



OFF-TAKE AND FUNDING LETTER OF INTENT SWANSON TANTALUM/LITHIUM PROJECT

HIGHLIGHTS

- Letter of Intent (**LOI**) received from Chinese Multinational Group HeBei Xinjian Construction CC
- LOI is aimed at off-take for Tantalum and Lithium products and to provide construction funding of Tantalum and Lithium Plants at Swanson
- Arcadia intends to immediately enter into negotiations with HeBei Xinjian Construction CC and to possibly finalise a transaction during Q1 in 2023
- HeBei recently concluded a similar transaction with neighbouring licence holder Kazera Global PLC (KZG.L)
- Swanson DFS postponed to early Q1/2023 in order to provide for beneficiation of Lithium ore in view of rising Spodumene prices
- Ongoing and incomplete discussions remain on foot with several parties

Arcadia Minerals Ltd (ASX:AM7, FRA:8OH) (Arcadia or the Company), the diversified exploration company targeting a suite of projects aimed at Tantalum, Lithium (Clays, Brines & Hard Rock), Nickel, Copper and Gold in Namibia, is pleased to announce that it has received a letter of intent (**LOI**) from HeBei Xinjian Construction CC (**HeBei**) to negotiate and possibly enter into an agreement with Arcadia in terms of which: a) an ever-green off-take of Tantalum Pentoxide concentrate min. 25% metal content and Li₂O with min. 1% Li₂O metal content will be granted to HeBei, and b) in terms of which HeBei is to provide funding to construct and commission a Tantalum Multi-Gravity-Separation concentrate plant and a Lithium concentrate plant (through Dense Media Separation or Flotation) in return for sharing in the profit of the operations.

Jurie Wessels, the Executive Chairman of Arcadia stated: *“The receipt of the letter of intent from a company of a calibre such as the HeBei Xinjian Construction CC validates our confidence*

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in the Swanson Project becoming a potential early cash generator. We are particularly emboldened by the expression of intent to conduct a profit-sharing arrangement aimed at both the Tantalum and Lithium credits of the Swanson project and to purchase both product streams. Our next steps are to engage with HeBei and other suitors through negotiation to possibly conclude a transaction as early as is reasonably possible. HeBei recently concluded a deal with our neighbour Kazera Global PLC (KZG.L) under similar arrangements, demonstrating the interest for our products.

Interest from various parties has also extended to the Bitterwasser Lithium Clay & Brines project, further validating the potential of the Company's assets, however at this stage these discussions remain ongoing and incomplete."

TERMS OF LETTER OF INTENT

The proposed transaction relates only to ore mined from the Swanson Tantalum/Lithium Project located in, on and under Mining License ML 223 (**ML223**) in the Karas Region of the Republic of Namibia.

The aim is to commence with exploiting the existing JORC Mineral Resource at Swanson, which consists of an Indicated Mineral Resource of 1,439Mt at an average grade of 498 ppm Ta₂O₅, 72 ppm Nb₂O₅ and 0.14 % Li₂O and an Inferred Mineral Resource of 1,145Mt at an average grade of 472 ppm Ta₂O₅, 75 ppm Nb₂O₅ and 0.17 % Li₂O¹. The D1 pegmatite is expected to be the focus for the purposes of Lithium production as it contains the highest Lithium grade with a total Mineral Resource of 573 Mt at an average grade of 349 ppm Ta₂O₅, 95 ppm Nb₂O₅ and 0.38 % Li₂O.

The letter of intent envisages the conclusion of:

- a) an ever-green off-take agreement of Tantalum Pentoxide (Ta₂O₅) concentrate min. 25% metal content (**Ta-Product**), and Lithium Oxide (Li₂O) with min. 1% Li₂O metal content (**Li-Product**), in favour of Hebei with respect to Ta-Product and Li-Product mined from ML223 at terms specified below, and;
- b) a funding agreement to construct and commission a Tantalum concentrate plant (**MGS Plant**) and a Lithium concentrate plant through DMS or Flotation (**Lithium-Plant**) in return for a profit-sharing scheme (**Transaction**).

Feedstock for the MGS Plant is to consist of Run of Mine Ore from the E-F and D Pegmatites, and any other potential JORC reserves declared from pegmatites over ML223. Feedstock for the Lithium-Plant is to consist of Lithium-containing waste derived from the MGS plant.

