

5 July 2023

FIRETAIL SIGNS BINDING TERMS SHEET FOR ACQUISITION OF PERU COPPER PROJECTS

Firetail Resources Limited (ASX: FTL) (“**Company**” or “**Firetail**”) is pleased to announce that it has executed a binding terms sheet (“**Terms Sheet**”) with Valor Resources Limited (ASX: VAL) (“**Valor**”) to acquire up to 80% of the issued share capital of Kiwanda S.A.C. (“**Kiwanda**”) in consideration for the Purchase Price (defined below) (“**Acquisition**”).

Highlights:

- **Binding Terms Sheet executed for the acquisition of up to 80% of the issued share capital of Kiwanda, being a wholly owned subsidiary of Valor that holds the mining concessions comprising the Picha and Charaque Copper Projects in Peru (“Picha” and “Charaque”, together, the “Projects”).**
 - **Picha is an exciting copper-silver project with multiple drill-ready targets to be tested in coming months.**
 - **Firetail to receive the partial benefit of the Charaque farm-in deal recently executed by Valor with Barrick Gold Corporation (“Barrick”).**
 - **Experienced in country management and technical team with proven track record.**
- **Valor Executive Chairman, George Bauk, to be appointed to the Board of the Company as a Non-Executive Director and Frank Beirlein is to resign from his current role as a Non-Executive Director of the Company upon completion of the Acquisition.**
- **The Company proposes to raise up to \$5,000,000 in connection with the Acquisition to commence drilling and associated costs relating to the Projects.**

Executive Chairman, Brett Grosvenor, commented:

“This acquisition has strategic importance to Firetail as it complements our existing assets and provides near term exposure to the copper market with drilling commencing in the short term with an experienced ‘ready to go’ team in Peru.”

“The Picha Project is drill ready following a significant exploration program undertaken over the past 18 month which has identified large numbers of significant targets through surface work coupled with IP/Resistivity surveys.”

“The structure of the deal is complementary to all parties involved and ensures that development of the assets is aligned with the Vendor and Company strategic directions whilst providing a cash neutral purchase position to FTL shareholders as we receive a portion of the Charaque farm-in payments over the next four years.”

"Firetail, in conjunction with the Vendor and local Peruvian team will build upon relationships and partnerships in the region to deliver a portfolio of opportunities, as we commence drilling at Picha in the near future.

"I travelled to Peru with FTL Board Member Simon Lawson, and we were impressed by the Picha Project and the local team. Sampling and work to date is a clear reflection of the potential for a large-scale resource in an existing mining province. I am very excited about the future opportunities these assets will provide for FTL and its shareholders."



Plate 1: Firetail Resources Executive Chair, Brett Grosvenor, onsite at the Picha Copper Project in Peru

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Projects

Kiwanda is a wholly owned Peruvian subsidiary of Valor and owns mining exploration concessions that are prospective for copper in Peru, South America comprising the Picha and Charaque Project (“**Projects**”).

Further details on the Projects are set out below.

Picha Project

The Picha Project is a copper-silver exploration project, located in the Moquegua and Puno Departments of southern Peru. The Project comprises 27 mining concessions covering an area of around 200km² and is prospective for multiple styles of copper mineralisation including epithermal, stratabound, CRD and porphyry related. Picha is located approximately 17km east northeast of the San Gabriel Au-Cu-Ag Project, owned by Compania de Minas Buenaventura S.A.A. (“**Buenaventura**”), which hosts Reserves of 14.9 MT with 4.04 g/t Au and 6.43 g/t Ag, representing 1.94MOz Au; and resources: 24.86 MT with 2.10 g/t Au and 8.46 g/t Ag¹.

Charaque Project

The Charaque Project is located 30km north-east of the Picha Copper Project and comprises eight claims covering an area of around 6,000 hectares (60km²). The area around Charaque is an active exploration area with major mining companies including Barrick, Teck Resources Ltd and Fresnillo Plc have significant landholdings around the project area. The Project lies along a regional northwest-southeast geological trend which encompasses several deposits, including the Arasi and Jessica Gold mines (owned by Aruntani), the El Cofre polymetallic mine (owned by CIEMSA), and several other prospects and historical mine workings (see Figure 1 below).

