

Industrial Minerals and Renewable Green Hydrogen Project Acquisition

Highlights:

- **Material acquisition with potential for multiple projects and commodities focusing on Industrial Minerals and Renewable Green Hydrogen**
- **Extensive inter-tidal and alluvium areas, including mud flats in proven salt producing region that may be amenable to large-scale solar salt and potash development comparable to BCI Minerals Mardie Project**
- **World class wind and solar resources with close proximity to key infrastructure provides potential for the establishment of a Renewable Green Hydrogen Project capable of supplying domestic and international markets**
- **Extremely supportive government in emerging Green Hydrogen Industry set to fast-track projects**
- **\$1.35M strategic capital raise heavily oversubscribed and with \$250,000 participation by the PRL Board (subject to shareholder approval)**
- **Cash at bank, post capital raising, of \$5.2M to underpin future work programs**
- **Appointment of Viaticus Capital, whose Principal is Gavin Rezos, with international experience in the green energy space as well as mineral sands, to help drive company strategy and execution. Viaticus Capital was also highly supportive of the capital raising to the extent of \$450,000**

Province Resources Ltd (ASX: PRL) (**Province** or the **Company**) is pleased to announce that it has entered into a conditional agreement to acquire all of the shares in Ozexco Pty Ltd (**Ozexco**) which holds seven exploration licence applications in the Gascoyne Region of Western Australia that are

considered to be prospective for salt, potash and mineral sands (**Gascoyne Project**), together with potentially being suitable for developing a renewable green hydrogen project (**HyEnergy Project**).

Chairman David Frances (who will assume the role of Managing Director) commented that he is very pleased to be involved in a Company with a vision to address the decarbonisation of the global economy "This is the other side of the decarbonisation coin – while some environmentally conscious Companies are addressing the electrification of transport and storage of renewable energy, Province is aiming to address the decarbonisation of heavy transport and industry through the production of zero carbon hydrogen products."

Mr Gavin Rezos commented "I am very pleased to support the Company's capital raise given their mission and stated objective is to be part of the solution for decarbonisation of the global economy. Western Australia has all the attributes required to be a world class producer of green hydrogen utilising renewable energy sources and Carnarvon is the most ideal area to make the best advantage of those attributes. Green Hydrogen will be an increasingly important future energy source, developing alongside the Lithium industry. Rapid advances in Hydrogen Fuel Cells are now demonstrating that Green Hydrogen will have a major role to play in the areas of mass transport, shipping, trucking, and eventually in homes, helping the world reach targets of being net zero carbon by 2050."

The Gascoyne Project and HyEnergy Project (together, the **Projects**) are located in Western Australia's north-west and cover an area of 1,408 square kilometres. The town of Carnarvon is the administrative centre and adjoins the project area; it has first class infrastructure in place including the Dampier Bunbury Natural Gas Pipeline (DBNGP) and the major North West Coastal Highway.



Figure 1. Location Map of the Gascoyne and HyEnergy Projects in the Gascoyne Region of Western Australia.

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Salt and Potash

Mining is an increasingly valuable industry sector for the Gascoyne Region, contributing \$303.6 million to the gross regional product in 2018-19¹. The industry primarily concentrates on salt production at Useless Loop in the Shire of Shark Bay and at Lake MacLeod near Cape Cuvier, north of Carnarvon. When operating at their current full capacity of ~12 million tonnes per annum, these two operations account for ~65% of the state's total salt production. Due to an increase in the global price of salt and exchange rate differences in the global financial market, the mining sector in the Gascoyne has seen a significant increase in production and value over the past decade. BCI Minerals Mardie Salt and SOP Project north of Onslow is a significant new salt and potash development that can be used as a best-case scenario for the Gascoyne Project. The Mardie Salt and Potash DFS delivered strong financial metrics over a 60 years life including, NPV A\$1,197M and EBITDA of A\$197Mpa (Salt 65%; SOP 35%)².

Some of the key fundamentals of the salt and potash market are listed below:

- >10,000 products derived from salt (PVC, alumina, glass, paper, water purification)
- Asian market ~160Mtpa salt (annual value of US\$6.5B)
- >50Mtpa additional salt demand over next decade³ – (growing population, requiring more industrial and consumer products)
- Sulphate of Potash (SOP)⁴ is a premium fertiliser used on high value crops
- Potash global market size of ~7Mtpa (annual value of ~US\$3.5B)
- ~1Mtpa additional potash demand over next decade⁵ – (growing population, changing dietary habits and declining arable land)

The Gascoyne Project's central location, within the broader salt producing region of the North West which hosts the recent Mardie Project and other major salt mines, should assist with the inherent potential of the project area.

