REACH RESOURCES

ASX RR1
ASX ANNOUNCEMENT

11 March 2024

EARN IN AND JOINT VENTURE AGREEMENT EXECUTED WITH DELTA LITHIUM

Reach Resources Limited (ASX: RR1 & RR1O) ("Reach" or "the Company") is pleased to announce the signing of an 'Earn-in and Joint Venture Agreement, Morrissey Hill and Camel Hill Lithium Project' (the "Agreement"), with Electrostate Malinda Pty Ltd, a wholly owned subsidiary of Delta Lithium (ASX: DLI) ("Delta").

The Agreement was executed on 9 March 2024 (the "Commencement Date"), between Reach Resources Limited and Critical Elements Pty Ltd (wholly owned subsidiary of Reach), and Electrostate Malinda Pty Ltd (ACN 610 194 977) ('Electrostate").

Key Material Terms
The material, key terms of the Agreement are as follows:

- Delta agrees to pay to Reach a **non-refundable cash payment of $3,200,000**, within 5 days of the Commencement Date (9 March 2024).
- Delta (via its subsidiary Electrostate) **can earn an initial 51% joint venture interest** ("Joint Venture Interest") in the tenements comprising the Morrissey Hill and Camel Hill Lithium Projects ("Tenements") **by spending $3,000,000 on exploration over an initial 2-year period** from the Commencement Date.
- If Delta earns an initial 51% Joint Venture Interest (Stage 1 Earn In), the parties agree to form an unincorporated joint venture (the "Joint Venture"), to explore for minerals in the area of the Tenements, on the standard terms and conditions, as set out in the Agreement.
- Delta **can earn a further 29% Joint Venture Interest** (Stage 2 Earn In), taking its total Joint Venture Interest to 80%, **upon further expenditure of $6,000,000 over the next 2 years** from Stage 1 completion.
- On completion of the Stage 2 Earn In, Reach can elect to either maintain its 20% Joint Venture Interest by co-contributing to further expenditures pro rata to its Joint Venture Interest or dilute its 20% Joint Venture Interest in accordance with a standard dilution formula.
- **The parties have also agreed to negotiate in good faith the terms pursuant to which Delta may purchase Reach's 20% Joint Venture Interest** (assuming that Delta has either earned its 80% Joint Venture Interest or Reach has diluted its Joint Venture Interest to 20%) **for a fair market value which may be determined by an independent expert.**
- In the event that **Delta delineates a mineral resource estimate** (as that term is defined in the JORC Code) **of equal to or greater than 7.5Mt at 0.8% Li2O (at a 0.5% cut off grade)** at any time within 8 years of the Commencement Date, on the Tenements, Delta agrees to pay Reach $10,000,000 in either in cash, Delta ordinary fully paid shares or a combination of both.

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- The Agreement contains standard terms and conditions for documents of this nature, including standard contractual joint venture terms, warranties, representations, dilution provisions, default provisions as well as assignment and pre-emptive rights.

Tenements the subject of earn in by Delta:

The Agreement includes the below listed granted exploration tenements, mining lease tenement, and tenement ballot applications (the "Tenements"), for the purposes of earn in by Delta:

- *Reach Granted Tenements:*
  exploration licenses 09/2375 and 09/2388 held by RR1;
  exploration license 09/2354 held by Critical Elements; and

  M09/101 (completion to occur following this announcement upon the issue of shares in accordance with agreement (ASX Announcement 25 October 2023).
- *Reach Ballot Applications (applied for by Critical Elements):*
  09/2805; 09/2807; 09/2897; 09/2902; 09/2906; and 09/2909.

Conditions Precedent

There are no outstanding conditions precedent on the Commencement Date.

Termination

If Delta does not incur the full amount of the Stage 1 Earn-in expenditure within the 2-year period, Delta will not have earned the Stage 1 Joint Venture Interest and Reach may terminate this agreement by giving notice in writing to Delta.

Otherwise, standard termination clauses exist.

Delta may withdraw from the Agreement prior to earning the initial 51% joint venture interest.

Confidentiality

Standard confidentiality clauses, consistent with an agreement of this nature have been included.

CEO Jeremy Bower commented:

"To receive $3.2M cash up front, and a further $10M cash/script if a successful JORC mineral resource delineation of equal to or greater than 7.5Mt at 0.8% Li2O (at a 0.5% cut off grade) is achieved, is a great result during these difficult market conditions. Importantly, we have ensured the final 20% has uncapped upside, with this portion to be negotiated in good faith between Reach and Delta.

Combined with our recently announced Rights Issue to raise up to ~$2M, and further subject to shareholder approval being obtained to consolidate the capital of the Company, Reach will re-emerge with a tight capital structure and over $6M cash.

We are working with the Traditional Owners at our Wabli Creek Niobium project to get on the ground and complete the necessary heritage requirements so we can validate the large target areas identified by independent geochemist Sugden Geoscience late last year and we look forward to updating shareholders on our various work streams as we progress."

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This announcement has been authorised by the Board of Reach Resources Limited

For further information please contact:

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About Reach Resources Limited
Reach Resources is a critical mineral explorer with a large portfolio of tenements in the resource rich Gascoyne Mineral Field. Recent and historical exploration results have confirmed the presence of Lithium, REE, Niobium and Manganese across the Company's land holdings.

However, the Company is distinct from other pure explorers by also having an Inferred Gold Resource at Payne's Find and a significant investment in a downstream patented technology that recycles the rare earth elements from the permanent magnets required in electric vehicles, wind turbines, hard disk drives and MRI machines.