

Due diligence update on proposed acquisition of four high-quality lithium assets in Australia and Argentina

Highlights:

- Having recently commenced desktop reviews, the Australian geology team have delivered positive initial assessments for the Leonardo (WA) and Narraburra East (NSW) projects
- The Leonardo project is in a region highly prospective for lithium mineralisation:
 - ❖ Tawana Resources (ASX: TAW) and Alliance Mineral Assets (SGX: AMAL) proposed merged ground¹ (5-10km NW of Leonardo) includes the Bald Hill Mine which has a high-grade lithium resource (historical inferred resource: 18.9Mt @ 1.18% Li₂O²) and is now in production³
 - ❖ Liontown's (LTR) Buldania project (SW of Leonardo) has large mineralised pegmatites at surface and assay results revealing >50m wide zones with grades up to 2.5% Li₂O⁴
- Reconciling this with legacy geochemical results confirms anomalous lithium levels within Leonardo's tenure⁵ – the desktop study will define field targets for exploration activities
- Meanwhile, the Narraburra East tenement is adjacent to Capital Mining's (CMY) former Narraburra project which has a lithium resource
- The CMY inferred resource⁶ is a historical estimate reported to the JORC (2004) code – a competent person has not done sufficient work to classify this in accordance with the JORC (2012) code; further, it's uncertain if any future planned evaluation or additional exploration is undertaken the historical estimate will be equivalent to reporting the mineral resources under the JORC (2012) code
- The Narraburra East project lies over the same granitic bodies of the Narraburra Suite as the CMY Narraburra Rare Earth Elements (REE) deposit, and is thus likely to host LCT pegmatites:
 - ❖ Initial focus will be the substantial (approximately 0-40m depth) regolith⁵ which has the potential to host a mineralised weathered granites and granitic associated rock units
 - ❖ Secondary focus will be the unweathered subsurface material as weathered pegmatites have been as sampled by grab samples on the surface at the nearby CMY Narraburra REE deposit
- Desktop work on the two prospects in Argentina – Domingo and Vulcano – is progressing, with a preliminary update expected shortly

Eneabba MD, Barnaby Egerton-Warburton, commented: *"The preliminary desktop analysis for the Australian projects is encouraging, particularly the exploration upside apparent for the Leonardo project in Western Australia. Whilst still early days for these highly prospective lithium projects, this is an important first step in identifying targets for exploration and enabling the Board to articulate inaugural drilling programs when appropriate."*

Eneabba Gas Limited (ASX: ENB) (“ENB” or “the company”) is pleased to update shareholders on the commencement of the due diligence process for the proposed acquisition of four highly-prospective lithium projects in Australia and Argentina.

