

**RNS Number : 3266M
Galileo Resources PLC
07 May 2020**

***Dissemination of a Regulatory Announcement that contains inside information according to
REGULATION (EU) No 596/2014 (MAR).***

Galileo Resources Plc

("Galileo" or "the Company")

Proposed Acquisition of Copper Exploration Assets in Botswana

Highlights

- Galileo agrees conditional Heads of Terms ("Heads") to acquire 100% of Botswana- incorporated Crocus-Serv (Pty) Ltd (Crocus) (the "Acquisition")
- Crocus assets include 21 exploration prospecting licences (PLs) totalling 14,875 square kilometres; 19 PLs in the in the Kalahari Copper Belt (KCB) and 2 PLs in the Limpopo Mobile Belt (LMB) in western and north eastern Botswana respectively
- The Heads are conditional on, amongst other matters Galileo completing satisfactory due diligence on Crocus and its assets, and contains a 30-day exclusivity period for such conditions to be satisfied
- The consideration for the Acquisition comprises GBP163,020 of, in aggregate, 38,814,246 ordinary Galileo shares ("Share Consideration") - deemed at share price of GBP0.0042)- and GBP10,082 in cash
- Exploration potential of the tenements predicated on the favourable geological settings along and proximal to strike of the Kalahari Copper and Limpopo Mobile Belts.
- KCB is a key emerging trend in a stable and pro-mining jurisdiction. ^a
- KCB includes several recent major copper discoveries and development projects including Cupric Canyon Capital's Zone 5 project (JORC reported 92Mt @2.1% Cu and 22g/t Ag) ^a Banana Zone (155Mt @0.85%Cu and 28g/t Ag) project ^b and ASX-listed Sandfire Ltd's T3 project (34Mt @1.0%Cu and 13.2g/tAg) ^c

a www.khoemacau.com

b *Virgo Resources Ltd Geology and Resource Estimate October 2019*

c Sandfire ASX announcement 25 March 2019

Galileo is pleased to announce that it has entered into an exclusive and binding conditional Heads of Agreement (HoA) with Botswana-incorporated Crocus-Serv (Pty) Ltd ("Crocus") to acquire 100% of Crocus' issued share capital (the "Acquisition") for the issue to Crocus of an aggregate 38,814,246 Galileo ordinary shares (equivalent to GBP163,020 at a deemed price of GBP0.0042) and a cash consideration of GBP10,828. Crocus assets include 21 exploration tenements in the prospective Kalahari Copper Belt ("KCB") and Limpopo Mobile Belt ("LMB") of Botswana, Southern Africa.

This Acquisition is subject to due diligence and all necessary regulatory approvals.

At the time of release of this announcement, the Company directors are not aware of any material change in the current Company's assets.

Colin Bird (CEO) said: "We are very pleased with this proposed Acquisition. The Kalahari Copper Belt has been the site of recent important large copper discoveries. The Licences include tenements proximal to these discoveries and the initial prognosis for further discovery is excellent. Relative to the average copper grade of discoveries globally, this region has the potential to develop into a major copper supplier. The Limpopo Mobile Belt tenements in eastern Botswana are close to important nickel-copper discoveries in the area and lie on a similar trend and strike to the historic major BCL's Selebi Phikwe nickel-copper mine (~2.5% nickel), which operated from 1970 to 2008. The Licence package is extremely well placed in a good geological jurisdiction and the propensity for discovery is high. We look forward to commencing exploration in the near future.