Some of the key highlights of the Gascoyne Project in terms of a potential salt project are listed below:

- The Gascoyne region has an ideal climate to produce high purity salt.
- High temperature, high wind, low rainfall and low humidity.
- Extensive inter-tidal and alluvium areas, including mud flats similar to the Mardie Project.
- Proven salt producing region since the 1960's.
- Five large WA Solar Salt Operations (12-13Mtpa), controlled by Rio Tinto and Mitsui.
- No new large Australian salt project in 20 years.
- No current SOP production in Australia, other development projects all based on inland lake brines with >800km road transport to third party ports.
- It is currently anticipated that the Gascoyne Project, should the project proceed, may be suitable to use an inexhaustible seawater resource to be concentrated through solar and wind evaporation to sustainably produce salt and potash ready to meet growing global demand.



Figure 2. Location Map of the Gascoyne Project and existing salt producing region of North West WA.

Mineral Sands

Heavy minerals, such as zircon and titanium dioxide minerals (rutile and ilmenite), are deposited in the Pleistocene coastal sand dunal formations that extend intermittently along the Gascoyne coast. These heavy minerals are eroded from their parent igneous or metamorphic rocks and are transported by water and/or wind action over long periods of geological time, often ending up in the same locations as placer deposits. Most of the commercially attractive mineral sand deposits occur along old coastlines, particularly where high energy wave action and strong winds have prevailed over long periods of time. The Gascoyne Region boasts the world class Coburn mineral sands deposit with an Ore Reserve of 523Mt @ 1.11% Total Heavy Mineral (THM) and initial mine life of 22.5 years⁶ and illustrates the significant mineral resource potential of the region.

Some of the key fundamentals of the heavy mineral sand market are listed below:

- Zircon and high-grade titanium feedstocks; producing products used in everyday life such as ceramic tiles, refractory, paint, titanium metal and welding rod applications.
- Zircon is resistant to water, chemicals, heat and abrasion, ~1.1 million tonnes per annum global market.
- TiO₂ pigment imparts whiteness, is UV resistant and inert, ~7.0 million tpa global market.
- Increasing demand driven by urbanisation, rising living standards, global growth and extensive array of applications.

- 'Critical Minerals', vital to the economic well-being of the world's major and emerging economies.
- Supply restricted by mine closures, declining grades and depleting stockpiles. China chloride pigment consumption increasing, driven by higher environmental standards and technology advancement.
- Strong long-term market fundamentals - demand growth outpacing supply, new projects required to meet future demand.
- Forecast structural supply gap, with demand for zircon increasing year on-year at 2.5-3.0% pa and existing production decreasing at average of 5% pa⁷.

The Gascoyne Project's coastal sand dune systems have the potential to replicate the Strandline Resources Coburn Project further to the south at Shark Bay. The underexplored Pleistocene sand deposits in the project area underlie the inherent potential that remains untested.

Some of the key highlights of the Gascoyne Project in terms of a potential mineral sands project are listed below:

- Approximately 40km of strike extent of the Pleistocene Brown Range dunal sand formation within the project area.
- Regional aircore drilling nearby has confirmed the presence of commercially important heavy minerals in the northern Gascoyne coastal region⁸.
- Limited historic work completed in the project area.



Figure 3. Location Map of the Gascoyne Project and Heavy Mineral Sands prospective areas.

The HyEnergy Project

The HyEnergy Project is a potential 'Renewable Green Hydrogen Project' that is located in Western Australia's Gascoyne Region and covers a flat lying arid landscape with low intensity pastoral land use. With the Gascoyne's climate and wind patterns, renewable energy is an attractive and viable option⁹. This low competing land use and proximity to a large regional centre and associated infrastructure of Carnarvon, means the project area is ideal for installation of a commercial scale wind and/or solar farm. The hydrogen industry is in its infancy here in Western Australia, but it is truly amazing how swift and significant the move into sustainable energy by both governments and corporations around the globe has been of late.

Green hydrogen produced from renewable sources, such as wind and solar energy, looks set to play a significant role in navigating society towards a decarbonised future and meeting the global aim of net zero emissions by 2050.

