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ASX: PEC

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Managing Director

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December 2020 Quarterly Activities Report**Quarterly Highlights****Exploration**

- Third phase of resource drilling completed at Beharra. Updated Resource Estimate pending, due first quarter 2021.
- Resource drilling identifies northern extension of high-grade silica sand.

Project Development

- Beharra PFS progressing well, nearing completion, due for release in February 2021
- Metallurgical testing of a 2,000kg bulk sample from Beharra completed, results to be released in February 2021
- First MOU for silica sand offtake signed

Corporate

- A successful capital raising completed in the quarter
- Project updates provided by the Board at the AGM in November 2020.



Air-Core Drill Rig Undertaking September 2020 Drill Program at Beharra

Exploration

Beharra Silica Sand Project

The December quarter 2020 saw further advances at Perpetual Resources Ltd (PEC) Western Australian Beharra Silica Sand Project with the completion of a third phase of resource drilling comprising 32 reverse circulation drill holes.

Drilling of the Exploration Target commenced in late September 2020 and was completed in October. Assay results were released in December and a northern extension of the resource was reported in addition to confirmation of high-grade and thicker SiO₂ intervals from surface, refer to Figure 2. Eighteen air core holes were drilled across the Exploration Target area and included one twinned hole. An additional 14 air core holes, which also included two twinned holes, were drilled south of Mt Adams Road, refer to Figure 1.

The purpose of this drill program was to provide information for an upgraded resource estimate to include area to the north of Mt Adams Road, which was previously covered only by an Exploration Target. An additional aim was to provide more confidence in the existing Mineral Resource Estimate (MRE) to allow for a higher resource category as defined by the JORC 2012 Code, and as mentioned earlier, to potentially increase the resource tonnage.

For further details on the phase 3 drilling, refer to Perpetual's ASX announcements dated 7th December 2020.



Sample Bag Full of White Sand Collected During September 2020 Drill Program at Beharra

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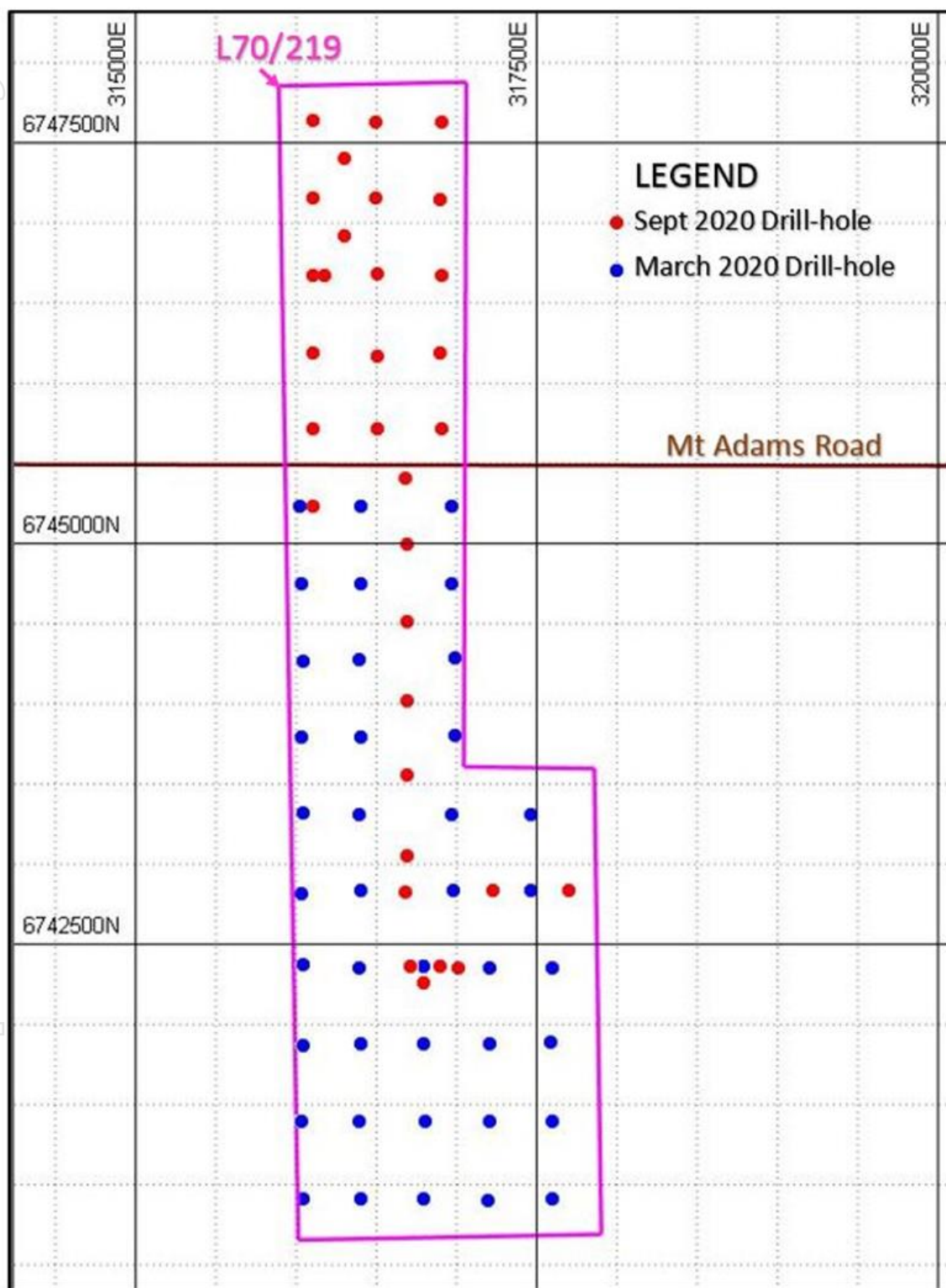


