

13 January 2021

**Okapi
Resources**

ABN: 21 619 387 085

Directors:**Rhod Grivas**

Non Executive Chairman

Andrew Shearer

Executive Director

David Nour

Non Executive Director

Raymond Liu

Non Executive Director

Leonard Math

Company Secretary

Corporate Details**Shares on issue**

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Okapi Proceeds with Enmore Gold Project

- **OKR has successfully completed due diligence on the Enmore Gold Project, New South Wales, and has elected to proceed with the 100% acquisition.**
- **Project hosts two advanced walk-up drill targets, Sunnyside & Bora, and a number of high-quality exploration targets.**
- **Widespread occurrences of high-grade gold in rock chip sampling including 74.1g/t Au, 56g/t Au, 41g/t Au and 26g/t Au. Historic sampling of underground workings and trenches returned up to: 0.45m @ 234g/t Au, 0.91m @ 21g/t Au, 0.76m @ 23g/t Au, 0.45m @ 33g/t Au, 1.52m @ 16g/t Au, 3m @ 15g/t Au¹.**
- **Analogous setting to the nearby Hillgrove Antimony-Gold Mine (Red River Resources ASX:RVR), which has recently recommenced production.**
- **Permitting for drilling is progressing, subject to approvals and drill rig availability a minimum 1,000m drilling program is planned for 2Q 2021.**

Okapi Resources Limited (ASX:“OKR”) (“**Okapi**” or “**Company**”) is pleased to advise that the Company has successfully completed the due diligence for the Enmore Gold Project (“**Enmore**”) located 30km SE of Armidale near the historic Hillgrove Antimony-Gold Mine in north eastern NSW (Figure 1); electing to proceed with 100% acquisition of the project from Providence Gold and Minerals Pty Ltd (“**Providence**”) as per the terms of the binding heads of agreement as announced to the ASX on 17 December 2020.

Commenting on the acquisition of the Enmore Gold Project, **Okapi Executive Director, Andrew Shearer said:**

“The drill ready and high grade nature of these exciting gold projects has justified Okapi in taking the next step forward with the Enmore Project. Planning is well under way now to complete the 1,000m drilling and \$200,000 exploration program as part of Milestone One, allowing Okapi to make a decision to continue with the staged acquisition of the project.”

Okapi has commenced the approvals and land access processes to begin exploration, including planned drilling and geophysics. Subject to approvals, COVID-19 border restrictions and drill rig availability, initial drilling is planned for early in Q2, 2021.

Planning is underway for an initial six holes at the Sunnyside Prospect to test below shallower historic mineralised drill holes that define anomalous gold over 400m of strike. The Sunnyside Prospect sits within an anomalous gold trend over 2.5 km, with a number of other targets. The gold mineralisation occurs in vertical to sub-vertical structures with an overall east-northeast trend. Cross cutting structures are also mineralised.

In addition to the proposed drilling, it is planned to trial electrical geophysics at Enmore. Okapi has identified that there has been limited use of electrical geophysics methods, despite the fact that the lode and vein mineralisation styles identified at Enmore are potentially ideally suited to definition using systematic 3D electrical geophysics techniques.

The Enmore Gold Project is underexplored and remains highly prospective for identifying potentially economic high-grade gold mineralisation on known prospects, and for discovering new mineralised areas. Historic exploration at Enmore has largely focussed on the shallower gold mineralisation, with limited historic deeper drilling, despite a number of high-grade drill intercepts in the historic drilling. Across the Enmore Project a total of 213 holes for 11,323m has been reported since 1974. There are 39 known historic mines and mineral occurrences on the Enmore-Melrose Goldfield. Most occurrences are located on or near the three identified main NW trending structures. A conservative estimate of the collective prospective length of these structures is 22km¹.

Based on the available data, Okapi will be targeting the potential for relatively deeper structurally controlled gold mineralisation. Okapi is very encouraged by both the apparent high-grade potential, and the limited relevant systematic exploration undertaken on the higher-grade gold reefs within the broader structural setting, providing significant exploration potential.