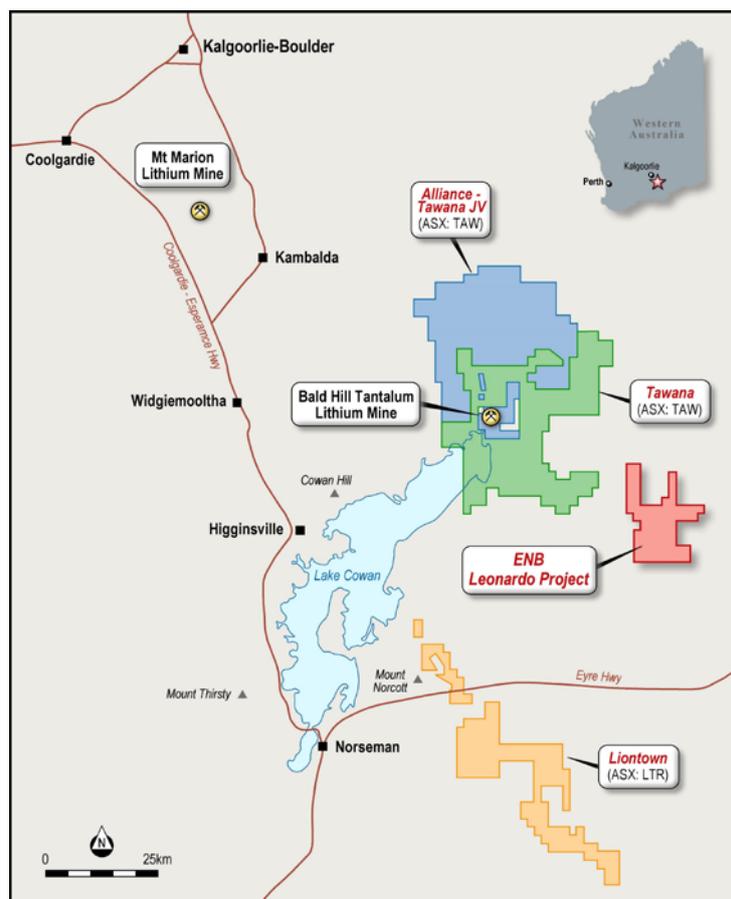
DUE DILIGENCE UPDATE

Leonardo project – Western Australia

The geology team is encouraged by the Leonardo project and optimistic, as legacy geochemical analysis⁵ indicated the presence of anomalous lithium levels within the tenure. These will be evaluated in the desktop study, with a detailed geological dataset. Across the region but relatively close to the Leonardo project, are peers with more advanced projects (Figure 1) that demonstrate the region’s high-prospectivity for lithium mineralisation, including:

- TAW and AMAL, which are proposing a merger¹ that has the potential to double the combined group’s mineralised footprint in the region. The key asset is the Bald Hill Mine (total resource: 18.9Mt @ 1.18% Li₂O, 149ppm Ta₂O₅ with a 0.5% Li₂O cut-off grade²) which was recently commissioned³ to commence production; and
- Exploration activities at Lontown’s Buldania project, which includes assay results from a 36-hole, 4,105m RC drilling program that confirmed the presence of highly mineralised pegmatites with grades ranging from 1% up to 2.5%⁴ Li₂O.

