

ANNOUNCEMENT

14 July 2023

Shanac Resources Increase to 4.6 Moz Au Eq

Highlights

An updated mineral resource estimate has been completed and reported in accordance with JORC guidelines for the Shanac deposit at the Rogozna Project, delivering Inferred Resources of 2.6 Moz Au, I 30 kt Cu, 260 kt Pb, 364 kt Zn and 21.3 Moz Ag (4.6 Moz Au Eq).

In addition to the Inferred Resources of 4.6 Moz Au Eq, the modelling and estimation exercise has defined an Exploration Target for parts of the deposit where the drillhole spacing is too broad to support a JORC classification of Inferred Resources. The Exploration Target estimate for Shanac amounts to 25 to 35 Mt @ 0.8 to 1.2 g/t Au, 0.1 to 0.2% Cu, 4 to 6 g/t Ag, 0.1 to 0.2% Pb and 0.3 to 0.4% Zn.

When coupled with the 0.8 Moz Au Eq Inferred Resources defined for the Copper Canyon deposit (estimated in 2021), Rogozna now hosts JORC-compliant Inferred Resources totalling ~5.4 Moz on a gold equivalent (Au Eq) basis, making it one of the largest gold and base metal development projects in Europe.

Table I	Shanac Inferred Resource Estimate, 0.7 g/t Au Eq cutoff grade within optimised Sub-Level Cav
undergr	ound mining stopes

Shanac Inferred Mineral Resource Estimate (2023)												
Tonnes	Au Eq	Au	Cu	Ag	Pb	Zn	Au Eq	Au	Cu	Ag	Pb	Zn
(Mt)	(g/t)	(g/t)	(%)	(g/t)	(%)	(%)	(Moz)	(Moz)	(kt)	(Moz)	(kt)	(kt)
130	1.1	0.6	0.1	5.1	0.2	0.3	4.6	2.6	130	21.3	260	364

Background

Zlatna Reka Resources (a local Serbian subsidiary of private equity fund Ibaera Capital) is pleased to advise that it has received the results from updated resource modelling and estimation work undertaken for the Shanac deposit, contained within its 100%-owned Rogozna gold-base metals project in Serbia (Figure 1, Figure 2).



Figure 1 | Location Map of the Rogozna Gold-Base Metals Project



Figure 2 | Local Geology, Deposits and Prospects of the Rogozna Gold-Base Metals Project

Mineral Resource Estimation Summary

Data

The resource modelling and estimation was undertaken by Mr Jonathon Abbott (BSc Appl. Geol, MAIG), who is an employee of Matrix Resource Consultants Pty Ltd (MRC). MRC reviewed the reliability of drilling information available for the Rogozna Project and estimated mineral resources for the Shanac deposit in accordance with JORC guidelines.

Estimated resources are based on information from diamond core drilling completed by Zlatna Reka Resources (ZRR) and previous project owners, including South Danube, Euromax and Eldorado Gold. The sampling database compiled for resource modelling contains 154 holes for 90,278 metres including 48 holes at Shanac.

Checks undertaken by MRC to confirm the validity of the resource drilling database included reviewing internal consistency between and within database tables, and comparison of assay entries with source files. These checks showed few significant inconsistencies, and in MRC's opinion the available information indicates that the database is of a sufficiently reliable basis for resource estimation.

Samples from South Danube's drilling were generally submitted to Eurotest in Sofia, Bulgaria for gold analysis by aqua regia digest or rarely fire assay, analysis for a suite of attributes including copper by ICP. Euromax samples were analysed by either SGS in Chelopech or Eurotest in Bulgaria consistent with the approach adopted for South Danube's samples, with proportionally more of the samples submitted to Eurotest analysed for gold by fire assay. Samples from Eldorado's and ZRR's drilling were submitted to ALS in Bor, Serbia who performed sample preparation, with pulverised samples transported to ALS in Rosia Montana, Romania for analysis for gold by fire assay, and ALS Ireland, or Brisbane, Australia for ICP analyses by four acid digest for other attributes including copper.

Modelling Approach

MRC modelled Shanac mineral resources by Multiple Indicator Kriging (MIK), a method which results in an estimation of recoverable resources, with anticipated mining dilution built into the model.

The Shanac modelling, which covers the full extents of mineralisation intersected by drilling to date, incorporates a surface representing the base of the volcanic cover and two steeply easterly inclined to sub vertical northwest-trending mineralised domains capturing continuous intervals of drill hole composites with gold equivalent grades of greater than 0.1 g/t. Given the relatively broad spacing of drilling completed to date, no attempt was made to separately domain the higher-grade mineralisation zones which occur throughout the deposit.

