

ASX Announcement

30 August 2024

## Acquisition of Penny South Gold Project, WA

### HIGHLIGHTS

- **Binding Tenement Sale Agreement to acquire 100% of the Penny South Gold Project (E57/1045) to bolster West Australian Gold exploration portfolio**
- **Penny South Gold Project located in world class gold district and ~550m south of one of Australia's highest grade producing gold mines<sup>1</sup>, the Penny West/North Gold Mine ("Penny"), owned and operated by Ramelius Resources Limited (ASX:RMS) ("Ramelius"):**
  - The Penny West mine produced 154,000t at 18g/t Au (89,000 Au) in the early 1990's<sup>2</sup>.
  - The initial Penny North deposit of 569,000t at 16.8g/t (306,000oz) was discovered by Spectrum Metals Limited and subsequently subject to a takeover by Ramelius for >\$200M during 2020<sup>3</sup>, with the deposit now being mined and extended.
- **The Penny West Shear, which hosts the Penny deposits, continues south into the Penny South Project (E57/1045) with ~2.5km of strike contained in E57/1045.**
- **Average historical drill hole depth across E57/1045 is ~42m, with only 18 holes deeper than 100m and 7 holes deeper than 200m<sup>4</sup>, with no diamond drilling.**
- **Historic drilling within E57/1045 has encountered various significantly anomalous intersections of gold mineralisation<sup>5</sup>.**
- **Review of all available data to generate high priority drill targets underway.**

NickelX Limited (ASX: NKL or "the **Company**") is pleased to announce that it has entered into a binding tenement sale agreement to acquire 100% of tenement E57/1045 known as the Penny South Gold Project.

#### Commenting on the acquisition Managing Director Peter Woods said:

*"We are extremely pleased to have reached an agreement for the acquisition of the Penny South Project. The addition of this exciting gold exploration asset next door to one of the highest-grade gold mines in production in Western Australia, and in a district seeing current M&A activity, greatly enhances our existing portfolio. Given the minimal deeper drilling and lack of diamond drilling, it is the Company's view there may be substantial value to be unlocked at depth and we are eager to execute a path forward to test the theory as the momentum for gold continues."*

<sup>1</sup> ASX.SPX Announcement 16<sup>th</sup> October 2018 "SPX acquires one of the highest grade historic open pit gold mines in WA"

<sup>2</sup> ASX.RMS Announcement 30<sup>th</sup> June 2020 "Ramelius extends Life of Mine Plan by 34% to 1.45Moz Au"

<sup>3</sup> ASX.RMS Announcement 10<sup>th</sup> February 2020 "Ramelius makes Recommended Takeover Offer for Spectrum Metals"