FIGURE 1: LEONARDO PROJECT

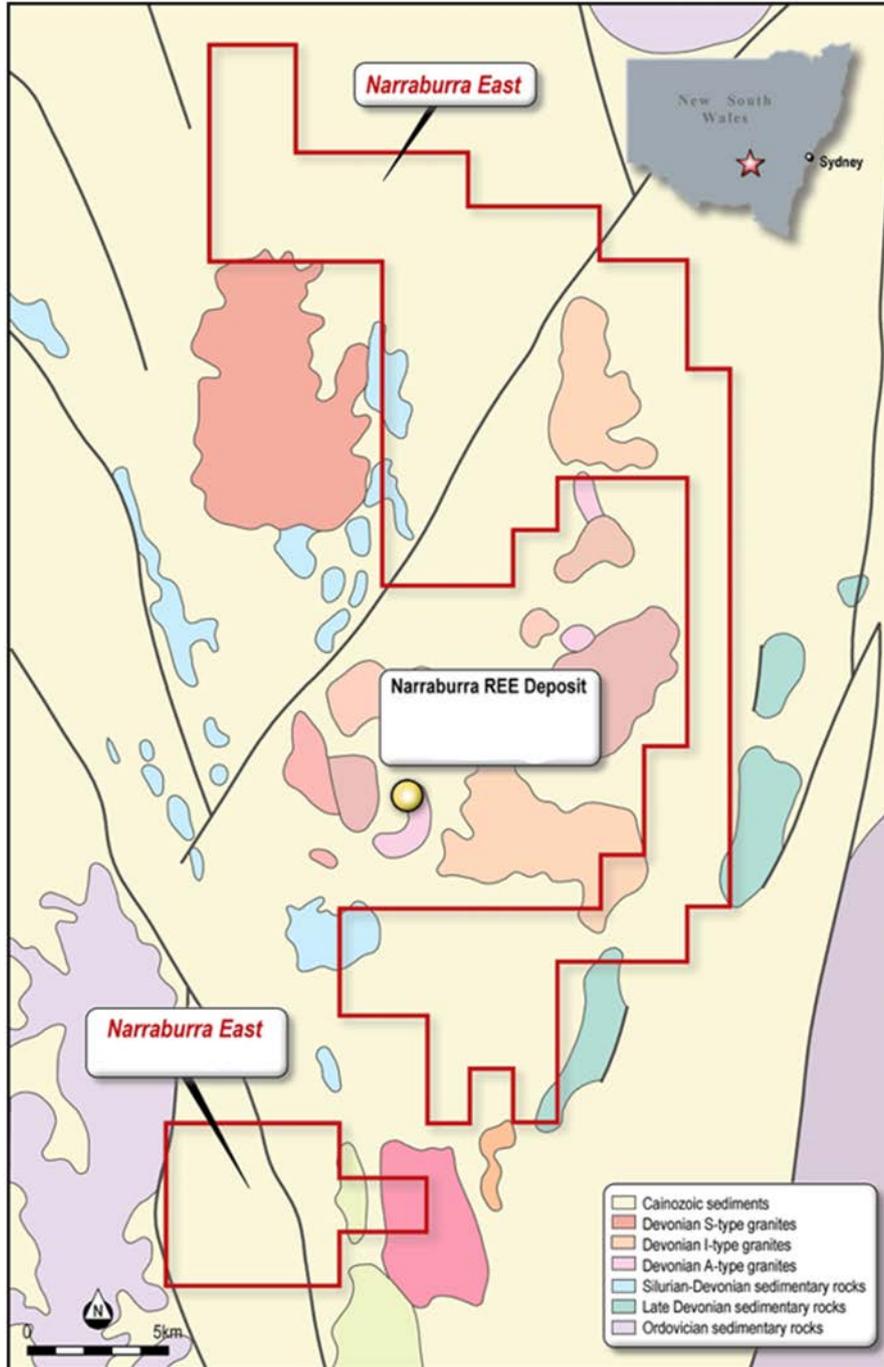


Source: ENB geology team

Narraburra East – New South Wales

Preliminary views from the geology team on the Narraburra East project in NSW (Figure 2) are favourable, as anecdotal evidence suggests it is prospective for lithium mineralisation⁶. This is from pegmatites that appear to be associated with the weathered granites and granitic rock units that form part of CMY’s historic resource.

FIGURE 2: NARRABURRA EAST PROJECT



Source: ENB geology team

There are opportunities to intersect unweathered pegmatites, as the overlying regolith (layer of loose, heterogeneous superficial deposits covering solid rock) has been proven in CMY’s historical exploration activities to contain pegmatites that are extensively weathered to form lateritic deposits that are enriched REEs.

The pegmatites potentially include the mineral spodumene, a common economic source of lithium. The desktop study and on the ground exploration activities are determined to uncover the mineral source of the historical lithium resource in order find analogous geology that consists of fresh/unweathered pegmatites in the Narraburra East project.

The geology team aim to develop, as part of the desktop study, a firm understanding of the potential for LCT pegmatites in the region, including their emplacement and associations to pinpoint targets for exploration within the Narraburra East project. Historically, CMY had sampled weathered pegmatites by surface grab samples at the nearby CMY Narraburra REE deposit.

Highlighting its potential, the Narraburra East project is adjacent to CMY's former extensively drilled and sampled historical Narraburra REE deposit which has a confirmed zirconium dominant, bulk low-grade rare metals and earths historical inferred resource.

CMY's Narraburra REE inferred resource is a historical estimate reported to the JORC (2004) code. A competent person has not done sufficient work to classify the historical estimate in accordance with the JORC (2012) code. Further, it is uncertain that following a future planned evaluation and/or additional exploration that the historical estimate will be equivalent to reporting the mineral resource estimate under the JORC (2012) code.

Next steps

For the Australian projects, the geology team expects to complete the desktop review in coming weeks, resulting in detailed exploration programs being finalised. The first stage involves initial field mapping, while geochemical sampling can be immediately implemented once landholder negotiations are complete.

Updates on the desktop work being undertaken by the geology team Argentina will be released in due course.

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References

- 1) Refer TAW ASX Release 5 April 2018
- 2) Refer TAW ASX Release 11 October 2017
- 3) Refer TAW ASX Release 29 March 2018
- 4) Refer LTR ASX Release 26 March 2018
- 5) Refer ENB ASX Release 15 March 2018
- 6) Refer CMY ASX Release 9 November 2011

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Geological Interpretation, Historical Exploration Results, Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Nicholas Ryan, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ryan has been a Member of the Australian Institute of Mining and Metallurgy for 12 years and is a Chartered Professional (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan is the consulting Technical Manager for Domingo Lithium Pty Ltd. Mr Ryan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ryan consents to the inclusion in the report of the matters based on his information and the form and context in which it appears.