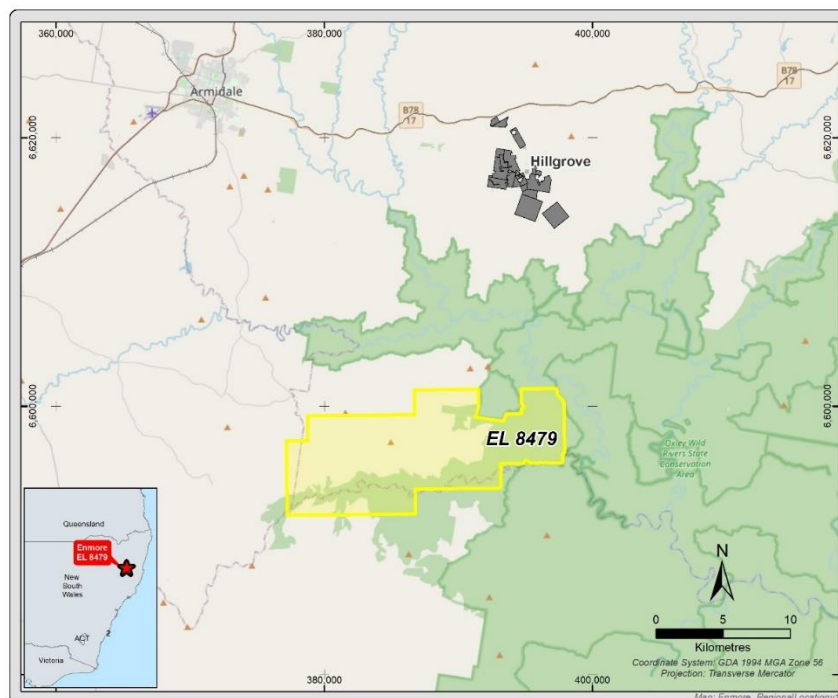


Figure 1: Enmore Gold Project Location plan, relative to Hillgrove Mine (Red River Resources ASX:RVR) and Armidale city.

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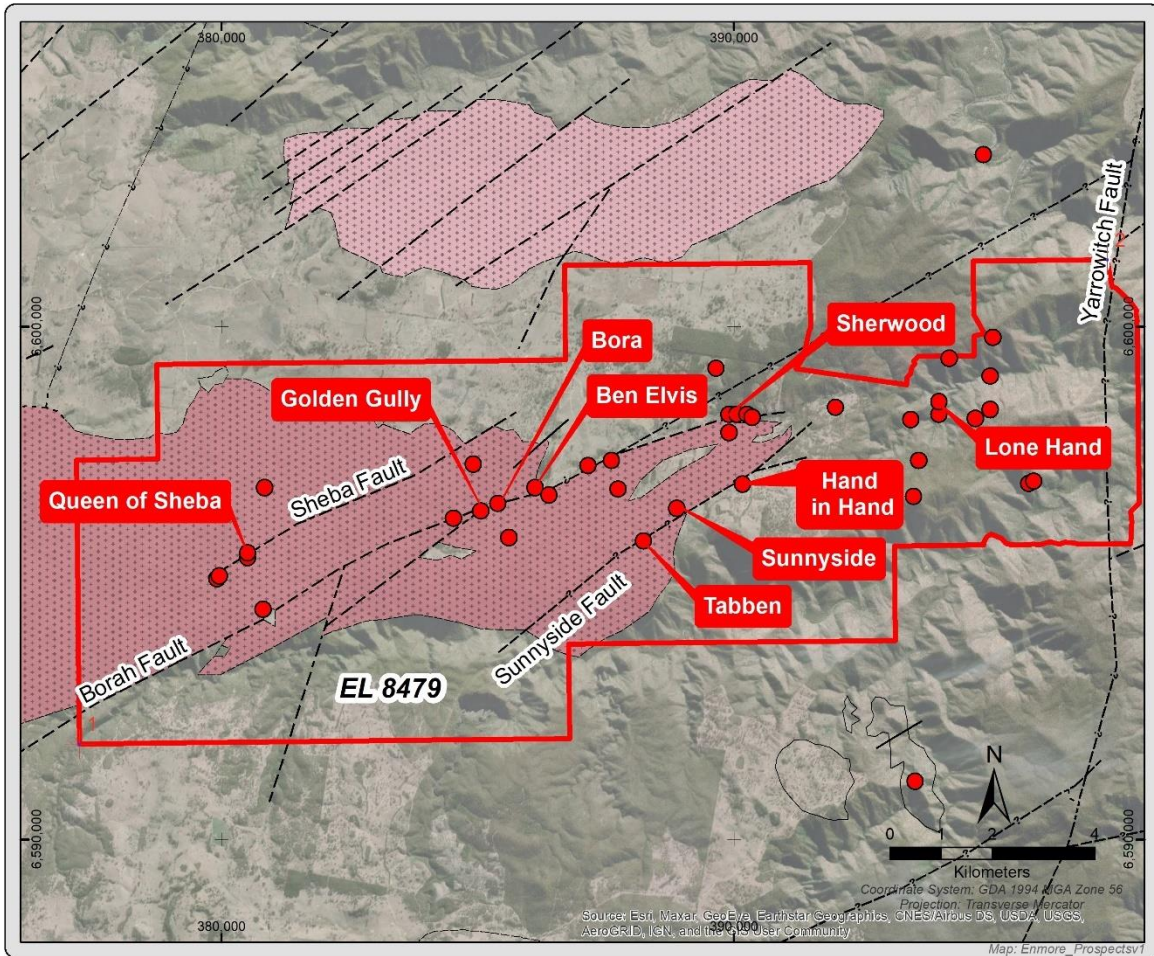