Figure 1: September (phase 3) and March 2020 Air-Core Drill-hole Locations

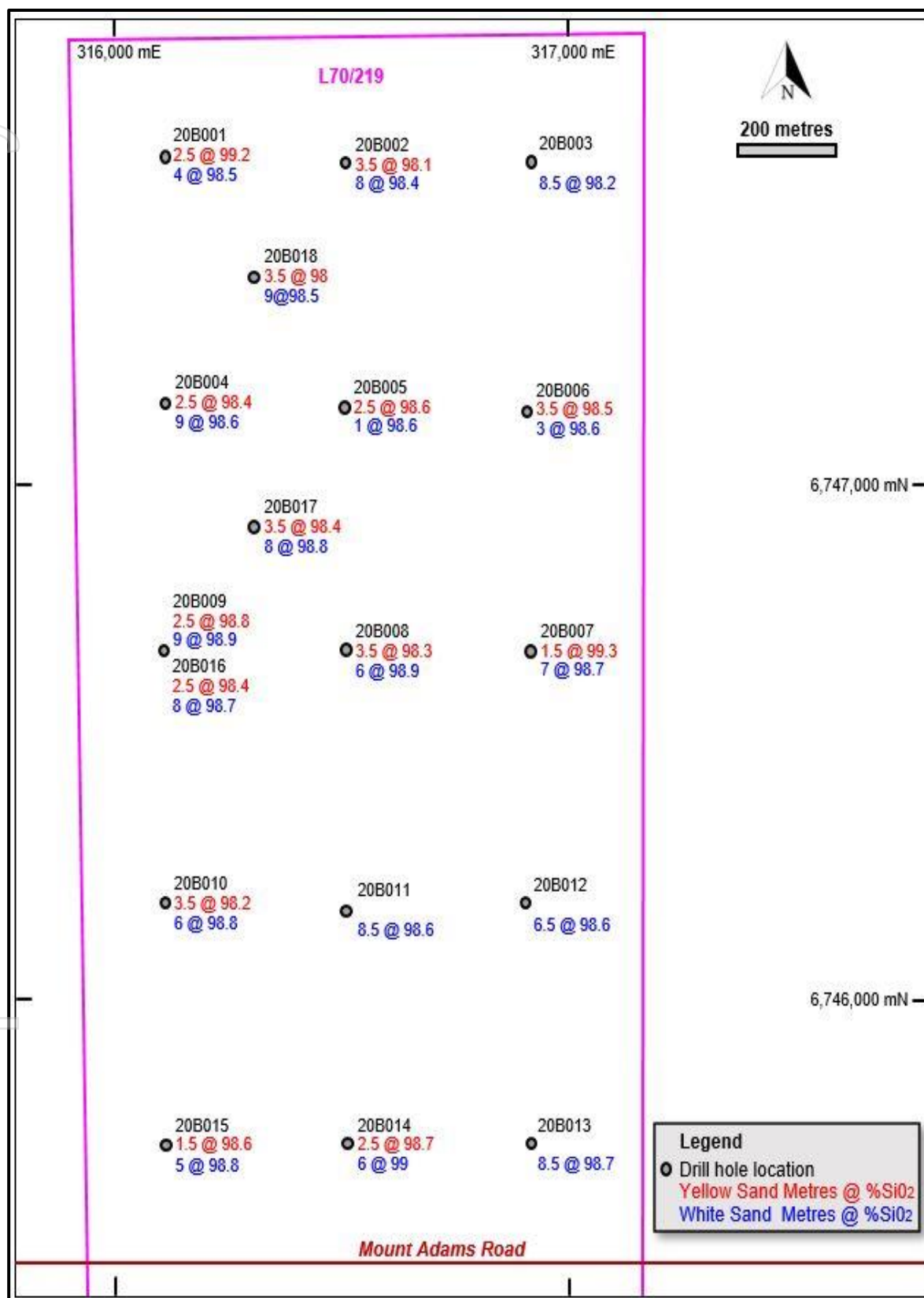


Figure 2: High-grade Silica Sand Intersections North of Mt Adams Road

Project Development

As advised in the 29th of July 2020 ASX announcement, PEC initiated a Pre-feasibility Study (PFS) on the high grade Beharra Silica Sand Project. This decision was based on the MRE and preliminary laboratory testing results which had been reported earlier in the year.

Further, as advised 9th December 2020 ASX announcement, the PFS was now 80% complete for delivery in February 2021. This study is designed to prove economic potential of the Beharra project prior to a more definitive decision to fund. The PFS covers all aspects of the potential project, including mining and civil works requirements, processing plant design and analysis, metallurgy, logistics and comprehensive analysis regarding capital requirement, power, water and environmental aspects.

The study also includes metallurgical testing of a 2,000kg bulk sample to provide additional metallurgical results and a greater understanding on the likely individual high grade silica sand product streams which will be modelled into the upcoming PFS. Refer to the 9th of December release for further details.



>12m Intersection of White Sand separated into One-Meter Intervals from September 2020 Drill Program

The first Memorandum of Understanding (MOU) for silica sand offtake was signed with Shandong Yaoguo Solar Science & Technology Co. Ltd. ("Yaoguo"). Yaoguo is based in Shandon Province, China and is a significant purchaser of high-grade silica sand for use in the manufacture of high-quality glass and specialist glass products with a specific focus on high end solar tubes and solar water heating products. Refer to 26th October 2020 ASX release.

Corporate

In this reporting quarter PEC successfully raised A\$2 million (at \$0.04 per share) to fund rapid advancement of the Beharra Project. Refer to 19th October 2020 ASX release. The placement was heavily oversubscribed and included a range of investors, including sophisticated and high net worth individuals, institutional investors as well as material participation from current directors.