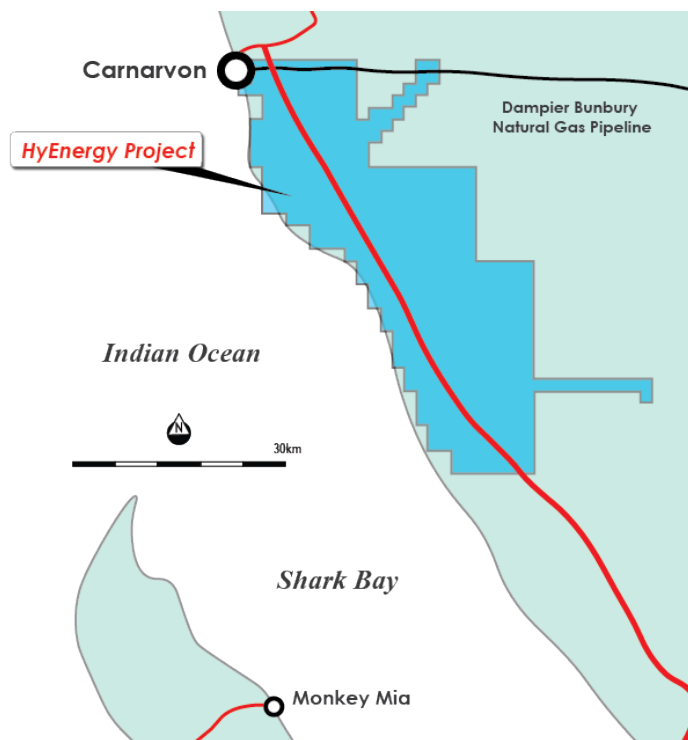


Figure 4. Location Map of HyEnergy Project and Dampier Bunbury Natural Gas Pipeline (DBNGP) and North West Coastal Hwy.

Some of the key fundamentals of the green hydrogen market are listed below:

- Western Australia's Hydrogen Strategy to support renewable hydrogen industry with a goal of 10% mix of renewable hydrogen in the DBNGP by 2030.
- Funding from Government on both a State and Federal level include:
 - Western Australian Renewable Hydrogen Strategy \$10m.
 - Australian Renewable Energy Agency (ARENA) \$70m.
 - Australian Government Advancing Hydrogen Fund \$300m.
- And globally:
 - \$347b in ESG funds invested in 2020¹⁰.
 - \$490b govt and corporations selling ESG bonds¹⁰.

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- Moody's expects 2021 sustainable debt issuance to reach \$650b and no signs of the ESG funds slowing¹⁰.
- > 100 countries pledged to Net Zero by 2050¹¹.
- Estimated that \$3 trillion or more in capital investment for decades will be needed¹¹.

Some of the key highlights of the HyEnergy Project are listed below:

- Infrastructure, existing Dampier Bunbury gas pipeline within close proximity to potentially instal spur line and provide Hydrogen Feedstock in DBNGP for domestic or export use.
- Infrastructure, room for offshore Ship Loading Facility in the future for export market.
- Wind, ranked 4th in Western Australia for mean wind speeds recorded per annum¹².
- Wind, located along coastal region with the greatest wind potential.
- Solar, identified flat arid area with minimal competing land uses for large solar array network.
- Solar, Carnarvon has a very rich solar resource averaging 211 sunny days per year, with an average solar exposure of 22 MJ/m² /day (or 6.24 kWh/m² /day)¹³.
- Water, potential site to extract sea water for electrolyser plant.
- Water, covers least saline and highest potential area of the world class Birdrong Aquifer if used as alternate water source.
- Geothermal, high geothermal potential in the Carnarvon Basin if geothermal power options are explored to generate renewable electricity.
- Supportive Government, The Regional Centres Development Plan (RCDP) is about attracting business, investment and people to support the growth of WA's Regional Centres and SuperTowns. This means a stronger economy and a better quality of life for the people in regional WA – and for the benefit of all Western Australians.

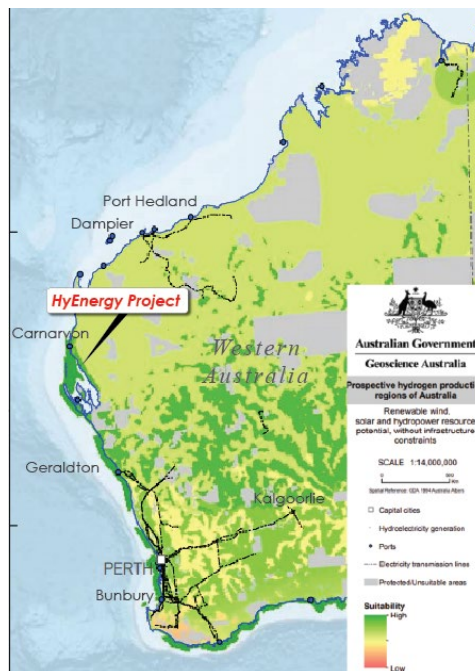


Figure 5. Location Map of HyEnergy Project highlighting highest suitability ranking by Geoscience Australia for prospective hydrogen production regions of Australia.