On 26 June 2023, Valor executed an earn-in agreement with Barrick covering the Charaque Project.

Under the terms of the earn-in agreement, Barrick:

- has been granted a 5 year option to acquire a 70% interest in Charaque for cash payments totalling US\$800,000 and US\$3 million of exploration expenditure;
- during the first two years, guarantees a minimum exploration expenditure of US\$500,000; and
- once it has acquired a 70% interest, can earn an additional 10% by exercising a second option with a US\$1 million cash payment and the delivery of a sole-funded pre-feasibility study, taking its interest to 80%.

All future cash payments associated with the earn in agreement will be split between Valor and Firetail on a 50:50 basis.

¹ For details of Mineral Resources and Reserves please refer to Buenaventura Integrated Annual Report 2022

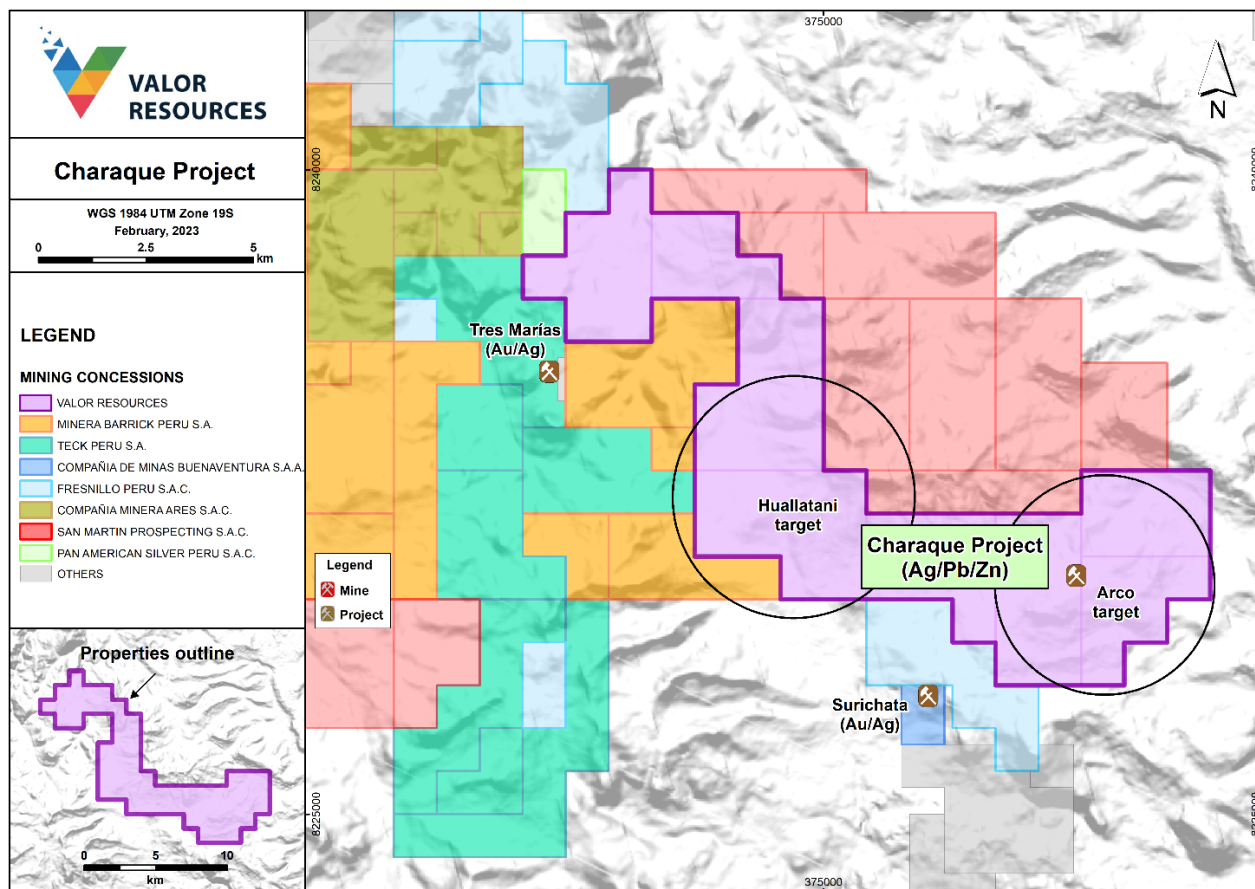


Figure 1: Charaque Project – Landholdings and location of Huallatani and Arco target areas