Densities were assigned to model blocks by Ordinary Kriging of the immersion density measurements. Estimates for the main, western domain based on approximately 60 metre spaced, and locally closer drilling are classified as Inferred. Potential mineralisation in areas of wider drill spacing is classified as an Exploration Target.

The resource estimates include gold equivalent grades based on metal prices of US\$1,750/oz Au, US\$10,000/t Cu, US\$25/oz Ag, US\$2,200/t Pb and US\$3,000/t Zn respectively and overall metallurgical recoveries of 80% for all metals. These estimates are based on current commodity prices and ZRR's interpretation of initial metallurgical test work results and give the following formula: Au equivalent (g/t) = Au (g/t) + 1.55 × Cu (%). In ZRR's opinion all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

To provide estimates with reasonable prospects of eventual economic extraction in accordance with JORC guidelines, the Shanac estimate is reported within optimal underground mining stope shapes based on a Sub-Level Cave (bulk) mining method. These constraining shapes were generated by Orelogy Mine Consulting utilising a gold price of US\$2,000/oz.

The underground optimisation has highlighted the significant scale of the deposit, with generated stopes ranging from 40 to 210 m in width (average of \sim 82 m) and the core of the deposit averaging \sim 14,000 Au Eq ounces per vertical metre over a \sim 300 m vertical distance, between \sim 340 m and \sim 640 m depth (Figure 3).



Figure 3 | Graph of Inferred Au Eq Ounces per vertical metre for the Shanac Deposit

JORC Compliant Mineral Resource Estimate

Table 2 below provides a summary of the Inferred Resource for the Shanac deposit while Figures 4 - 8 illustrate various aspects of the resource block models and optimised mining shapes for the deposit.

In addition to the Inferred Resources of 4.6 Moz Au Eq, the modelling and estimation exercise has defined an Exploration Target for parts of the deposit where the drillhole spacing is too broad to support a JORC classification of Inferred Resources. The Exploration Target estimate for Shanac is reported above a 1 g/t Au Eq cutoff and amounts to 25 to 35 Mt @ 0.8 to 1.2 g/t Au, 0.1 to 0.2% Cu, 4 to 6 g/t Ag, 0.1 to 0.2% Pb and 0.3 to 0.4% Zn.

Table 2 | Shanac Inferred Resource Estimate, 0.7 g/t Au Eq cutoff grade within optimised Sub-Level Cave underground mining stopes

Shanac Inferred Mineral Resource Estimate (2023)												
Tonnes	Au Eq	Au	Cu	Ag	Pb	Zn	Au Eq	Au	Cu	Ag	РЬ	Zn
(Mt)	(g/t)	(g/t)	(%)	(g/t)	(%)	(%)	(Moz)	(Moz)	(kt)	(Moz)	(kt)	(kt)
130	1.1	0.6	0.1	5.1	0.2	0.3	4.6	2.6	130	21.3	260	364



Figure 4 | Plan View projection of the Shanac Model (light blue) showing Optimised Underground Mining Stopes (dark blue)



Figure 5 | Shanac Plan View at 850m RL, showing resource block model (coloured by Au Eq grade) and optimised stope outline (dark blue)



Figure 6 | Cross Section Through Shanac (view looking NW), showing resource blocks (coloured by Au Eq grade) and optimised stope outlines (dark blue)



Figure 7 | Long Section Through Shanac (view looking SW), showing resource blocks (coloured by Au Eq grade) and optimised stope outlines (dark blue)



Figure 8 | Isometric view (looking northeast) of Shanac block model

The information in this announcement that relates to mineral resource estimates is based on information compiled by Mr Jonathon Abbott, who is a Member of The Australian Institute of Geoscientists. Mr Abbott is a full-time employee of Matrix Resource Consultants Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Zlatna Reka Resources

Zlatna Reka is a locally managed Serbian company, owned 100% and funded by private equity firm Ibaera Capital. The company was formed in 2019 to develop the Rogozna Project located in the Raška District, close to Novi Pazar in Southern Serbia.

About Ibaera Capital

Ibaera is an international private equity group investing exclusively in the development of mining projects. We are a specialist equity investor seeking to develop new or existing projects held by explorers and/or developers in future facing minerals such as copper, nickel, zinc, cobalt and gold. We provide significant funds and management expertise into a small number of assets and bring industry best practises to every investment.

We are an investment partner to major miners and to companies aiming to become a miner.

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