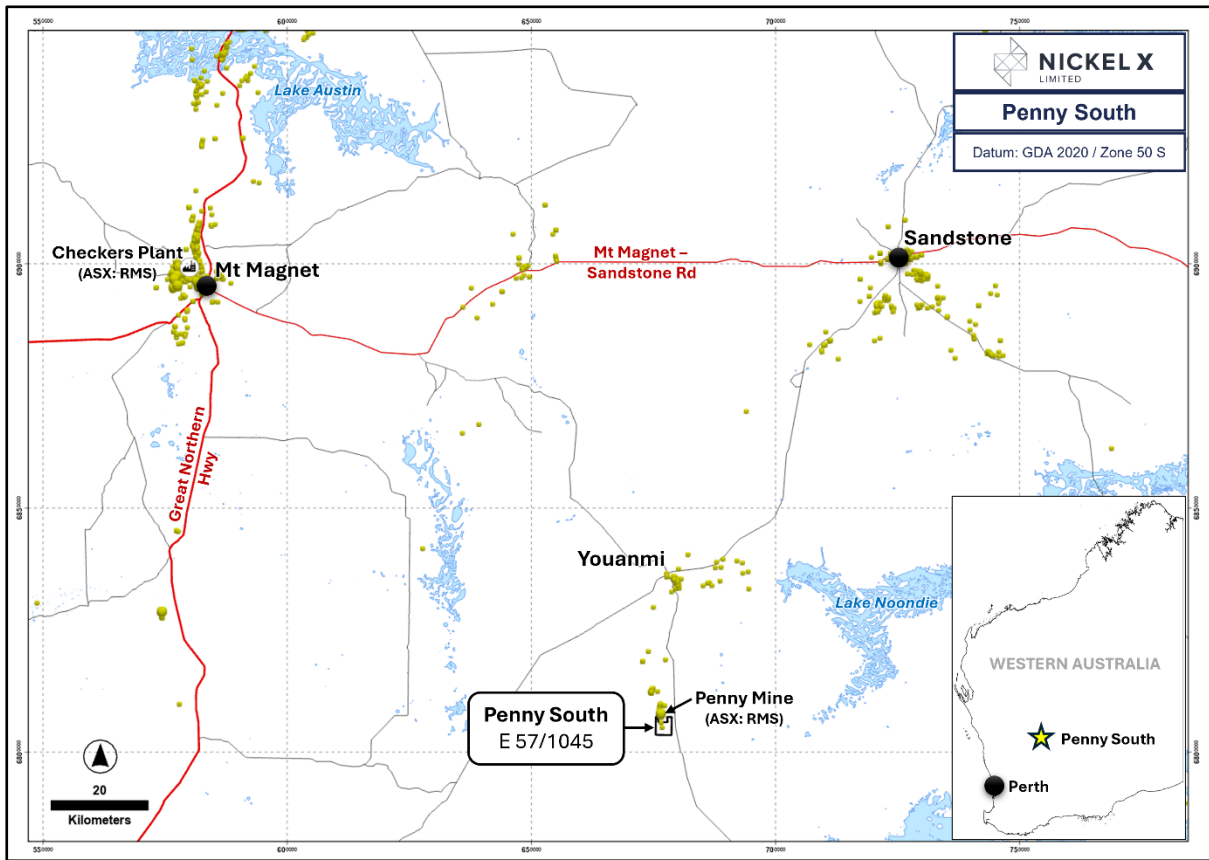
<sup>4</sup> ASX.AUE Announcement 8<sup>th</sup> March 2022 Penny South Drilling Programme Completed

<sup>5</sup> ASX.AUE Announcement 29<sup>th</sup> October 2021 "Prospectus"

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**Penny South Gold Project, WA**

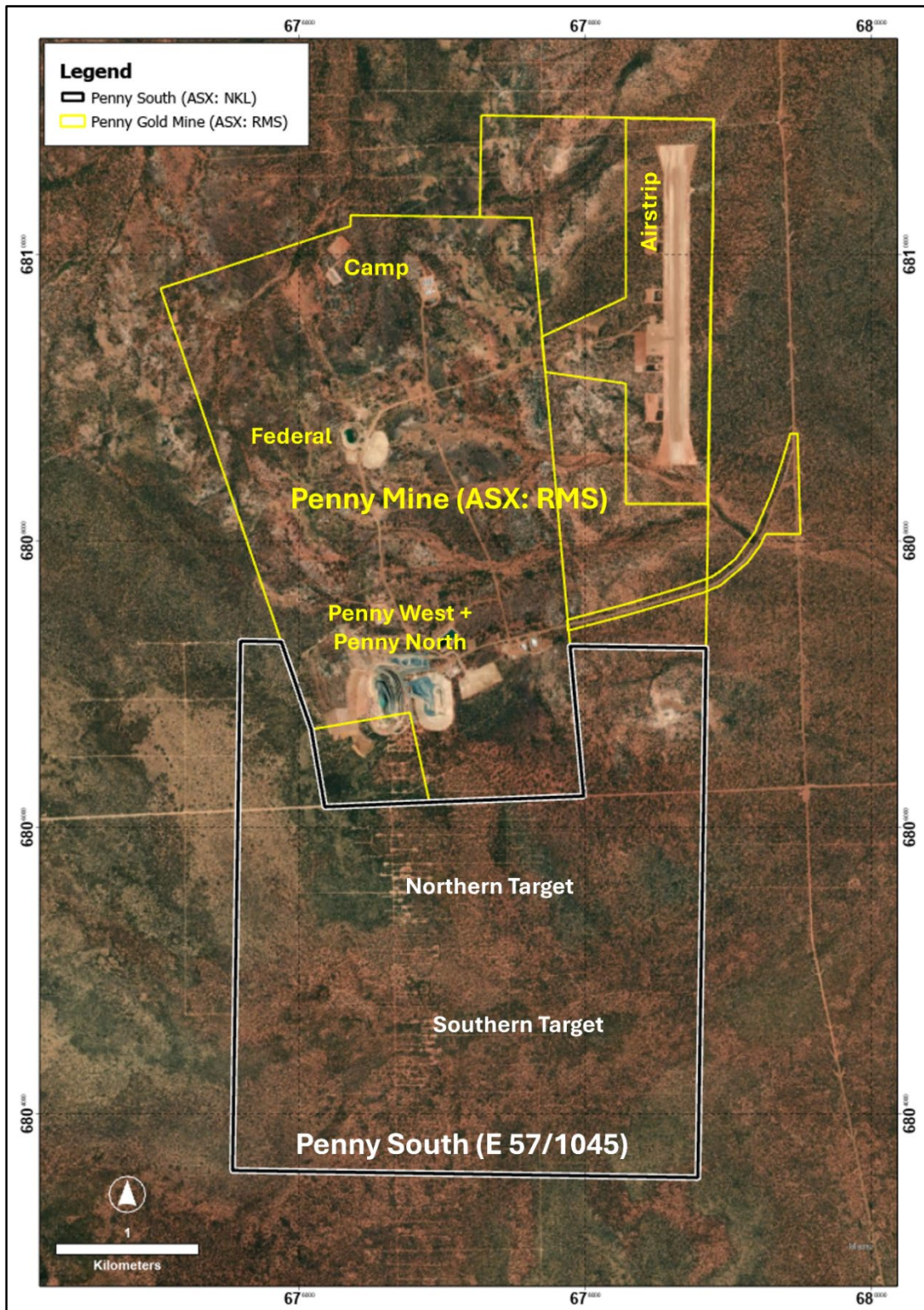
The Penny South Gold Project (E57/1045) (**Map 1**) lies only 550m south of Ramelius’ operating Penny West/North gold mine project (**Map 2**), which is estimated to contain 440,000t of ore at 22g/t Au (320,000oz Au) (“Penny”)<sup>6</sup>. NKL’s Penny South Gold Project captures a ~2.5km strike extension of the Penny West Shear immediately south of Ramelius’ Penny deposits, southern Youanmi Greenstone Belt (**Map 3**).