It is foreseen that saleable product is to consist of concentrate and semi-beneficiated ore derived from minerals mined and processed at ML223 and will consist of Tantalum Pentoxide in concentrate with a minimum metal content of 25% and Lithium Oxide (Li₂O) as concentrate with a minimum grade of 1% Li₂O metal content. Pricing for Ta-Product is

¹ Refer to ASX Announcement dated 6 May 2022 "JORC Mineral Resource at Swanson Tantalum Project Doubles in Size"

anticipated to consist of the quoted price by Argus Media Group for 25% min. Ta₂O₅, adjusted for delivery at mine gate and the pricing for Li-Product is foreseen to be benchmarked by the quoted price by Fast Markets for min. 5% Li₂O concentrate, adjusted to min. 5% Li₂O and delivered at mine gate. Payments will be conducted on a monthly basis, or in accordance with other quotation periods as may be agreed, within 7 days of delivery secured by an irrevocable secured letter of credit issued at Incoterms by a major Namibian Banking Institution.

No Right-of-Rejection of product will exist and no penalties will be charged. Instead, a price variation (up or down) pro-rata to specified content will be conducted over an agreed sliding scale.

Delivery of product is to occur in accordance with a quarterly quotation period, or as is agreed to between the Parties, in 1mt bags for Ta-Product in shipping-container at Incoterms with point of delivery at mine-gate in accordance with TIC Transport Policies. Li-Product delivery is to also occur in 1mt bags as crushed material to > 1mm provided for removal from at mine-gate at Incoterms and TIC Transport policies.

The Transaction is proposed to commence at signature of a binding agreement or at fulfilment of conditions precedent, none of which are currently foreseen, as parties may agree, and will endure until ML223 is lawfully terminated or the project becomes permanently uneconomical, whichever comes first.

Risk in production up to stockpile would be for Arcadia and risk from stockpile to Product would be pro-rata to profit-sharing proportions. Risk in the product is to transfer to Hebei at delivery.

The Company intends to immediately enter into negotiations with Hebei and to finalise a potential transaction during Q1 in 2023.

ABOUT HEBEI XINJIAN CONSTRUCTION

HeBei Xinjian Construction CC was established in August 2013 in Namibia to provide quality and cost-effective construction services to its customers.

HeBei's parent company HeBei Xinjian Construction Group (**HXCG**) was founded in July 1952 and conducted business in housing construction, decoration, industrial and civil equipment installation, plumbing, electrical and instrument installation, real estate development, Overseas project contracting, labour export, import and export trading. HXCG was awarded the Chinese Class A construction certificate and possesses nine engineering construction branches and twelve domestic and overseas subsidiaries. The subsidiaries include Russia Argo Co. Ltd, Siberia Investment Co. Ltd., Xinyuan Real Estate Development Co. Ltd, XinJi Leather City Co. Ltd, Hong Kong Trade Import and Export Corporation and the Jiafu Property Management Company. HXCG has more than 5,000 employees and over 600 technical personnel. The combined registered share capital of HXCG amounts to more than US\$100M. It is uncertain what the market value is of HXCG.

HXCG's decided to expand into the construction market of Africa through Hebei Xinjian Construction Closed Corporation by establishing Hebei in Namibia. Since its founding in Namibia, Hebei undertook construction projects to contract values of N\$316M (Au\$27.5M).

In July 2022 Hebei entered the mining sector by concluding an agreement with Kazera Global PLC (KZG.L)², which company owns the +50-year Homestead Tantalum and Lithium mine, which is adjacent to the Swanson Project, in Tantalite Valley, Namibia. The transaction provides for an investment of US\$7,5M by Hebei in return for a 49% interest in off-take of Lithium production, which is produced as a secondary stream of product following the production of Tantalum concentrate. The investment is to consist of a mixture of cash, machinery and services with a minimum of US\$2.5M payable to Kazera in cash in instalments with the final instalment by 31 January 2023.

SWANSON DFS

The finalisation of the Definitive Feasibility Study (DFS) over the Swanson project³ has been delayed from October 2022 to a date early in Q1/2023 in order to provide for the commercialisation of Lithium credits in view of rising Spodumene prices through the beneficiation of lithium ore mined from the D-pegmatite. A potential transaction with HeBei is expected to greatly support the potential financial metrics of the Swanson Project.

This announcement has been authorised for release by the directors of Arcadia Minerals Limited.

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² Refer to RNS Announcement 20 July 2022 by Kazera Global PLC "*Transformational Deal on Lithium*"

³ Refer to ASX Announcement 29 September 2022 "*DFS Progress at Swanson Tantalum/Lithium Project*"

COMPETENT PERSONS STATEMENT & PREVIOUSLY REPORTED INFORMATION

The information in this announcement does not contain any new information in relation to Exploration Results or Mineral Resources. The information in this announcement (see below) that relates to Mineral Resources complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and that has been compiled, assessed, and created under the supervision of a suitably qualified Competent Person (see the announcement of 6 May 2022 for more details). The Company confirms that the form and context in which a Competent Person's previous findings, as referenced in footnote 1 and 3 as announced in previously and presented in this announcement have not been materially modified from the original market announcement.

