5 July 2022

ASX ANNOUNCEMENT

SENSORE
ASX: S3N

SENSORE ACQUIRES INTREPID GEOPHYSICS TO GROW AI GEOPHYSICS CAPACITY

HIGHLIGHTS

- SensOre expands its AI geophysics capacity through the acquisition of Intrepid Geophysics
- Acquisition follows the successful completion of a pilot project in the highly prospective Stawell and Ballarat gold corridors of Victoria
- Transaction increases annual recurring revenue by ~$2 million with an instant global client base
- Combining technologies will allow SensOre to unlock strong global demand for geophysics, geochemistry and geological machine learning and AI minerals targeting
- Consideration for acquisition consists of:
  - Upfront consideration: $3 million in SensOre stock at an issue price of $0.70 (4.3 million fully paid SensOre shares or 6.2% of SensOre on a fully diluted basis) and $1 million cash
  - Should SensOre's share price trade below the issue price for 12 months following the transaction, a proportional adjustment of shares issued will be made (up to a maximum of 4.3 million shares)
  - Deferred consideration: $1 million cash payment, subject to conditions and key personnel retention

SensOre Ltd (ASX: S3N) is pleased to announce it has reached an agreement to acquire Intrepid Geophysics, a leading provider of geophysics software and services headquartered in Melbourne, Australia with distributors and resellers globally. The deal will be primarily funded through the issue of new fully paid ordinary SensOre shares.

Intrepid Geophysics' advanced automated geophysical software and geoscience expertise complement SensOre's existing suite of machine learning and AI mineral exploration software products and technology offerings. Intrepid Geophysics' large client base and strong cashflows were integral to SensOre's strategic assessment of the transaction.

SensOre Chief Executive Officer, Richard Taylor said: "Acquiring Intrepid Geophysics is a major opportunity for us. Intrepid Geophysics' deep geoscience and machine learning expertise in geophysics complements SensOre's geochemistry and economic geology focus for targeting in mineral exploration. Demand for advanced geophysics software is strong and deployable globally. Intrepid Geophysics' years of product leadership, data collation and collaboration with government geological surveys will benefit SensOre's data platform development and client service offerings. We are looking forward to integrating Intrepid Geophysics' exceptional talent with our team of innovators."

Intrepid Geophysics Managing Director Dr Desmond Fitzgerald said: "The combination of SensOre and Intrepid Geophysics will unlock growth opportunities in a strong market for high level exploration targeting. We look forward to being part of a growing and exciting geoscience group."

SensOre and Intrepid Geophysics completed a successful pilot project in Victoria in Q2 CY22, confirming the technological synergies and product complementarity between the two companies. The results of the pilot are expected to be deployed with clients in Q3 CY22, focussed on the highly prospective Stawell and Ballarat gold corridors. There is strong interest from prospective clients within these corridors.

Combination Benefits

Accelerates growth strategy: SensOre's strategy has been to organise all of Australia's geoscience data within its proprietary data cube technology. The acquisition of Intrepid Geophysics' 35 years of integrated geology and geophysics technology development and machine learning capability significantly advances that capability. The Victorian pilot project has established the complementarity of the skillsets of human resources acquired.

Expands mineral exploration technology sector (METS) presence and exposure: SensOre acquires a second team of dedicated geoscience professionals based on Australia's east coast and with established relationships in Asia, Africa and North/South America, as well as cross-over expertise in the oil and gas, groundwater, geothermal and the emerging hydrogen storage sectors.

Strengthens technology and product portfolio: In acquiring Intrepid Geophysics, SensOre gains access to multiple new targeting and decision based proprietary technologies and strategic decision-based services using 2.5 dimension Airborne Electro-Magnetic (AEM) inversion technology, tensor gradient technology, geology from geophysics feature extraction, and service automated workflows. These technologies fill a gap in SensOre's product suite by incorporating geophysics products that take exploration targeting from the macro focused Prospectivity Modelling and Discriminant Predictive Targeting® approach into drill target delineation in three dimensions. Existing Intrepid Geophysics' software that will be acquired under the transaction is summarised below.

Transaction Details

The agreement values Intrepid Geophysics at $5 million. Consideration for the acquisition involves:

- $3 million in SensOre stock at an issue price of $0.70 (4.3 million fully paid SensOre shares or 6.2% of SensOre on a fully diluted basis) to be issued at completion of the transaction (expected to be July 2022 subject to satisfactory completion of conditions precedent);
- A safeguards provision such that should the SensOre share price trade below the issue price for 12 months following the transaction a proportional adjustment of shares will be made up to a maximum of 4.3 million;
- $1 million in cash for a 100% ownership interest in Intrepid Geophysics (including ownership of Intrepid Geophysics' extensive intellectual property and data repository) to be funded from existing cash balances (expected to be July 2022 subject to satisfactory completion of conditions precedent); and
- a further $1 million contingent cash payment on the one-year anniversary of the agreement subject to satisfactory completion of performance hurdles in relation to revenue generation and key personnel retention expected to be funded from cash balances, operating cash flows or capital raising in the next 12 months depending on the level of exploration activity and the revenue performance of SensOre during the 2023 financial year.