Consideration

The total consideration payable by the Company to Valor pursuant to the Acquisition is as follows:

- \$200,000 in cash payable within 5 business days of execution of the Terms Sheet, which is refundable to the Company in circumstances where Valor cannot complete its obligations under the Terms Sheet (“**Exclusivity Fee**”). The Exclusivity Fee is in consideration of Firetail being provided an exclusive 90 day due diligence period into Kiwanda and the Projects;
- a \$550,000 cash payment payable upon completion (“**Cash Consideration**”);
- subject to shareholder approval, 15,000,000 fully paid ordinary shares in the Company (“**Shares**”) at a deemed issue price of \$0.10 per Share to be issued upon completion (“**Consideration Shares**”) to acquire an initial 60% shareholding interest in Kiwanda; and
- subject to shareholder approval, 20,000,000 performance rights at completion convertible into Shares upon the satisfaction of the vesting conditions as set out in Appendix A (“**Performance Rights**”) following which the Company will acquire an additional 20% interest in Kiwanda (i.e., 80% in total).

The Company will be seeking shareholder approval for the Acquisition pursuant to ASX Listing Rule 7.1 for the issue of the respective securities pursuant to the Acquisition as outlined above and below. The Company

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will prepare a notice of general meeting for this purpose, which will contain further details about the Acquisition and will be sent to Company shareholders in due course. Neither Valor or Kiwanda are related parties of the Company, or another party caught by Listing Rule 10.1 for the purposes of Guidance Note 24.

Capital Raising

The Company has received firm commitments from sophisticated investors for the Placement of a total of up to 55,555,556 Shares at an issue price of \$0.09 per Share to raise up to \$5,000,000 (“**Placement**”). The placement is to be undertaken in two tranches as follows:

- 19,250,000 Shares, to be issued by the Company under its existing placement capacity (11,550,000 Shares under Listing Rule 7.1 and 7,700,000 Shares under Listing Rule 7.1A) (“**Tranche 1 Placement**”); and
- 36,305,556 Shares which will subject to Shareholder approval at a general meeting (“**Tranche 2 Placement**”) (details to be provided in due course).

Subject to Shareholder approval at a general meeting, the Tranche 2 Placement will involve subscriptions of up to:

- (i) 1,555,556 Shares by Firetail Executive Chairman, Brett Grosvenor; and
- (ii) 433,333 Shares by proposed Firetail Non-Executive Director, George Bauk,

to contribute up to \$179,000 to the Placement (together, the “**Director Participation**”). Further details of the Director Participation will be provided to Shareholders in due course.

The Company has engaged CPS Capital as lead manager for the Placement, who will receive the following fees in connection with corporate advisory services provided to the Company in association with the Placement and the Acquisition generally:

- a lead manager fee of six percent (6%), being \$300,000 cash payable upon completion of the Placement;
- 1,350,000 Shares at an issue price of \$0.09 (subject to shareholder approval); and
- 1,200,000 performance rights (subject to shareholder approval) upon the satisfaction of the vesting conditions as set out in Appendix A .

See Appendix A for an expanded summary of the terms of the above issue of securities.

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Allocation of funds pursuant to the Acquisition

The Company proposes to allocate funds following the Placement as follows:

Item	Amount
Proposed expenditure on work programs for the Projects (including cash consideration payments):	\$4,600,000
ASX fees, shareholder meeting costs and other costs associated with the Acquisition and Placement	\$400,000
Total	\$5,000,000

Indicative Acquisition Timetable

The key dates in relation to the Acquisition are set out below:

Event	Date ¹
Trading Halt & Execution of Terms Sheet	30 June 2023
Announcement of Acquisition	5 July 2023
Despatch of Notice of Meeting	18 July 2023
General Meeting	18 August 2023
Completion of Acquisition and issue of securities	31 August 2023

Notes:

- The above dates are indicative only and subject to change.

