

8th May 2019

BINDING TERM SHEET SIGNED FOR THE ACQUISITION OF THE BURPAR GOLD PROJECT - SOUTHERN PERU

HIGHLIGHTS:

- **High grade Au mineralised district, with close proximity to the Ozinca Gold Plant**
- **Potential for large quantities of high grade feed material for the Ozinca Plant**
- **Existing infrastructure from mine to Plant, with good haulage on bitumen Highway**
- **Construction work to commence immediately on the upgrade of the Plant itself**

Oakdale Resources Limited (ASX: OAR) (“Oakdale” or “the Company”) advises that it has signed a Binding Term Sheet for the acquisition of the Burpar Project incorporating the Rio De Dios and the Hanai Gold Mine prospects located in Southern Peru. The Burpar project area has potential for the discovery of economic high grade, vein copper/gold mineralisation and structurally controlled epithermal prospects, similar in age to many of the large open pit gold mines in Peru. This property is highly prospective for high grade gold vein deposits suitable for treatment in the Gold Processing Plant, to be refurbished by Oakdale at Chala. Results of the surface sampling have been highly encouraging.

Location and Access:

The Burpar Project is located in the highly rich Gold District of Southern Peru. It is positioned in the much sought after Department of Arequipa, Caraveli Province, and in the district of Cahuache to the SE of the town of Sondor. It comprises two leases: the Burpar Lease of 600 Hectares (incorporating the Rio de Dios workings) and the Hanai Lease of 900 Hectares, which includes the Hanai Gold Mine.

The property can be easily accessed by driving East from Chala on paved roads, with the entrance to the Burpar property along the road towards Chaparra, approximately 10 km east of Sifuentes.

This mine is located exactly 150 kilometres from Oakdale’s Ozinca Gold Plant which was recently acquired with Shareholder approval at the Extraordinary Meeting held in Melbourne on March 6th.



Figure 1: New sampling at the Hanai Gold Mine (Appendix 2)

