

# Business Update – October 2023

## Business Update

Northam Resources Ltd (NRL or the **Company**) is pleased to provide a business update to shareholders.

## Key Highlights

- **The Chalice JV agreement completed successfully, and the Company received, and liquidated, the initial payment of 629,755 Chalice shares.**
- **Chalice is actively exploring the company's portfolio of tenements including:**
  - Drilling at the Bolgart prospect, completing 3 diamond core holes,
  - Identifying 7 new ultramafic occurrences corresponding with aeromagnetic anomalies across the portfolio.
  - Identifying copper bearing sulphides in relogging of historical core drilling at Yerecoin North.
- **The Company has minimised fixed costs and is well funded for the next 18 months.**
- **All outstanding creditors have been cleared, and at the end of September 2023 had \$975,00 in cash.**
- **The Company is well situated to benefit from current and future market conditions.**

## Successful Completion of the Chalice JV Agreement

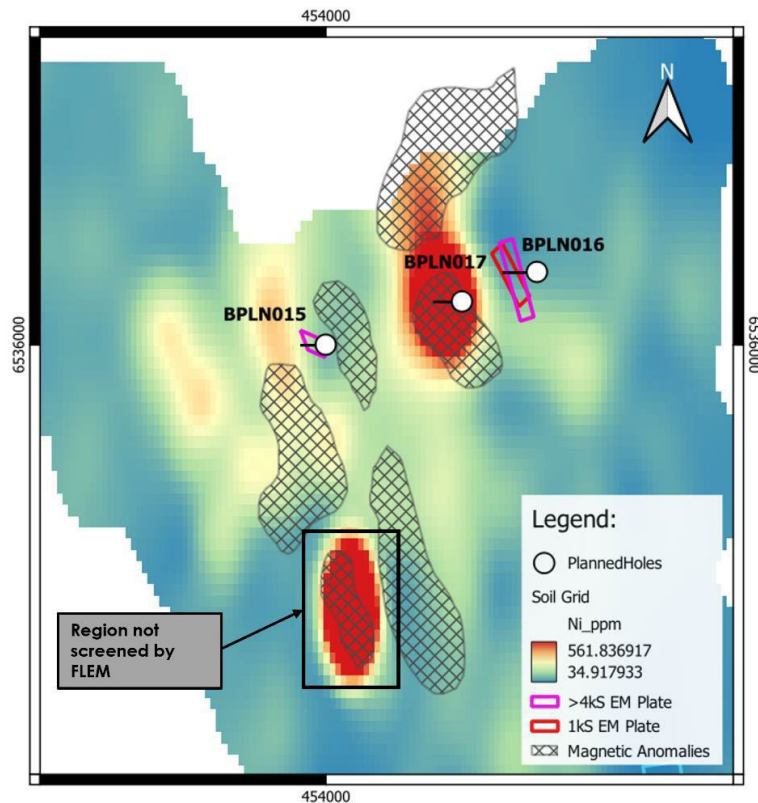
On the 18<sup>th</sup> of August 2023 Chalice Mining Limited (**Chalice** or **CHN**) advised NRL that all remaining conditions precedent under the [Joint Venture Agreement with announced on 21<sup>st</sup> July 2023](#) were satisfied. This was the final requirement to bring the agreement into effect. As required, Chalice then issued 629,755 Chalice shares to NRL, which were in turn sold at an average price of \$3.35 per share.

The Company has two exploration agreements in place with Chalice, the first [Bolgart Farm-in and JV Agreement](#) was announced on the 28<sup>th</sup> October 2022. All of the Company's exploration tenements are covered by these two agreements.

## Chalice JV Exploration Update

Chalice drilled 3 exploration diamond-core holes at the Bolgart prospect to test Ni-Cr anomalism associated with Gonneville-like ultramafic float. The locations are shown below in relation to aeromagnetic anomalies and EM plates. The results were:

- BPLN016 tested an EM conductor and returned massive pyrrhotite-dominant sulphides in a gneissic sediment. Pyrrhotite is magnetic but does not contain nickel or copper.
- BLN015 was abandoned at 30m due to ground conditions.
- BLN017 intercepted ultramafic rocks from 70m to 140m but no sulphides were identified. Assays pending.



3 Diamond core holes drilled by Chalice at the Bolgart prospect.

Chalice is currently conducting a detailed aeromagnetic survey over the Northam's tenement portfolio. This survey is expected to be completed late November, which will assist with a better delineation of mafic ultramafic intrusions at the prospect scale and allow more focused ground surveys to define priority targets (such as soil geochemistry mapping, ground EM).

In addition, Chalice has:

- Collected 333 hand auger samples over targets on E70/5150 and E70/5149,
- Submitted 515 auger soil samples at Howard, Bagshaw and Chamberlain targets, previously collected by Northam.
- Completed 53 out of a planned 105 roadside visits, identifying 7 newly recognised ultramafic occurrences that are associated with aeromagnetic anomalies.
- Relogged and resampled 12 diamond-core holes at Yerecoin North, identifying three different ultramafic units. A high-Ti sulphide ultramafic unit contained chalcopyrite stringers and fine disseminated chalcopyrite+/pyrrhotite.

- All assays are pending.

## Corporate Finance

Following this receipt of funds stated above, the Company has cleared all outstanding creditors, and has restructured the business to minimise cost until market conditions improve. The key high highlights include:

- Payment to Magnetic Resources of the final A\$500,000 required under the associated tenement acquisition agreement. Apart from an iron ore royalty, this completes the Company's obligations under this agreement.
- Settlement of all outstanding creditor liabilities.
- All exploration and management roles were made redundant.
- The Board remains in place and the directors have agreed to greatly reduced fees.

The Company has actively sought to reduce or remove all possible fixed costs to maximise cash and ensure that the Company has sufficient funds for at least the next 18 months. At the end of September, the Company holds approximately \$975,000 in cash.

Craig Moulton, whilst no longer CEO, will continue to support the Company on a consulting basis as required.

## Future Outlook

Subdued market conditions for junior mineral explorers have persisted since Quarter 3, 2022. This is reflected in both the few ASX IPOs completed this year, as well as major falls in the market capitalisation of most junior explorers and developers. Equity for mining exploration related companies has become very expensive, and therefore, not needing to raise funds in the current market is a significant advantage.

The Company is in an excellent position for the following reasons:

- All fixed costs have been reduced to a minimum.
- Chalice is required to actively explore our JV tenements, and must spend a minimum of \$2m within the next 2 years. As a result, there are no direct exploration liabilities.
- Should Chalice decide not to proceed after spending the \$2m, they would retain no interest in the tenements.
- The agreement ensures funds are focused on in-ground exploration and all JV tenement tenements must be maintained in good standing.
- A material discovery by Chalice will provide NRL shareholders with significant value uplift.

During the coming months the Board will continue to monitor for improving market conditions and will actively assess any potential acquisitions or other commercial options. The long-standing aim of listing the Company, subject to delivering fair value for existing shareholders, remains unchanged.

## Further Information

Further information on the Company and its projects can be found on our website: [www.northamresources.com](http://www.northamresources.com)

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