Material Terms of the Heads

Lock in

The Share Consideration will be subject to Orderly Market trading and trading schedules as follows:

- i) 25% (twenty-five per centum) of the Share Consideration will be freely tradeable on Completion and Settlement;
- ii) 50% (fifty per centum) 6 (six) months after Completion and Settlement;
- iii) 25% (twenty-five per centum) - the balance- 9 (nine months after Completion and Settlement); and
- iv) CROCUS will make a first offer to GLR for the Share Consideration under (i), (ii) and (iii) above, valid for 30 calendar days, after which CROCUS will be free to trade the respective Share Consideration in Orderly Market manner

Net Smelter Revenue Royalty (NSR)

GLR agrees to grant the CROCUS Shareholders, a 1.5% (one point five per centum) net smelter revenue royalty (NSR) subject to the following performance milestone being achieved ("Achievement"):

- (i) achievement of a Mineral Resource in accordance with the JORC Code (2012 Edition) on CROCUS's tenements located in Botswana, of at least 20Mt (twenty million tonnes) mineral combined across all categories of Inferred, Indicated and Measured mineral, on any Tenement or contiguous Tenements at a combined grade equal to or greater than 1.20% (one point two per centum) copper (Cu) equivalent at a cut-off grade of 0.50% (nought point five per centum) Cu); and
- (ii) GLR will have the right, at its election, to buy back the NSR, in whole or in part and at any time for US \$500,000 (five hundred thousand dollars) per 0.5% (nought point five per centum) NSR. For the avoidance of doubt, e.g. if GLR elects to buy back 1% NSR, it will pay the CROCUS shareholders

US\$1,000,000 in cash (i.e. 500,000 x1/0.5).

Schedule of Tenements (*Virgo Business Solutions is a wholly owned subsidiary of Crocus*)

Tenement	Registered Holder (%)	Date of 3-year Grant
PL no. KALAHARI COPPER BELT		
001/2018	Crocus-Serv Resources Pty Ltd (100)	1 January 2018
002/2018	Crocus-Serv Resources Pty Ltd (100)	1 January 2018
003/2018	Crocus-Serv Resources Pty Ltd (100)	1 January 2018
004/2018	Crocus-Serv Resources Pty Ltd (100)	1 January 2018
005/2018	Crocus-Serv Resources Pty Ltd (100)	1 January 2018
250/2018	Crocus-Serv Resources Pty Ltd (100)	1 October 2018
251/2018	Crocus-Serv Resources Pty Ltd (100)	1 October 2018
252/2018	Crocus-Serv Resources Pty Ltd (100)	1 October 2018
253/2018	Crocus-Serv Resources Pty Ltd (100)	1 October 2018
254/2018	Crocus-Serv Resources Pty Ltd (100)	1 October 2018
039/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
040/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
041/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
042/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
043/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
044/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
045/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
046/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
047/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
LIMPOPO MOBILE BELT		
048/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018
049/2018	Virgo Business Solutions Pty Ltd (100)	1 January 2018

Notes (Abstracted from Geology and Resource Estimate report in ASX-listed Virgo Resources Ltd Prospectus dated 12 October 2019)

Kalahari Copper Belt

Geological Setting

Botswana contains parts of the Angolan, Zimbabwe and Kaapvaal Archaean cratons as well as parts of Archaean to Upper Proterozoic mobile belts.

The Kalahari Copper Belt, approximately 1,000 km long by up to 250 km wide, is a NE-trending Meso- to Neoproterozoic belt that occurs discontinuously from western Namibia and stretches into northern Botswana along the northwestern edge of the Paleoproterozoic Kalahari Craton. The belt contains copper-silver mineralisation, which is generally stratabound and hosted in metasedimentary rocks that have been folded, faulted and metamorphosed to greenschist facies

Crocus holds 19 PL's in the Kalahari Copperbelt; these PL's were owned by ASX-listed Virgo Resources Ltd and are included within its Prospectus dated 12 October 2019. Since that date no further exploration work has been undertaken on the PL's. Two of the 19 Kalahari Copperbelt licenses formed part of previous explorers (MOD Resources and Discovery Metals / Cupric Canyon) license packages i.e.

- PL 250/2018 - Discovery Metals / Cupric Canyon
- PL 251/2018 - Discovery Metals / Cupric Canyon and MOD Resources

Known previous exploration on the license areas.