Shareholders and investors should note that hydrogen is not a naturally occurring element within a land or exploration area. Hydrogen is produced by way of electrolysis and, as a result, the Mining Act does

not grant the holder of an exploration licence any rights to hydrogen (and does not need to). The ability of the Company to establish a Renewable Green Hydrogen Project will turn on it securing access on commercial terms to the unique wind, solar and other infrastructure advantages of the region as set out above, together with completing feasibility studies and, if warranted, construction of a hydrogen production facility.

Tenement Details

Details of the tenements which cover the project area are set out in the table below. The tenements are 100% owned by Ozexco:

Schedule of Tenements

Name	Tenement	Registered Holder	Ownership
Callagiddy	ELA09/2486	Ozexco Pty Ltd	100%
Edaggee West	ELA09/2487	Ozexco Pty Ltd	100%
Edaggee	ELA09/2488	Ozexco Pty Ltd	100%
Brickhouse Central	ELA09/2489	Ozexco Pty Ltd	100%
Brickhouse South	ELA09/2490	Ozexco Pty Ltd	100%
Callagiddy West	ELA09/2491	Ozexco Pty Ltd	100%
Brickhouse North	ELA09/2492	Ozexco Pty Ltd	100%

Proposed exploration and study activities on the Gascoyne and HyEnergy Projects

On completion of the acquisition, the Company proposes to undertake the following exploration and study activities:

- Initial site investigation and environmental studies focussed on the coastal plain and salt marshes, consisting of Alluvium (Tidal flats) and Flood deposits (Unconsolidated) in the project area. The coastal plain in the project area is a broad expanse of low-lying alluvium sloping gently seawards, fringed by tidal flats, mangroves, sand dunes and sandy shoals;
- Geotechnical studies consisting of shallow core drilling and cone penetrometer testing may also be carried out to confirm the geological continuity of the clay material across the proposed pond area and understand the foundation conditions for the pond walls;
- Extensive geochemical sampling and hand auger program targeting the strike extent of the Pleistocene Brown Range sand deposits within the project area. Identified anomalous areas will be subject to follow up bulk sample metallurgical test work; and

- Preliminary data collection across multiple sites within the project area to assess the wind and solar resource potential. Preferred data collection will be via Fulcrum3D SODAR (Sonic Detection and Ranging) weather monitoring stations to capture solar and wind data every 10 minutes at multiple sites across the Project area. Fulcrum3D's flagship Sodar wind monitoring system is one of only five remote sensing instruments globally considered to provide high quality wind data to be used in feasibility studies. The data collected will enable the proposed wind turbines and solar array network to be optimised, prior to the final project scope and scale decision point.

Appointment of Viaticus Capital

Viaticus Capital, with offices in Australia and the UK, has been appointed as Corporate Advisor for the HyEnergy and Gascoyne Projects. Viaticus Capital has been involved in corporate advisory and capital raising for companies on the ASX and NASDAQ in the technology and resources sector since 2001 and most recently involved in Vulcan Energy's Zero Carbon Lithium Project. It has seed funded companies that have grown from start up to inclusion into the ASX 300. Viaticus was also an early backer of Vulcan Energy Resources Limited where Mr Gavin Rezos, the Principal of Viaticus Capital, is the Chairman.

The initial appointment of Viaticus is for a period of 18 months, with a capacity to extend by mutual consent. The Company shall pay a retainer to Viaticus of \$5000 (excl GST) per month along with industry standard fees for funds raised by Viaticus in any capital raising undertaken by the Company. In addition, the Company shall issue Viaticus or its nominee 10,000,000 options to acquire shares in the Company (exercisable on or before 13 November 2022 at \$0.04 each).

Proposed Acquisition Terms

The consideration (**Consideration**) payable for the Proposed Acquisition is:

- \$750,000, to be satisfied through the issue of 50,000,000 fully paid ordinary shares at a deemed issue price of \$0.015 each to the shareholders of Ozexco (**Vendors**);
- an aggregate of 50,000,000 Performance Shares in three (3) tranches to the Vendors, the conversion of which into ordinary shares is subject to and conditional upon the following events occurring (in broad terms), within the time limits set out below (each a **Milestone**):
 - Class A Performance Shares – 16,666,666

Upon the Company announcing to ASX completion of a positive scoping study in relation to the Projects, to the reasonable satisfaction of the Independent Directors of the Company, as evidenced by a decision to proceed a prefeasibility study on the project, within 18 months of the date of issue of the Class A Performance Shares.