Release Date	ASX Announcements
¹ 06 May 2022	<i>JORC Mineral Resource at Swanson Tantalum Project Doubles in Size</i>
³ 29 September 2022	<i>DFS Progress at Swanson Tantalum/ Lithium Project</i>

MINERAL RESOURCE ESTIMATES

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Swanson Mineral Resource estimate and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its updated resource announcement made on 6 May 2022. The Company confirms the form and context in which the Competent Person's findings are presented and have not been materially modified from the original market announcement. The information in this announcement that relates to Mineral Resources complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Summary of estimated JORC compliant Mineral Resources for the Swanson Project – Tantalum and Lithium in Hard Rock over the D and E-F Pegmatites.

D Class v5.1	D v5.1 for Estimation	Mass (kt)	Ta ₂ O ₅ (ppm)	Li ₂ O %	Nb ₂ O ₅ (ppm)
Indicated	D0 v5	25	314	0.18	41
	D1 v5	323	340	0.35	96
	D2 v5	220	408	0.17	78
	Total	568	365	0.27	87
Inferred	D0 v5	90	325	0.29	46
	D1 v5	250	361	0.42	93
	D2 v5	103	408	0.19	72
	Total	444	365	0.34	79
Indicated + inferred	D0 v5	115	322	0.27	45
	D1 v5	573	349	0.38	95
	D2 v5	324	408	0.17	76
	Total	1 012	365	0.30	83
Differences may occur in totals due to rounding.					

E-F Class	E-F v5.2 for Estimation	Mass (kt)	Ta ₂ O ₅ (ppm)	Li ₂ O %	Nb ₂ O ₅ (ppm)
Indicated	E7 v5	75	626	0.24	59
	E8 v5	26	723	0.00	71
	E6 v5	40	513	0.10	54
	F1 v5	311	563	0.03	59
	E4 v5	3	748	0.01	56
	E3 v5	53	460	0.14	76
	E2 v5	68	660	0.02	95
	Total	577	578	0.07	65
Inferred	E7 v5	72	649	0.17	59
	E8 v5	61	709	0.01	67
	E6 v5	0	529	0.13	58
	F1 v5	259	560	0.02	57
	E4 v5	6	756	0.01	57
	E3 v5	231	456	0.10	72
	E2 v5	365	571	0.02	77
	Total	995	557	0.05	69
Indicated + Inferred	E7 v5	146	637	0.21	59
	E8 v5	87	713	0.00	68
	E6 v5	41	513	0.10	54
	F1 v5	570	561	0.03	59
	E4 v5	10	753	0.01	57
	E3 v5	284	457	0.11	73
	E2 v5	434	585	0.02	80
	Total	1 572	564	0.05	67

Differences may occur in totals due to rounding.

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BACKGROUND ON ARCADIA

Arcadia is a Namibia-focused diversified metals exploration company, which is domiciled in Guernsey. The Company explores for a suite of Gold and new-era metals (Lithium, Tantalum, Palladium, Nickel and Copper). The Company's strategy is to bring the advanced Swanson Tantalum project into production and then to use the cashflows (which may be generated) to drive exploration and development at the potentially company transforming exploration assets. As such, the first two pillars of Arcadia's development strategy (a potential cash generator and company transforming exploration assets) are established through a third pillar, which consists of utilising the Company's human capital of industry specific experience, tied with a history of project generation and bringing projects to results, and thereby, to create value for the Company and its shareholders.

Most of the Company's projects are located in the neighbourhood of established mining operations and significant discoveries. The mineral exploration projects include-

1. Bitterwasser Lithium in Clay Project – which project contains a potentially expanding JORC Mineral Resource from lithium-in-clays
2. Bitterwasser Lithium in Brines Project – which is prospective for lithium-in-brines within the Bitterwasser Basin area.
3. Kum-Kum Project – prospective for nickel, copper, and platinum group elements.
4. Karibib Project – prospective for copper and gold.
5. The Swanson Project – advanced tantalum project undergoing a feasibility study, and which contains a potentially expanding JORC Mineral Resource within the Swanson Project area and neighbouring tenements held by the Company.

As an exploration company, all the projects of the company are currently receiving focus. However, currently the Swanson project and the Bitterwasser Lithium project may be considered as Arcadia's primary projects due to their immediate potential to enhance the Company's value.

For more details, please visit www.arcdiaminerals.global

DISCLAIMER

Some of the statements appearing in this announcement may be forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Arcadia operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside Arcadia's control.

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