About Intrepid Geophysics

Intrepid Geophysics is headquartered in Melbourne, Australia. Intrepid Geophysics has distributors active in Australia and Namibia, and resellers active in India, China, UK, Europe, southeast Asia and the Americas. Intrepid Geophysics and its distributors engage more than fifteen geophysicists, software developers and a range of professional support staff.

Intrepid Geophysics deploys its products for business benefits in a range of sectors and industries including government, academia, minerals exploration, petroleum (oil and gas), hydrogeology, geothermal energy and geotechnical engineering. Intrepid Geophysics has long-term contractual agreements with over 20 geological surveys and a collection of mining and oil and gas companies, covering wide-ranging activities.

Software Acquisition Summary

Intrepid 3D is an airborne and ground geophysical data processing and interpretation package. It has software tools for gridding, levelling, interpretation and quality control of geophysical data. Other applications include: processing and interpretation of gravity and magnetic surveys; marine potential field data processing; depth to basement modelling; multiscale edge enhancement; and airborne radiometric data processing.

Moksha-EM is an airborne electromagnetic full waveform inversion data processing and interpretation package. Moshka-EM's core algorithm assumes 2D geology and a 3D source, combining the resolution of a 3D inversion with the speed of a 1D inversion. The data processing and interpretation package enables entire surveys to be inverted rather than a select few flight lines, enhancing coverage and ensuring no flight data is wasted. A joint induced polarisation (IP) inversion and a reference model option is now available that enables imaging of geological features below previously difficult to process areas such as those covered with induced polarization effects.

Argus is a 3D geological modelling package with a tightly integrated geophysical forward and inverse modelling capability. The inversion method (gravity and/or magnetic) is stochastic in nature and litho-constrained. Multiple models are produced and can be assessed using statistical probabilities. Argus can use input data from a wide variety of sources. For example, surface geological mapping, bore-hole logs and seismic horizons. Argus' strengths lie in honouring coupled geological and structural observations and employing rule-based modelling from stratigraphic and fault network conventions.

JetStream II is a web-based, spatially searchable data catalogue that enables geoscientists to quickly assess the coverage, type and vintage of georeferenced spatial data held over any given area. JetStream works by storing data in a manner so that archived data can be searched efficiently. Its catalogue maintenance scheme automatically harvests spatial information from any new data set and updates the catalogue accordingly. With legacy data often being difficult to find and out of date, JetStream helps by automatically identifying this data and then publishing it on a centralised server.

Sea-g Marine Gravity is a fully featured marine gravity processing application powered by Intrepid Geophysics technology for on-cruise and post-cruise use. Sea-g takes the user step by step through the planning, data reduction, filtering, QA/QC and processing of gravity data.

This announcement was approved and authorised for release by the Board of Directors of SensOre.

ENQUIRIES

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ABOUT SENSORE

SensOre aims to become the top performing minerals targeting company in the world through the deployment of artificial intelligence (AI) and machine learning (ML) technologies, specifically its Discriminant Predictive Targeting® (DPT®) workflow. SensOre collects all available geological information in a terrane and places it in a multidimensional hypercube or data cube. SensOre's big data approach allows DPT predictive analytics to accurately predict known endowment and generate targets for further discovery.

The SensOre Group has built a tenement portfolio of highly prospective, wholly-owned and joint ventured technology metals tenement packages located in Western Australia. As the capacity of SensOre's AI technologies expand to new terranes and a broader range of commodities, the Company anticipates that new targets will be identified and acquired in Australia and internationally.

SensOre's DPT technology has been developed over many years and involves the application of new computer assisted statistical approaches and ML techniques across the workflow of mineral exploration. The workflow includes data acquisition, data processing, ML training, ML prediction and analysis through DPT. SensOre has acquired numerous data sets and used these to generate mineral system targets. Targets have been analysed and vetted by SensOre's experienced exploration geoscientists. Publicly available data in the form of geophysics, surface geochemical, drilling and geological layers and derivatives have been compiled into a massive data cube covering much of Western Australia. SensOre believes that the combination of big data and ML techniques will provide the next generation of exploration discovery.

FORWARD-LOOKING STATEMENTS

This announcement contains or may contain certain 'forward-looking statements' and comments about future events, including in relation to SensOre's business, plans and strategies and expected trends in the industry in which SensOre currently operates. Forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward looking statements are based on SensOre's good faith assumptions as to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. A number of important factors could cause SensOre's actual results to differ materially from the plans, objectives, expectations, estimates, targets and intentions expressed in such forward-looking statements, and many of these factors are beyond SensOre's control. Forward-looking statements may prove to be incorrect, and circumstances may change, and the contents of this announcement may become outdated as a result. SensOre does not give any assurance that the assumptions will prove to be correct. Readers should note that any past performance is given for illustrative purposes only and should not be relied on as (and is not) an indication of the Company's views on its future financial performance or condition. Past performance of the Company cannot be relied on as an indicator of (and provides no guidance as to) future performance including future share price performance. Except as required by law or regulation, SensOre undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Nothing in this announcement should be construed as either an offer to sell or a solicitation to buy or sell SensOre securities.