- o Class B Performance Shares – 16,666,667

Upon the Company announcing to ASX completion of a positive preliminary feasibility study in relation to the Projects (PFS) which demonstrates a net present value for the Projects of at least \$500 million or with an internal rate of return of at least 25% (in each case using a 10% discount rate), within 30 months of the date of issue of the Class B Performance Shares.

- o Class C Performance Shares – 16,666,667

Upon the Company announcing that it has:

1. secured an offtake partner for a minimum of 30% of production proposed under the PFS; or
2. outright sale of the Projects for a value of at least \$100 million,

within 42 months of the date of issue of the Class B Performance Shares; and

- The Company will also reimburse the Vendors for approximately \$80,000 of expenditure incurred on the Projects to date.

The full terms and conditions of the Performance Shares will be set out in a shareholder meeting document that will be sent to the Company's shareholder in the near future. The acquisition of Ozexco remains subject to receipt of shareholder approval in general meeting.

Capital Raising

The Company has received firm commitments for a capital raising of \$1,350,000 (before costs) at a price of \$0.015 per share by way of placement to professional and sophisticated investors (**Capital Raising**). Vert Capital has been appointed Lead Manager to the Capital Raising and will be paid a fee of 6% of the amount raised. Following completion of the Capital Raising, the Company's cash position will be in excess of \$5m.

Subject to shareholder approval, the Directors intend to subscribe, in aggregate, for \$250,000 worth of shares in the Capital Raising.

In addition, both Mr Gavin Rezos and Dr. Francis Wedin personally supported this capital raise.

Appointment of Managing Director and Board Incentives

David Frances has agreed to assume the role of Managing Director to drive the Ozexco and the Company's existing projects forward. Given Mr Frances' track record of funding, developing and operating projects he is well placed to take the Company forward.

Mr Frances will be paid \$250,000p.a., with a three-month notice period. Subject to receipt of an ASX Listing Rule 6.1 confirmation and shareholder approval, he will receive 15,000,000 Performance Shares comprising 5,000,000 Class A Performance Shares, 5,000,000 Class B Performance Shares and 5,000,000

Class C Performance Shares.

Mr Patrick Burke will assume the role of Non-Executive Chairman. Subject to receipt of an ASX Listing Rule 6.1 confirmation and shareholder approval, he will receive 7,500,000 Options exercisable on or before 13 November 2022 at \$0.04, with 3,375,000 Options vesting immediately and 3,750,000 Options vesting one year from date of issue subject to continuing service.

Mr Tom Langley will continue as a Non-Executive Director. Subject to receipt of an ASX Listing Rule 6.1 confirmation and shareholder approval, he will receive 7,500,000 Performance Shares comprising 2,500,000 Class A Performance Shares, 2,500,000 Class B Performance Shares and 2,500,000 Class C Performance Shares.

This announcement has been approved by the Board of Directors of the Company.

For more information contact:

David Frances

Chairman

david@provinceresources.com

17 February 2021

The information referred to in this announcement relates to the following sources:

¹ Western Australia Minerals and Petroleum, Statistics Digest 2018-19

² Developing the Multi-Generational Mardie Salt & Potash Project, Corporate Presentation, BCI Minerals Limited, November 2020.

³ Roskill (November 2020)

⁴ Sulphate of Potash fertiliser (K₂ SO₄ or Potassium Sulphate)

⁵ Argus Consulting (November 2020)

⁶ Building a significant Mineral Sands Business, Company Overview, Strandline Resources, November 2020

⁷ TZ Minerals International, Global Zircon Supply/Demand Balance to 2035 (February 2020)

⁸ WAMEX A29292, Gascoyne Mineral Sands Project, Annual report to WA Department of Mines, September 1989

⁹ Gascoyne Regional Development Plan 2010-2020 (February 2010)

¹⁰ Quinson, Tim. "The Boom in ESG Shows No Signs of Slowing." *Bloomberg Green*, 10 February 2021

www.bloomberg.com/news/articles/2021-02-10/the-490-billion-boom-in-esg-shows-no-signs-of-slowing-green-insight

¹¹ Kelly, Jason. "Brookfield Pursues \$7.5 Billion Fund Devoted to 'Net-Zero' Shift" *Bloomberg Green*, 10 February 2021

www.bloomberg.com/news/articles/2021-02-10/brookfield-pursues-7-5-billion-fund-devoted-to-net-zero-shift

¹² Bonzle Digital Atlas of Australia

¹³ Carnarvon A Case Study of Increasing Levels of PV Penetration in an Isolated Electricity Supply System (April 2012)

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