Period	Company	Work completed	Data Available
Unknown	MOD Resources	Geophysics / Soil geochem	(in map format only)
Unknown	Cupric Canyon	Geophysics	(in map format only)

The Kalahari Copper Belt is relatively well exposed in western and central Namibia, while in eastern Namibia and most of Botswana the belt is covered by the Cenozoic Kalahari sands. The sand cover impacts general surface geological mapping and geochemistry and most information is obtained from geophysical surveys and drilling.

While stratigraphic mapping is regarded as difficult in areas of no outcrop, the Kalahari Copper Belt has been investigated in detail by a number of companies over the last few decades, which has resulted in the stratigraphic placement of these copper-silver prospects. Larger prospects have been identified by:

- Discovery Metals Ltd (acquired by Cupric Canyon Capital)
- Cupric Canyon Capital
- ASX listed MOD Resources Ltd (acquired by Sandfire Resources)

Copper Mineralisation

The lowermost coarsening-upward assemblage at the base of the D'Kar Formation (on the contact with lower Ngwako Pan Formation) hosts copper sulphide minerals and is informally referred to as the ore zone package.

The ore zone package consists of green to grey mudstone and siltstone with minor marlstone and sandstone. The package varies in thickness with the greatest thicknesses reported from the northern part

of the Belt where it ranges from 20 to >100 m. At Cupric Canyon's Plutus Prospect (JORC compliant 82 Mt @ 1.3 % Cu and 13 g/t Ag), the ore zone package displays variable thicknesses along strike from 130 meters thick in the southwest to roughly 80 meters thick in the northeast. To the northeast, the ore zone package thickens to approximately 50 meters, is dominated by mudstone, and grades upwards to mudstone intercalated with minor siltstone, limestone, and sandstone.

Limpopo Mobile Belt

The project in the Limpopo Mobile Belt (LMB) comprises 2 prospecting licenses (located within north eastern Botswana on the border with Zimbabwe. The project has been investigated historically with multiple methods of exploring for Volcanic Massive Sulphide mineralisation.

- Geophysical surveys - airborne magnetic, electro-magnetic and IP (induced polarisation)
- Geological mapping and surface geochemistry (soil sampling)
- 871 m of RC drilling from 9 drill holes and unknown meters from 4 diamond drill holes

The LMB project has exceptional additional exploration potential based upon, amongst other things, the setting of the licenses along the prospective North Limpopo Thrust Zone, as well as historical work completed by numerous groups (i.e. previously ASX listed Botswana Metals Ltd), who proved the presence of copper mineralisation in the area. This provides significant potential for further exploration.

Geological Regional Setting

The Limpopo Mobile Belt of southern Africa is an extensive strongly deformed and high metamorphic grade terrane that can be subdivided into three lithologically and structurally distinct zones in southern Zimbabwe, eastern Botswana and northern South Africa. Each zone is separated from another by shear zones. For example, the Northern Marginal Zone (NMZ) is separated from the Zimbabwe Craton (ZC) by a southward dipping ductile shear zone known as the North Limpopo Thrust Zone (NLTZ) extending from the NE to the SW through the Limpopo licenses **The Limpopo Mobile Belt licenses lie on strike along the prospective Magogaphate shear zone (an extension of the North Limpopo Thrust Zone - NLTZ) , which also hosts the Botswana Metals Ltd Copper - Nickel massive sulphide mineralisation.**

Extensive work was previously carried out, (amongst others Roan Selection Trust, Falconbridge and previously ASX-listed Botswana Metals Ltd now Six Sigma Metals Ltd) in the regional area over the past more than 50 years include geophysical surveys, soil sampling, mapping, trenching, drilling and underground exploration by shafts and drives. Work carried out on the in the 2 Limpopo Licence area are restricted to geophysical surveys.

Technical Sign-Off

Andrew Sarosi, Technical Director of Galileo, holds a B.Sc. Metallurgy and M.Sc. Engineering, University of Witwatersrand and is a member of The Institute of Materials, Minerals and Mining. He is a 'qualified person' as defined under the AIM Rules for Companies and a competent person under the reporting standards. The technical parts of this announcement have been prepared under Andrew Sarosi's supervision and he has approved the release of this announcement.