**Map 1:** Location of the Penny South Project (E57/1045).

<sup>6</sup> Diggers and Dealers presentation 5<sup>th</sup> August 2024, Ramelius Resources Limited (ASX:RMS)

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**Map 2:** Penny South Project (E57/1045) immediately south of the high-grade Penny West/North (Penny) Gold Mine owned and operated by Ramelius Resources Limited (ASX:RMS).

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As at the Penny deposits, tenement E57/1045 contains limited outcrop and with the prospective bedrock almost everywhere overlain by 1-30m of windblown sand and other sediments.

Historic drilling at the Penny South Gold Project has encountered various significantly anomalous intersections of gold mineralisation, which are currently being compiled and assessed. Over 1,000 drill holes have been completed within E57/1045, mostly RAB and AC holes with RC holes accounting for only ~3% of the drill holes. The average downhole length of the historic drill holes within the Penny South Gold Project is ~42m with only 18 holes deeper than 100m and 7 holes deeper than 200m. There has been no diamond drilling completed at Penny South.

Spectrum Metals Limited, which owned the Penny West Project prior to being taken over by Ramelius in 2020 for ~\$215M, reported outstanding exploration success at Penny North and at the southern end of the Penny West pit within deeper drill holes beneath cover. NickelX intends to utilise a similar exploration strategy to reinterpret all available data and to test targets at depth.

### **Key Acquisition Terms**

NickelX has entered into a binding tenement sale agreement to acquire a 100% interest in E57/1045 (the Penny South Gold Project) from Aurum Resources Limited (ASX:AUE) ("**Aurum**"), the key terms of the acquisition are as follows:

- NickelX will pay A\$60,000 in cash and issue 3,000,000 shares at a deemed price of \$0.02 (\$60,000) to acquire 100% of the Project.
- A deferred cash consideration of A\$500,000 is to be paid upon the achievement of at least 50,000oz Au resource as defined in the JORC Code (2012 Edition) with a grade of at least 1 g/t or more; and a further \$500,000 to be paid for every additional 50,000oz Au resource with a grade of at least 1 g/t or more, within 5 years following Completion of the acquisition.
- Completion of the acquisition and the issue of the 3,000,000 shares to the vendors is subject to shareholder approval pursuant to Listing Rule 7.1, and receipt of customary third party approvals.

Shareholder approval will be sought at the Company's upcoming EGM for the proposed share issue to Aurum, by way of an addendum to the existing resolutions to be contemplated at the EGM.

NKL will also enter into a deed of assumption in respect of an existing 1% royalty on the Penny South Gold Project tenement.