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Pro-forma Capital Structure

The capital structure of the Company immediately following completion of the Acquisition is expected to be:

Capital structure	Existing	Upon completion of Acquisition & Placement
Shares		
Existing Shares	77,000,000	77,000,000
Consideration Shares	-	15,000,000
Placement Shares	-	55,555,556
Corporate Advisor Shares	-	1,350,000
Total Shares	77,000,000	148,905,556
Performance Rights		
Performance Rights to Valor	-	20,000,000
Performance Rights to CPS Capital	-	1,200,000
Total Performance Rights		21,200,000
Options		
Options expiring 20/01/25 (FTLAC)	500,000	500,000
Options expiring 20/01/25 (FTLAD)	5,000,000	5,000,000
Options expiring 05/04/25 (FTLAE)	1,500,000	1,500,000
Total Options	7,000,000	7,000,000
Fully diluted share capital	84,000,000	177,105,556

Note: The table above provides a summary of the capital structure of the Company as at the date of this announcement and upon completion of the Acquisition and Placement.

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If you have any questions about the information provided in this announcement, please contact the Company on +61 8 9322 2338.

This announcement has been authorised for release on ASX by the Company's Board of Directors.

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About Firetail Resources

Firetail Resources (ASX:FTL) is a battery minerals company with an exciting project portfolio with exposure to multiple battery mineral commodities at its well-located Western Australian and Queensland projects. The projects range from early exploration stage at the Paterson and Yalgoo-Dalgaranga Projects through to advanced exploration-early resource stage at the Mt Slopeaway Project.

Firetail is also exploring in Peru, with a binding agreement for the acquisition of up to 80% of the of the issued share capital of Kiwanda, a wholly owned subsidiary of Valor Resources Ltd (ASX: VAL) that holds mining concessions comprising the Picha Copper Silver Project and Charaque Copper Projects in Peru. Picha is an exciting copper-silver project with multiple drill-ready targets to be tested in coming months; and Charaque hosts a farm-in deal completed with leading global mining company, Barrick Gold Corporation.

With a portfolio of highly prospective assets plus the experience of a strong technical team, the Company is well positioned to rapidly explore and develop its battery mineral projects and become a significant contributor to the green energy revolution.

Forward-looking statements

This announcement may contain certain “forward-looking statements”. Forward looking statements can generally be identified by the use of forward-looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

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Appendix 1 - Summary of Terms Sheet and Proposed Acquisition

1. Completion of the Acquisition is conditional upon the following material conditions being satisfied or waived by the Company ("**Conditions Precedent**"):
- (**Placement**): completion of a placement to sophisticated investors of a total of up to 55,555,556 fully paid ordinary shares in the issued capital of the Company at an issue price of \$0.09 per share to raise up to an aggregate total of \$5,000,000 ("**Placement**");
 - (**Due Diligence**): the Company undertaking legal, financial and technical due diligence investigations into Kiwanda and the Projects within 90 days from the date of execution of the Terms Sheet;
 - (**Shareholder Approvals**): the Company obtaining the required shareholder approvals (including shareholder approval for the issuance of the Placement Shares, Consideration Shares and Performance Rights);
 - (**ASX Confirmation that re-compliance is not required**): the Company obtaining written confirmation from ASX that it will not be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in connection with the Acquisition (which has now been satisfied);
 - (**Valor Shareholder Approval**): if ASX requires it for the purposes of ASX Listing Rule 11.1, Valor obtaining shareholder approval for the sale of 80% of its indirect interest in the Projects; and
 - (**Third Party Consents**): the parties obtaining the receipt of any required third party consents
2. The consideration payable by the Company under the Proposed Acquisition is:
- \$200,000 in cash payable within 5 business days of execution of the Terms Sheet, which is refundable to the Company in circumstances where Valor cannot complete its obligations under the Terms Sheet ("**Exclusivity Fee**");
 - \$550,000 cash payable upon completion ("**Cash Consideration**");
 - subject to shareholder approval, 15,000,000 fully paid ordinary shares in the Company ("**Shares**") at a deemed issue price of \$0.10 per Share to be issued upon completion to acquire an initial 60% shareholding interest in Kiwanda ("**Consideration Shares**");
 - subject to shareholder approval, the Company will issue 20,000,000 Performance Rights to the Seller, or nominee(s) thereof ("**Seller's Performance Rights**"), which will convert into Shares upon the satisfaction of the respective performance milestones ("**Vesting Conditions**").
3. In connection with the Acquisition, and subject to shareholder approval at a general meeting held in due course, the Company proposes to:
- restructure its Board with a nominee of Valor, George Bauk, being appointed as a Director of the Company and current Director, Frank Beirlein resigning as a Director, upon completion of the Acquisition; and
 - issue:
 - (a) 1,350,000 Shares at a deemed issue price of \$0.09 per Share at completion of the Proposed Acquisition to CPS Capital ("**Corporate Advisor Shares**");