Executive Chairman, Mr. Julian Babarczy provided shareholder update at the AGM in November which outlined progress to date and looking forward which explained prioritization of Beharra over other projects at this time. Refer to Chairman's address - 2020 Annual General meeting on the ASX dated 30th November 2020.

The total land area of granted tenure across PEC's portfolio as of 31st December 2020 is 145.92km², refer to Table 1 below.

The company has advised that Perpetual will aim to submit a Mining Lease for Beharra in the new year.

Details of related party payments

Pursuant to ASX LR4.7C.1 and as outlined in the Appendix 5.B the aggregate amount of payments to related parties and their associates of \$94,899 represent directors' fees and salaries.

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

Table 1. Tenement Schedule

| Project | Licence | Location | Interest as at 30 th September 2020 | Interest as at 31 st December 2020 | Status | Area (Km ²) |
|---------------|----------|----------|--|---|---------|-------------------------|
| Eneabba | E70/5220 | WA | 100% | 100% | Granted | 35.34 |
| Sargon | E70/5227 | WA | 100% | 100% | Granted | 30.03 |
| Beharra | E70/5221 | WA | 100% | 100% | Granted | 48.55 |
| Eneabba North | E70/5250 | WA | 100% | 100% | Granted | 14.00 |
| Sargon North | E70/5376 | WA | 0% | 100% | Granted | 18.00 |
| Total | | | | | | 145.92 |

Competent Persons Statement

The information in this announcement that relates to the Exploration Results for the Beharra Project and is based on information compiled and fairly represented by Mr. Colin Ross Hastings, who is a Member of the Australian Institute of Mining & Metallurgy and consultant to Perpetual Resources Ltd. Mr. Hastings is also a shareholder of Perpetual Resources Ltd. Mr. Hastings has sufficient experience relevant to the style of mineralisation and type of deposits under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Hastings consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.