Figure 2: Enmore Project highlighting a number of the prospects and targets

The main prospects on the Enmore goldfield (Sunnyside Mine, Bora Mine and Sherwood Mine,) are defined by the presence of continuous lode style mineralisation over strike extents of up to 600m. With potential for development of additional lodges within the structurally prepared fault corridors.

The deeper drilling at Enmore has been relatively wide-spaced and has not adequately accounted for the expected limited strike extent of high-grade shoots or their oblique orientation to the host lode structure. High gold grades associated with quartz veins and breccias are interpreted to represent dilational shoots and have been returned in several deeper holes, particularly at the Bora Mine where the peak result from drilling is 4m @ 20.6 g/t from 92m, including 1m @ 58.0 g/t (BSD5).¹

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Sunnyside Mine

The focus of previous explorers at Sunnyside has been the definition of shallow oxide mineralisation. With only sixteen deeper holes drilled at wide (generally 45m) spacings below the oxide mineralisation. These holes have not adequately explained the distribution of gold. The structural setting, potential for dilation and abundance of supergene gold provide a high-quality target for further drilling, that will be the initial focus for Okapi. Continuity of mineralisation over 400m strike and up to 100m width has been demonstrated by detailed soil sampling.

- Significant historical intersections at Sunnyside over a 400m strike include¹:
 - **4m @ 11.94g/t Au from 0m in hole SP3B**
 - **20m @ 1.7g/t Au from 18m, inc 4m @ 4.4g/t Au in hole SP24E**
 - **2m @ 14.6g/t Au from 46m in hole SP13E**
 - **8m @ 3.0g/t Au from 0m, inc 2m @ 2.8g/t in hole SP4C**
 - **12m @ 1.9 g/t Au from 6m, inc 6m @ 2.4g/t Au in hole SP24C**
 - **10m @ 2.8g/t Au from 0m, inc 2m @ 6.2g/t Au in hole SP18B**