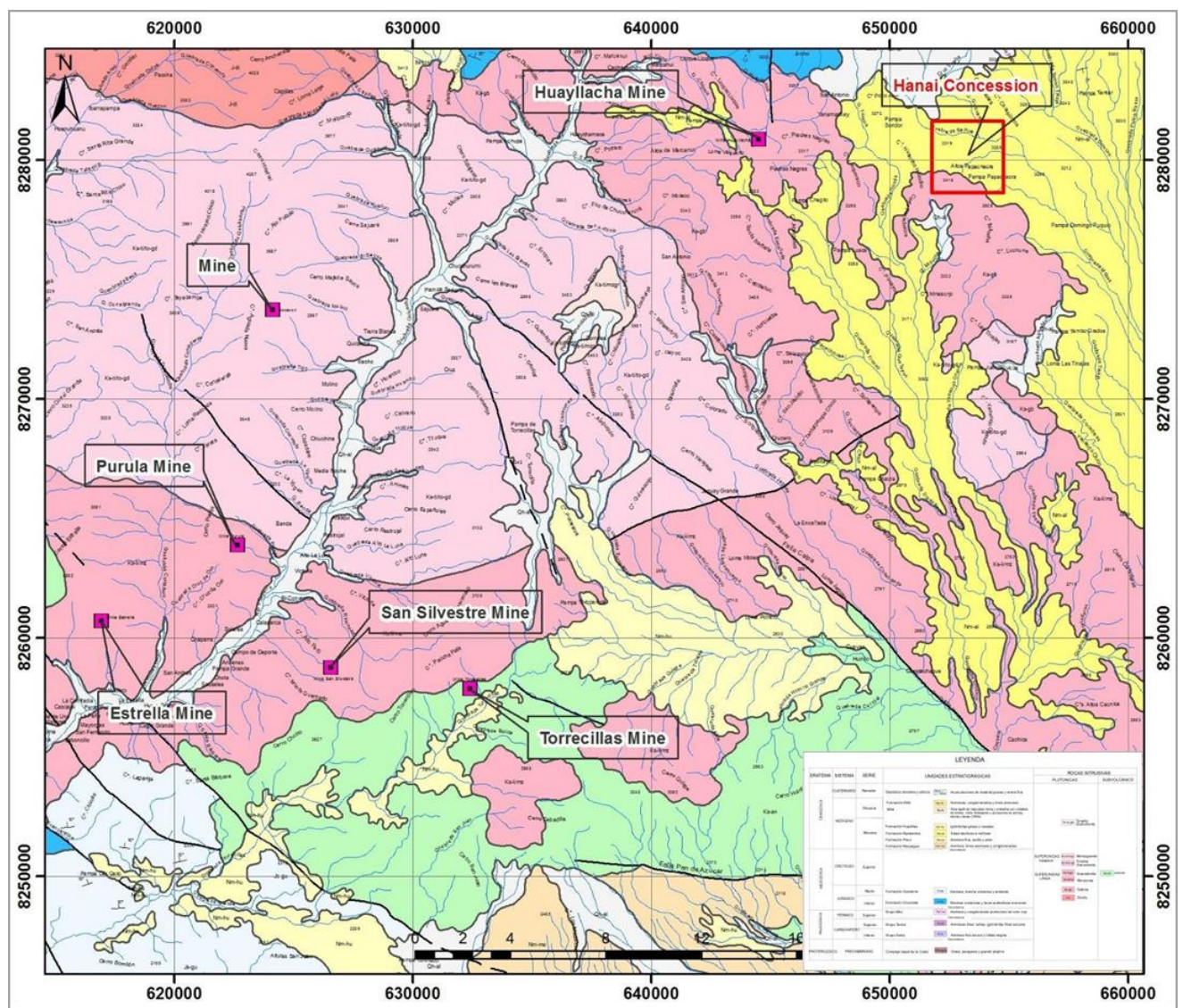


Figure 2: Regional geological map Source: INGEMMET, shows lithostratigraphic units.

Mineralisation:

The “Burpar” property is mostly underlain by intrusive rocks belonging to the Coastal Peruvian Batholith (Tertiary age) and by volcanic flows and tuffs belonging to the Senecca formation.

According to available information assembled by David Burga Professional Geo Scientist, two known styles of mineralization are present in the area:

- (1) Bedding-parallel copper-gold mineralization vein system associated with strong metasomatic alteration; and
- (2) Structurally-controlled style vein gold-silver mineralisation associated with northerly trending faults.

According to existing reports by Centromin Peru S.A., there are several other types of additional exploration targets, including numerous epithermal stockwork systems within Miocene-age volcanic equivalents, similar in age and chemistry, to the host units for many of the large open pit gold mines in Peru.

Historic Work:

There are extensive surficial pits and adits present on the South end of the property, evidenced by small shafts of 4 – 6 metres in depth. Small pits are also found throughout the property, but no major exploration or evaluation work has been conducted. The mineral potential is largely unexplored with no geophysical surveys, no systematic geochemical sampling and no drilling. However, in the report by David Burga the following Gold assays up to 3.774 ounces (circa 117 grams) per tonne were reported in a selection of sampled veins and the geology described as follows.



<u>Vein</u> (No.)	<u>Sample</u> (No.)	<u>Length</u> (m)	<u>Width</u> (cms)	<u>Depth</u> (m)	<u>Grade</u> (ozs.)	<u>Grade</u> (grams)
1	9869	800	40	220	0.047	1.46
2	9870	650	38	210	0.273	8.49
3	9871	525	45	180	0.334	10.39
4	9872	850	32	230	0.277	8.62
5	9873	1250	30	250	0.286	8.90
6	9874	450	20	180	0.257	7.99
7	9875	700	23	230	0.214	6.66
8	9876	600	42	150	0.311	9.67
9	9877	950	35	230	0.222	6.90
10	9878	350	28	130	3.774	117.38
11	9879	1050	42	260	0.198	6.16
12	9880	630	38	220	0.484	15.05
13	9881	475	37	200	1.663	51.72
14	9882	780	30	250	0.241	7.50
15	9883	1320	58	230	0.235	7.31

Table 1: Historical Burpar Gold Vein Assays from Rio De Dios No 01-00555-09

C.H. PLENGE & CIA. S.A.