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- (b) 600,000 Performance Rights to CPS Capital upon satisfaction of Stage 1 Performance Milestone (as set out in paragraph 4 below); and
- (c) 600,000 Performance Rights to CPS Capital upon satisfaction of Stage 2 Performance Milestone (as set out in paragraph 4 below) (together with the performance securities described in (b) directly above, the “**Corporate Advisor Performance Rights**”).

4. In connection with the issue of Performance Rights and subject to shareholder and ASX approval, certain performance milestones have been agreed upon for the vesting of the Performance Rights into Shares (“**Vesting Conditions**”) in addition to terms and conditions, which are to be provided to Company shareholders in due course. The Vesting Conditions comprise of two applicable milestones, the terms of which are summarised in the table below:

	Vesting Condition	Performance Rights	Expiry Date
Stage 1 Performance Milestone	Either: (a) Completion of a (i) minimum of 5,000m of diamond drilling (Stage 1 Minimum Diamond Drilling Amount); and (ii) mineralised intersection of at least: A. 50m @ 1% Cu; or B. 10m @ 2.5% Cu, (together, the Mineralised Intersection Targets) at the Picha Project; or (b) Firetail proceeds to Stage 2.	10,000,000	18 months from the granting of the drilling permits at the Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.
Stage 2 Performance Milestone	Either: (a) Completion of a further (i) 3,000m of drilling (in addition to the Stage 1 Minimum Diamond Drilling Amount); and (ii) two (2) mineralised intersection with the same results as one (or both) of the Mineralised Intersection Targets for the Stage 1 Performance Milestone, at the Picha Project; or (b) Firetail continues to drill past the aggregate 8,000m drilling target at the Picha Project.	10,000,000	18 months from the granting of the drilling permits at the Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.

5. At or prior to Completion, the parties will enter into a formal shareholders agreement setting out the governance and operating arrangements for Kiwanda with effect from completion (“**Shareholders’ Agreement**”), which agreement will include provision for matters customary for such agreements including, but not limited to:
- appointment and removal of directors;
 - directors’ powers and responsibilities;

- project plans and budgets;
- further funding and issues of shares;
- pre-emptive rights in respect of the issue and transfer of shares;
- drag-along and tag-along provisions; and
- accession.

6. Further, the Shareholders' Agreement shall include provisions to the effect that, in the event that the respective performance milestones (as set out in paragraph 4 above) are satisfied and Firetail acquires an 80% shareholding interest in Kiwanda:

- Valor will retain its remaining holding of 20% of the issued share capital of Kiwanda ("**Valor Interest**") on a 'free carried' basis until such time as Firetail procures and presents a pre-feasibility study in respect of the Picha Project ("**Picha PFS**") to Valor;
- within 90 days of receipt of the Picha PFS, Valor must provide notice to Firetail as to whether or not it intends to contribute to the costs of developing the Picha Project pro-rata to its Valor Interest, or dilute its Valor Interest on standard industry terms; and
- any dilution of the Valor Interest below 10% will be converted to a net smelter return of 1% over the Projects.

7. Valor and Kiwanda have provided standard warranties and indemnities, and the Terms Sheet is otherwise on terms and conditions considered standard for agreements of this nature.