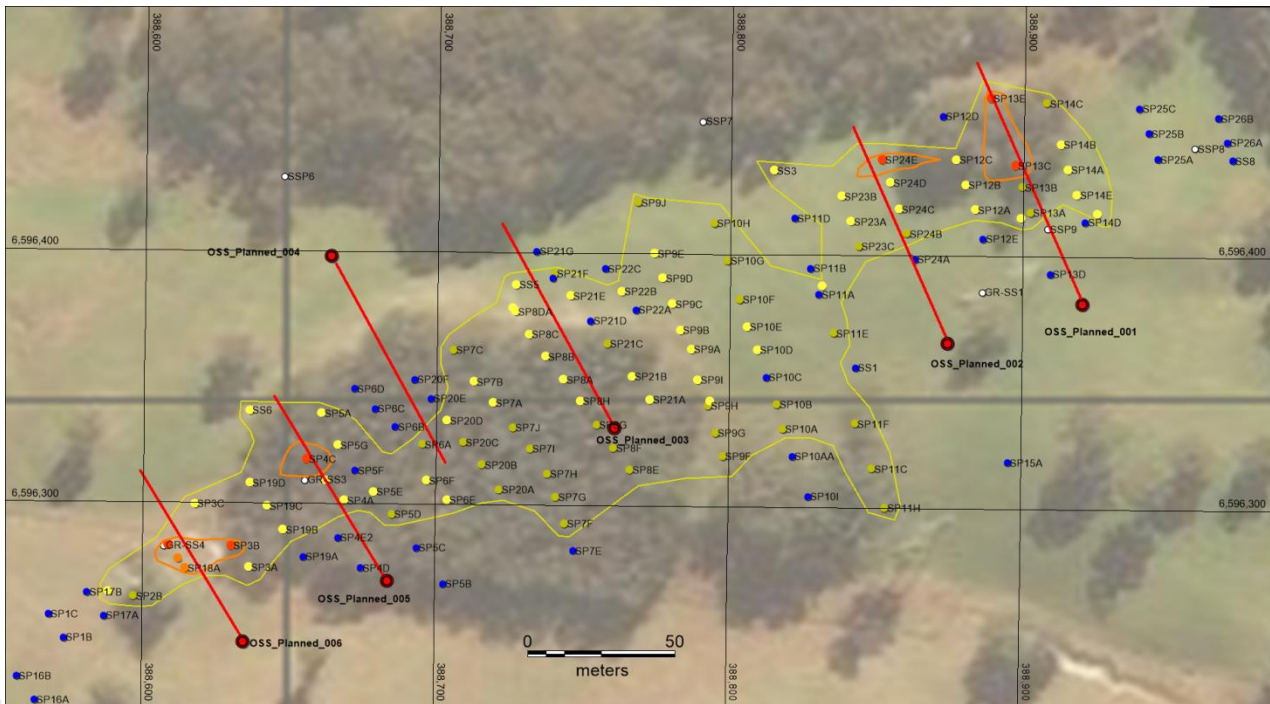


Figure 3. Sunnyside Gold Prospect: Six proposed drill holes (red) are planned to test below gold in shallow drilling (yellow) over 400m along strike. (Yellow contour highest drilled grade Au ≥ 0.5 g/t, orange contour highest drilled grade Au ≥ 3.0 g/t)

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Bora Mine

There have been thirty-one holes drilled over a concentrated zone of 100m at Bora. Although the mineralisation is structurally controlled, no detailed structural interpretation has been conducted to clarify strike and plunge of quartz veins to define and better target a mineralised shoot. Apparent discontinuity in section view (Figure 4) could be a result of incorrect interpretation and nugget effect associated with high-grade mineralisation.

Four of the historical drillholes at Bora have demonstrated strong potential to identify high-grade shoots on this structure, returning significant intercepts associated with quartz veins¹:

- **4m @ 20.6 g/t from 93m (BSD5)**
- **7m @ 4.6 g/t from 15.5m (BA_L2)**
- **4.8m @ 6.0g/t from 90.7m (GR-B8)**
- **1m @ 9.3 g/t from 145.62m (GR-B1) (incompletely sampled)**

Okapi feels that drilling has not adequately tested the Bora Prospect, or a number of the prospects along the Bora Fault (Figure 5) and mineralisation potential is considered open in all directions.

The last explorer concluded that additional drilling was required to confirm plunge and strike extent of mineralisation, and that there is scope for strike extensions to the northeast and southwest given the current distribution of drillholes.

At Bora, a number of vein reefs have been mined along the main Borah Fault over a strike length of up to 1km, in the periods 1907 to 1940 and 1976 to 1981. producing 443t of ore at 6.6g/t Au at Mt Bora and 106t of ore at Golden Gully at 23g/t Au for a combined total of 172.4oz Au. Whilst limited in size the grade and limited deeper drilling makes Bora a priority target for Okapi.