Av. Del Ejercito 1142, Miraflores, Lima 18-Peru



Figure 3 : Sample 14152 at vein 2 (Appendix 2)

- The mineralized structures in the Hanai Minera concession are developed for at least 500 meters in length, which develop into intrusive Diorite to Granodiorite rocks. Exploration in the area will focus on these intrusive rocks where the mineralized vein and vein systems have been developed.
- These vein / fault systems generally form "ore-shoots" throughout the structures and this is where the mining activities were carried out by former artisanal miners. It is probable that these ore-shoots are situated where the veins change direction or near important lithological contacts. Exploration will focus on understanding the locations and reasons for the development of the "ore-shoots".
- The mineralized structures are interpreted to have a range of mineralized ore shoots at depth, which gives the project significant scale and potential.

The structure with the greatest potential is Vein 01, which has had the largest amount of mining operations performed along its outcrop.

According to other reports (by the state owned Centromin Peru S.A.) many other types of additional exploration targets exist within the leases, which include several epithermal prospects within Miocene-age volcanic, equivalent in age and chemistry to the host units of many of the large open pit gold mines in Perú.



Figure 4: The Ozinca Gold Plant recently acquired by Oakdale, with Upgrades to commence shortly

Ozinca Operations and Gold Plant Upgrade:

The Company is very close to finishing the Detailed Engineering Study which is the main stay submission for the expanded 120 tons per day approval and licensing process. This will be a major milestone achievement and will signal the imminent start of the construction process. Ozinca's licensing and permitting process continues in Peru, with the completion and approval of the Environmental Impact Study (EIS), the Tailings Dam design and approval and the 40 ton per day Building License. In addition, a raft of smaller applications and approvals have been completed, which mainly relate to water usage and quality, chemicals transport and usage, and evidence of the Non-existence of Archaeological Remains (CIRA).

The Burpar Terms for Oakdale Resources Ltd. (OAR):

The Term Sheet requires 3 early stage payments totalling US \$15,000 to progress the Due Diligence and Agreement milestones.

- The first is a payment of US \$5,000 following recent signing of the Term Sheet. This payment will secure an exclusive Option in order to perform the Due Diligence; a period of 60 days.
- A second payment of US \$5,000 is due, if proceeding after the DD, and is payable upon the signing of the Public Deed in Peru, which registers the new Agreement.
- A final payment of US \$5,000 is due on the 60 day anniversary of the signing of the Agreement as above.

The Option contained in this Binding Terms Sheet may be exercised upon or prior to the expiry of the Due Diligence Period. In the event of the exercise of the Option by OAR, within 30 days of the date of exercise of such Option, the Vendors and OAR shall cause to incorporate a new Peruvian Company (NEWCO) to be the vehicle for the incorporated joint venture to be entered into between OAR and the Vendors in relation to the Projects, all of which plus associated assets, shall be transferred to NEWCO in accordance with the terms of the JV Agreement referred to in this Binding Terms Sheet.

The expenditure arrangements in the NEWCO for the development of the Projects will be in cash and contributions by each party shall be in their relative holding proportions at any point in time. A total payment of cash and shares of a maximum of USD \$330,000 which shall be payable by OAR to the Vendor for 100% of the project, at the option of Oakdale post drilling program, by way of an issue to the Vendor, or its nominee, of tranches of fully paid ordinary shares in OAR and / or cash or otherwise by mutual agreement. The vendor has elected to receive up to 20% of the sale price in shares.

Following the drilling program and at its sole option Oakdale will pay a combination of cash and shares (on a 30 day VWAP) to the vendor for a total of \$216,000 USD for 70% equity in the project. Oakdale will also make cash investments for Geological studies and for exploration and to determine a resource, and such contributions will be determined by the relative ownership percentages between the parties.

Oakdale will have an option to pay a further \$99,000 USD, for the balance of the NEWCO equity (30%). In addition, at the point of 100% ownership, Oakdale will reimburse the Vendors for all its contributed Geological Development costs, from the time of the signing of the JV Agreement to the final sale of its 30% equity. This reimbursement is exclusive of the cost of shares made by Oakdale to the Vendors as part of the sale price. To be clear, the reimbursement is only for that part of the Development costs that the Vendors have contributed to the NEWCO in actual cash and will be governed by, and be in accordance with, the terms of the JV Agreement.