### **Location and Access Details**

Tenement E57/1045 is located approximately 450km northeast of Perth and 100km southwest of Sandstone (**Map 1**). Access to the tenement is via the Great Northern Highway and the unsealed Paynes Find to Sandstone Road as far as Youanmi and then southwards on the Youanmi to Lake Barlee Road. Access within the tenement area is via fence line tracks and historic exploration tracks. The licence E57/1045 currently consists of 4 blocks covering 9.95km<sup>2</sup>.

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The Penny South Gold Project lies directly to the south of the Penny West/North gold mine project (**Map 2**), which is estimated to contain 440,000t of ore at 22g/t Au (320,000oz Au) (“Penny”)<sup>7</sup>.

### Geological Summary<sup>8</sup>

Tenement E57/1045 is located at the southern end of the Youanmi Greenstone Belt, which straddles the boundary of the Murchison and Southern Cross Domains that is marked by the regionally extensive Youanmi shear zone.

The Project lies to the south of the historic Penny West gold mine and covers approximately 2.5km of strike of the Youanmi Greenstone Belt, dominated by mafic and ultramafic rocks (**Map 3**). There is very little outcrop of the Archaean basement lithologies with the vast majority of the Project area covered by aeolian sand and other transported sediments reportedly up to 30m thick, averaging around 10m in thickness.

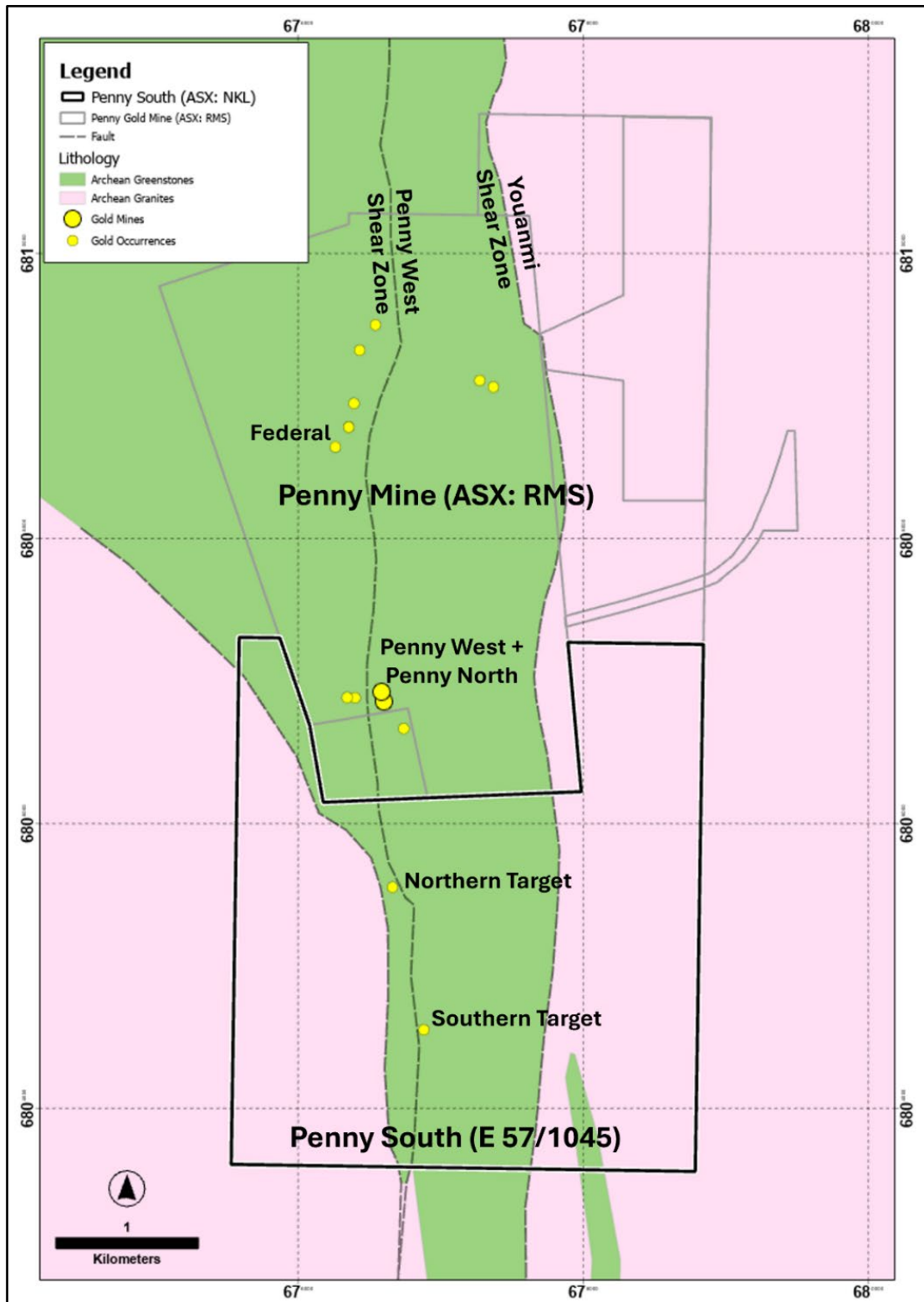
Gold mineralisation at the Penny South Gold Project is controlled by the Youanmi shear zone and hosted in the hangingwall of mafic schists. Historic drilling across E57/1045 reveals a sequence of north-south striking mafic and ultramafic rocks of variable magnetic intensity from non- to moderately magnetic. Analytical and lithological data suggest that the historic gold intercepts are associated with quartz veins, sheared geological contacts and granodiorite.