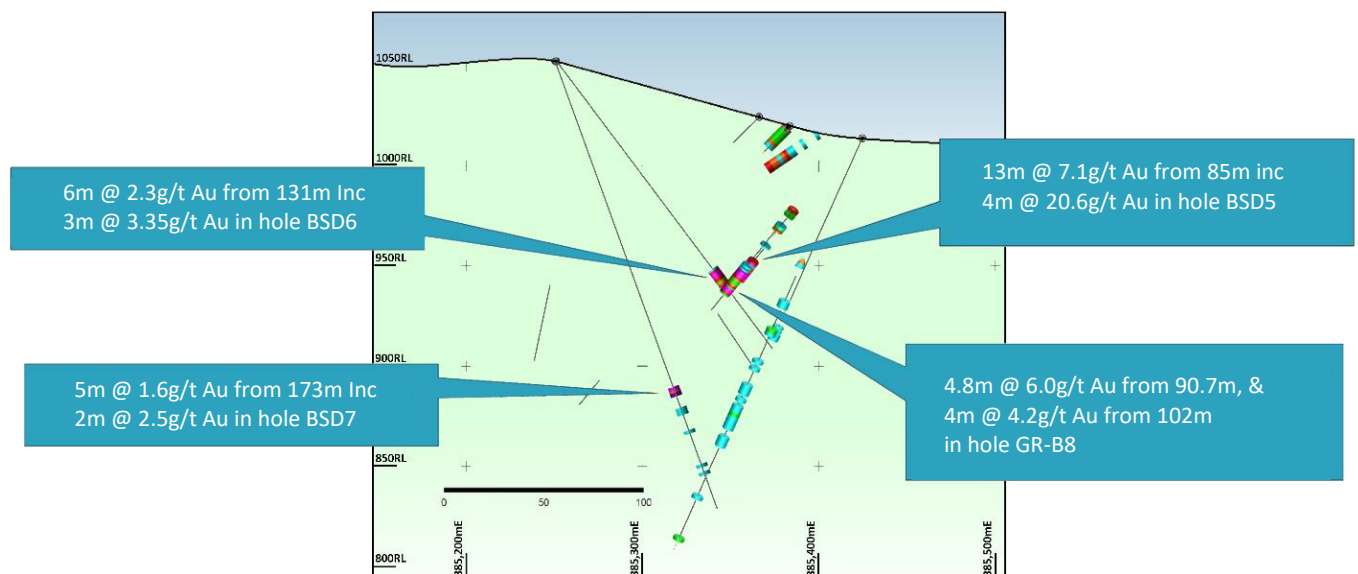


Figure 4: Bora Prospect – Cross Section 1 showing peak result from the Prospect in hole BSD5

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Figure 5: Typical topography of the Enmore Project with the Bora Fault highlighted

Hillgrove Gold Mine

Red River Resources (ASX:RVR) have recently announced* that they have restarted operations at Hillgrove Mine, which is located approximately 35kms in a straight line from the Enmore Project and is about 30km from Armidale.

To date, Hillgrove has produced more than 730,000 ounces of gold (in bullion and concentrates), more than 50,000 tonnes of antimony (as metal and in concentrates) plus material amounts of by-product tungsten (in concentrates). The Hillgrove site includes a 250ktpa capacity processing plant,

The Hillgrove Gold Project has a substantial high-grade JORC 2012 Compliant Mineral Resource of 5.0Mt @ 4.3 g/t Au & 1.5% Sb (6.4 g/t Au Eq.) (692koz gold & 75kt antimony)*.

The structural and geological similarities between the mineralisation at Hillgrove and Enmore are being investigated and will form part of the exploration model for Okapi. Encouragingly Red River have also recently reported excellent exploration results including 10.70m @ 8.6g/t Au @ 0.5%Sb from 180.6m downhole, including 2.00m 38.2g/t Au and 2.1% Sb from 188m downhole (ELG147)**.

***ASX announcement: Red River Commences Production at Hillgrove Gold Operation. 20 December 2020.**

**** ASX announcement: Red River drilling hits 2m @ 39.2g/t Au & 2.1% Sb at Hillgrove Gold Mine. 4 January 2021**

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The key terms of the Acquisition Agreement are:

Acquisition

- Subject to satisfaction of the conditions set out below, Okapi to acquire 100% of the legal and beneficial interest over tenement EL8479 ("**Tenement**") and associated mining information ("**Acquisition**").