References

PLENGE LABORATORIO, 2010, Report 2867, Rio De Dios No 01-00555-09 C.H. PLENGE & CIA.
S.A., Av. Del Ejercito 1142, Miraflores, Lima 18-Peru

Eustaquio Valencia Ochoa, July 2018, Report Concession Minera Hanai

Anderburg Consulting Services Incorporated, E. Burga P.Eng. & D.Burga P.Geo, December 2014, S.R.M.L Burpar Gold Mining, Peru

Centromin Peru S.A., Various district Geological Reports San Borja, Lima

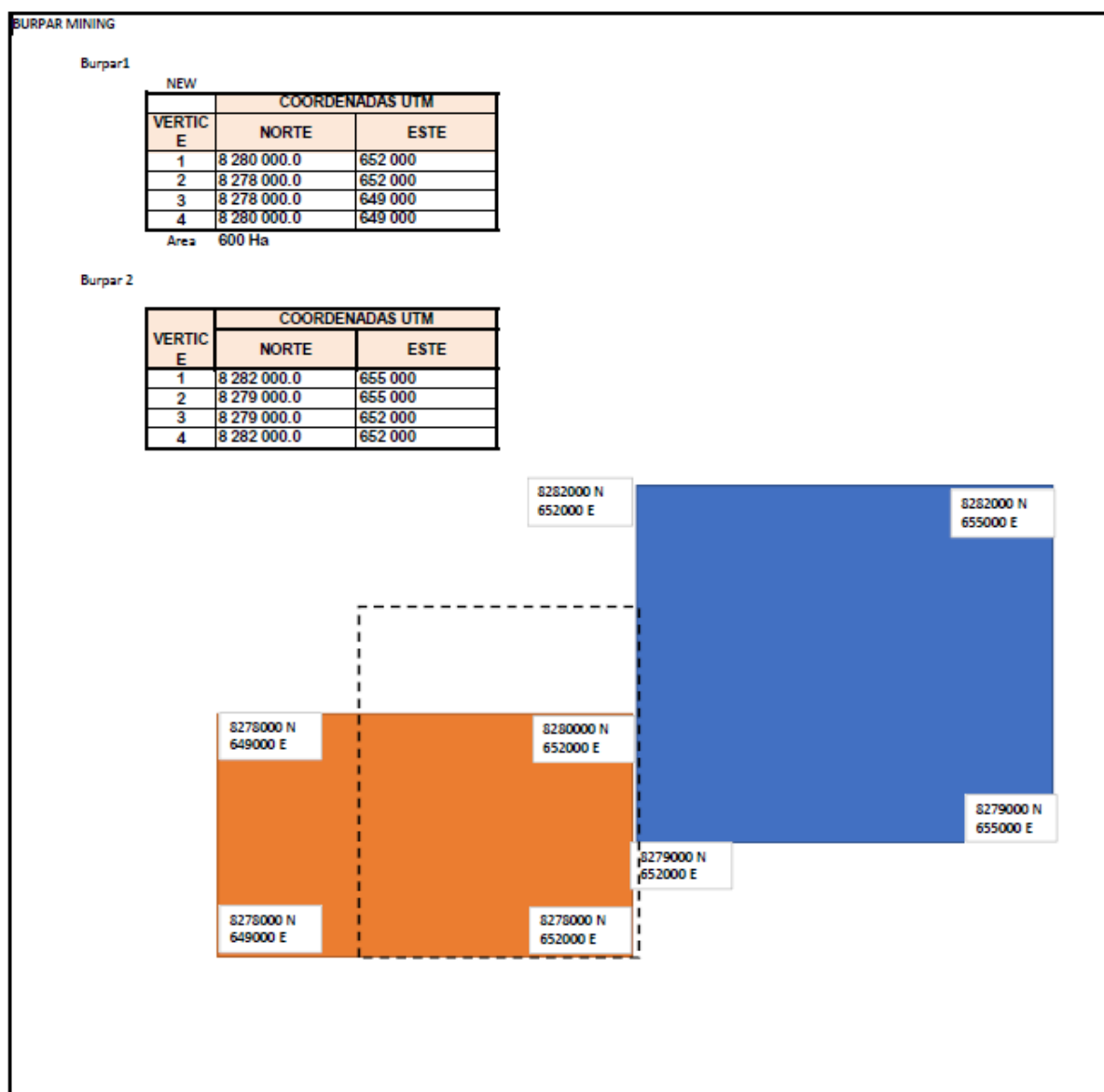
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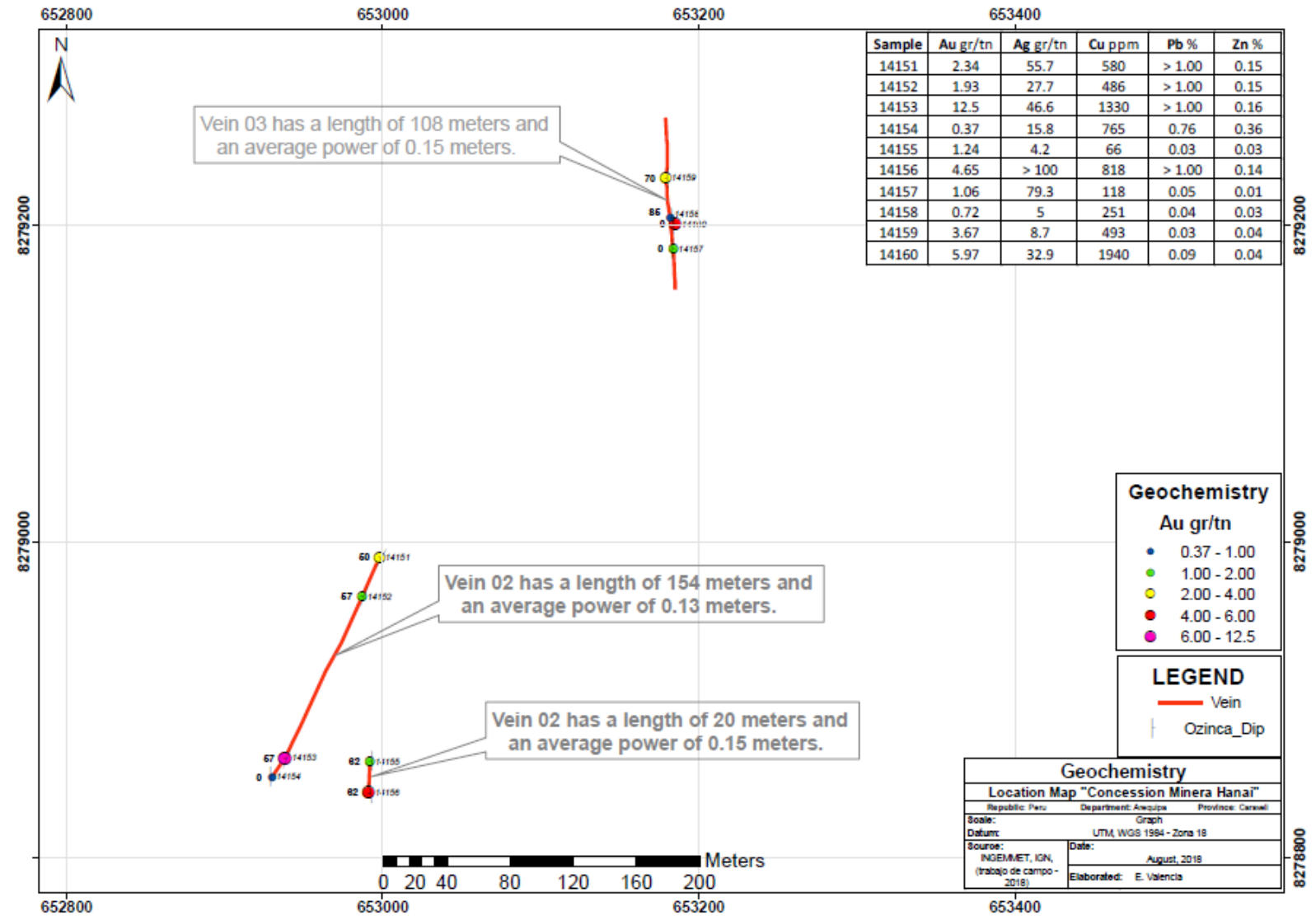
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Competent Person's Statement