The Penny West gold mine host stratigraphy to the north is a sequence of steeply dipping mafic and ultramafic rocks with minor felsic intrusive where gold mineralisation is associated with steeply east dipping quartz-sulphide veins up to 5m in width. The Penny West mineralisation at the base of the historic open pit (80m depth) to the base of drilling at 220m depth indicates the mineralised lode dips to the east at 65-80° with strike extent of 300m. The main lodes typically have sharp boundaries controlled by shears and minor zones of discontinuous mineralisation occur in the hangingwall of the main lodes. The deposit is characterised by structurally controlled gold-quartz veins in a brittle-ductile shear zone. High grade gold is typically associated with sulphides such as pyrite, pyrrhotite, galena, sphalerite and chalcopyrite.

Mineralisation at Penny North is considered contemporaneous in origin to Penny West and is characterised by abundant vein quartz and sulphides. From drilling, the mineralisation has been interpreted to have an upper limit of 80m below surface and extend to a depth of 320m below surface with the orebody modelled as a gently south plunging shoot with a north-south extent of 400m and a vertical extent of 240m. The mineralisation is developed along a contact between gabbro and granodiorite. Wallrocks are typically mylonitic and display albite and sericite alteration. The quartz veins are variably massive, laminated or brecciated with a highly variable sulphide assemblage of pyrite, pyrrhotite, galena, sphalerite and chalcopyrite.

<sup>7</sup> Diggers and Dealers presentation 5<sup>th</sup> August 2024, Ramelius Resources Limited (ASX:RMS)

<sup>8</sup> ASX:AUE Announcement 29<sup>th</sup> October 2021 “Prospectus”



**Map 3.** Local geology highlighting the Penny West Shear Zone at the Penny South Project (E57/1045)

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### Next Steps

The Company, together with its consultants, will seek to compile and review all geological, geochemical, and historic drill hole data with the aim to define high priority drilling targets at depths greater than 80m below surface, a search space that has been neglected by previous explorers. The Company will also investigate the use of electrical geophysics such as IP and/or EM in the search for Penny-style quartz-sulphide lodes.

Authorised for ASX release by the Board of the Company.

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### ABOUT NICKELX LIMITED

NickelX Limited is an Australian, ASX listed, exploration company with a strategic focus on acquiring, exploring and developing mineral projects in world class jurisdictions. The company's primary focus is the Elliot Lake Uranium Project, which is highly prospective for uranium and rare earths, and the Biranup Project which is highly prospective for gold.

### Forward Looking Statements

Some statements in this announcement regarding estimates or future events are forward-looking statements. Forward-looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this announcement 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. Statements regarding plans with respect to the Company's mineral properties may also contain forward looking statements.

Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to liabilities inherent in exploration and development activities, geological, mining, processing and technical problems, the inability to obtain exploration and mine licenses, permits and other regulatory approvals required in connection with operations, competition for among other things, capital, undeveloped lands and skilled personnel; incorrect assessments of prospectivity and the value of acquisitions; the inability to identify further mineralisation at the Company's tenements, changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events which could disrupt exploration and development activities, operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of transportation services; the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks and various other risks. There can be no assurance that forward-looking statements will prove to be correct.

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