0.008 per Option, expiring three years from the date of issue.

Malcolm Day, Managing Director, and Non-Executive Director, Hans-Rudolf Moser, both propose to participate in the Placement by subscribing for 12,500,000 Shares each, for a total amount of \$50,000 each, subject to receipt of prior shareholder approval at a forthcoming general meeting of shareholders.

Pursuant to a mandate between the Company and CPS Capital Group Pty Ltd (**CPS**), the Placement will be lead managed by CPS. As consideration for acting as lead manager to the Placement, the Company has agreed to pay CPS a management fee of 2% (plus GST) for managing the Placement and a placing fee of 4% (plus GST) for funds raised by CPS via the Placement. In addition, subject to receipt of prior shareholder approval, the Company will issue CPS (or its nominee) with 20,000,000 Options exercisable at \$0.008 per Option with an expiry date of three years from the date of issue.

The Company has also engaged CPS to provide corporate advisory fees for a minimum of twelve months from the date of the mandate. The Company will pay CPS a corporate advisory fee of \$5,000 (plus GST) per month for these services.

The Placement will be completed in 2 tranches:

- A) a placement of 100,000,000 Shares at an issue price of \$0.004 to raise \$400,000 (before costs) (**Tranche 1 Placement**). The Tranche 1 Placement Shares will be issued using the Company's existing Listing Rule 7.1 and 7.1A placement capacities; and
- B) subject to receipt of prior shareholder approval, an additional placement of 212,500,000 Shares at an issue price of \$0.004 to raise \$850,000 (before costs) (**Tranche 2 Placement**).

All of the Options proposed to be issued under the Tranche 1 Placement and Tranche 2 Placement are subject to receipt of prior shareholder approval.

Funds raised from the Placement will be used to fund the investment in Sunrise Minerals Inc and working capital for the Company's wholesale business Calvista and costs associated with the Placement.

GENERAL MEETING

A notice of meeting seeking, amongst other things, approval for the Placement, Shares to be issued to Malcolm Day and Hans-Rudolf Moser, Options to be issued to directors, Options to be issued to consultants, Options to be issued to the shareholder of Sunrise Minerals Inc and Options to be issued to CPS, will be sent to shareholders in the coming weeks.

PROFORMA CAPITAL STRUCTURE

Set out below is the indicative capital structure of the Company following completion of the Placement and issue of Options:

	Shares	Options
Securities currently on issue ⁽¹⁾	695,996,205	40,000,000 ⁽²⁾
Capital Raise -Tranche 1 Placement	100,000,000	50,000,000 ⁽³⁾
Capital Raise – Tranche 2 Placement	212,500,000	106,250,000 ⁽³⁾
Vendor Options ⁽³⁾		20,000,000
Director / Company Secretary Options ⁽³⁾		20,000,000
Consultant Options ⁽³⁾		20,000,000
Lead Manager Options ⁽³⁾		20,000,000
Total Securities on completion of Placement and investment in Sunrise Minerals Inc	1,008,496,205	236,250,000⁽⁴⁾

Notes:

1. Assuming no other Shares or options are issued prior to completion of the Placement.
2. Unlisted Options exercisable at \$0.015 on or before 30 June 2020.
3. Unlisted options exercisable at \$0.008, with an expiry date of three years from issue. Issue is subject to receipt of prior shareholder approval.
4. Assumes that all 40,000,000 of the Options exercisable at \$0.015 expire on or before 30 June 2020 have expired and have not been exercised.

Subject to receiving shareholder approval the beneficial holding of the Directors' following completion of the Placement will be as follows:

	Subscription			Director Options	Resultant Holding		
Director	Amount A\$	Number of Shares	Number of Options	Number of Options	Number of Shares	% of enlarged capital	Number of Options
Bryan Hughes	-	-	-	6,000,000	-	-	6,000,000
Malcolm Day	\$50,000	12,500,000	6,250,000	6,000,000	183,639,768	18.2%	12,250,000
Hans-Rudolf Moser	\$50,000	12,500,000	6,250,000	-	66,294,943	6.6%	6,250,000
David Wheeler	-	-	-	4,000,000	-	-	4,000,000

COMPETENT PERSON STATEMENT

The information in this announcement that relates to Exploration is based on information compiled by Greg Smith, who is a Member of The AusIMM and who has more than five years' experience in the field of activity being reported on. Mr. Smith is a consultant of the Company. The information in the market announcement is an accurate representation of the available data and studies for the material mining project.

Mr. Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

-End -

This announcement has been authorised for release to ASX by the Board of Directors of the Company.

For further information visit our website at delecta.com.au contact:

Malcolm Day

Managing Director

Tel: (61 3) 9695 5858

Email: admin@delecta.com.au

ABOUT DELECTA

Delecta Limited (ASX:DLC) is an ASX-listed Company based in Melbourne, Australia. Delecta has a 35-year history of investing in high-growth industries including wholesale, retail and resources Companies. The Company maintains an interest in Calvista, a wholesale trading business and European Lithium (ASX:EUR). The Company is currently accessing a range of acquisition opportunities in minerals exploration projects in tier-1 jurisdictions.