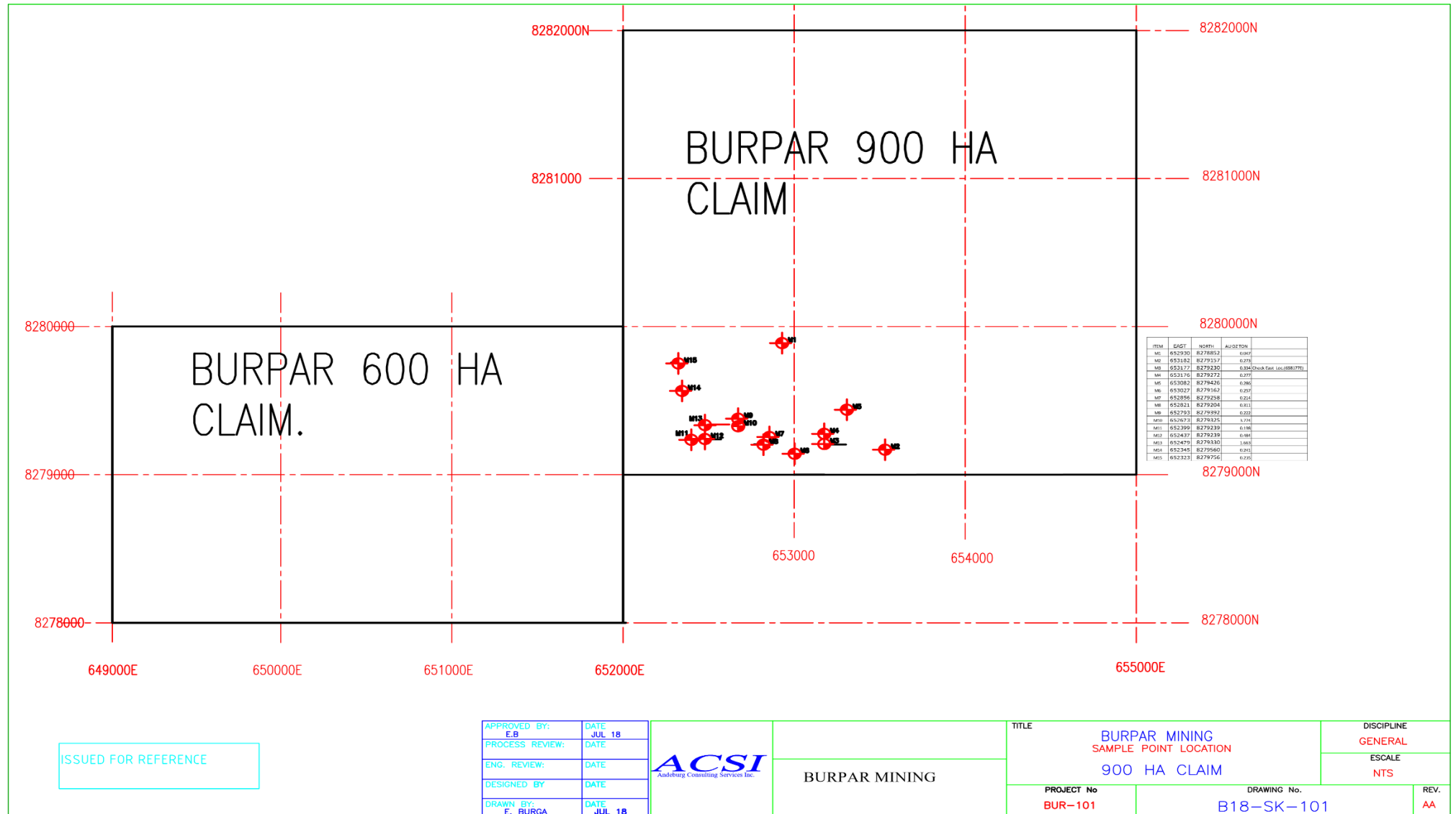
The information in this Announcement for Oakdale Resources Limited was compiled by Mr John Lynch who is a member of the Australian Institute of Geoscientists and Fellow of the Australasian Institute of Mining and Metallurgy. John Lynch has sufficient experience, which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity to which he is undertaking 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.' John Lynch consents to the inclusion of his opinion, and of the matters set out in this announcement, based on the information in the form and context in which it appears.



Appendix 1: Burpar Mining Concession coordinates Source: INGEMMET



Appendix 2: Eustaquio Valencia Ochoa, July 2018, Report Concession Minera Hanai



Appendix 3: ACSI Burpar Mining Location Map