Consideration

- At settlement of the acquisition, a cash payment of \$75,000 and subject to approval of shareholders, the issue of \$200,000 worth of fully paid ordinary shares in the capital of the Company ("**Shares**") at a deemed issue price equal to the lower of:
 - i) the issue price per Share offered to new and/or existing investors in any capital raising the Company elects to undertake in conjunction with the Acquisition ("**Capital Raising**"); or
 - ii) if the Company elects not to undertake a Capital Raising, the 10-day Volume Weighted Average Price ("**VWAP**") of Shares as at the date of the Acquisition Agreement,
- Upon satisfaction of Milestone 1 (as set out below), \$300,000, either by way of the issue of Shares at a deemed issue price equal to the 10-day VWAP immediately prior to the date of issue (in which case the issue will be subject to shareholder approval), or in cash, at the sole and exclusive election of the Company.
- Upon satisfaction of Milestone 2 (as set out below), \$400,000, either by way of the issue of Shares at a deemed issue price equal to the 10-day VWAP immediately prior to the date of issue (in which case the issue will be subject to shareholder approval), or in cash, at the sole and exclusive election of the Company.
- A two percent (2%) net smelter royalty in favour of the Vendor ("**Royalty**").

The milestones are as follows:

Milestone 1

- Okapi having conducted a minimum of 1,000 metres of reverse circulation core drilling on the Tenement, and releasing those drilling results on its ASX announcements platform; and
- Okapi having expended no less than \$200,000 in assessing the Tenement's viability and mineralogy ("**Minimum Expenditure**") and releasing a public report verifying that the Company has met the Minimum Expenditure on its ASX announcements platform.

In the event Okapi elects not to proceed with the Acquisition and therefore not to make the Milestone 1 payment, the Company shall pay any unspent portion of the Minimum Expenditure to Providence in cash and the parties agree and acknowledge that they shall do all things required to transfer the Tenement back to Providence as soon as is practicable following the Company's decision not to continue with the Acquisition.

Milestone 2

- Okapi defining a JORC Code 2012-compliant Mineral Resource (classified as either Measured or Indicated) of no less than 100k oz gold equivalent at greater than 1.5g/t Au as verified by an Independent Technical Consultant for the Enmore Gold Project.

The issue of the Shares of Milestone 1 and Milestone 2 are subject to the Company receiving ASX confirmation that the terms are appropriate and equitable pursuant to Listing Rule 6.1. The Company will make such an application seeking this approval as a condition precedent to settlement of the Acquisition.

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Conditions Precedent

Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (a) Okapi completing a legal, financial and technical due diligence on the Enmore Gold Project, to the Company's sole and absolute satisfaction by 12 January 2021;
- (b) if required (or if deemed desirable by the Company in its sole discretion), the shareholders of the Company approving the issue of the Shares the subject of Milestone 1 and Milestone 2 and any other transactions contemplated by the Acquisition Agreement in a general meeting;
- (c) the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) (Corporations Act), relevant New South Wales mining legislation (Mining Act) or any other law on terms acceptable to the Company to allow the Company to lawfully complete the matters set out in the Acquisition Agreement including, but not limited to, ASX approval of the terms of Milestone 1 and Milestone 2;
- (d) the Company and Providence obtaining all necessary third-party approvals or consents to give effect to transactions contemplated by the Acquisition Agreement to allow the Company and Providence to lawfully complete the matters set out in the Acquisition Agreement; and
- (e) the negotiation of, and agreement into, a formal royalty deed in relation to the Royalty to be executed at Settlement by the Company and Providence.

All Conditions other than (e) above are for the benefit of the Company and can only be waived by written notice from the Company to Providence.

Condition (e) above is for the benefit of both parties and can only be waived by the written mutual consent of both parties.

The Company confirms that it has sufficient funds to meet the \$100,000 cash payment and the Minimum Expenditure requirement of \$200,000 under the Acquisition Agreement.

This release was authorised by Andrew Shearer, Executive Director of Okapi Resources Limited.

For further information please contact:

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COMPETENT PERSON

The information in this report that relates to geology, exploration results and exploration targets is based on information compiled for the ASX announcement dated 17 December 2020, from the GSNSW DIGS open file reports system. Mr Rhoderick Grivas, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy is employed by Okapi and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CAUTION REGARDING FORWARD LOOKING INFORMATION

This Announcement may contain forward looking statements concerning the projects owned or being earned in by the Company. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the Company's beliefs, opinions and estimates of the Company as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

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