Anson Resources Ltd

6 May 2019

ASX ANNOUNCEMENT

ASX: ASN

Anson Confirms High Flow Rates with Downhole Geophysical Surveys

Highlights:

- **Continuous flow measured over a 13 feet (4 m) of Clastic Zone 31**
- **High permeability measured, supporting high flow rates**
- **Confirms historical pressure and temperature results**
- **Flow rates may further increase with treatment to reduce the "Skin Factor"**
- **Data to be used for JORC calculation**

Anson Resources Limited (Anson) has received the results of its down hole geophysical surveys carried out on the Skyline Unit 1 and Long Canyon No. 2 wells at its Paradox Brine Project, located in Utah, USA. The high flow rates, pressure and temperature correlate with the historical recorded results for the closely spaced Long Canyon No. 1 and White Cloud No. 2 wells (UGS Special Publication 13, printed in 1965). The Skyline Unit 1 and Long Canyon No. 2 wells are on either side of the Long Canyon No. 1 well, see Figure 3.

The flow of brine was recorded from 13 feet of Clastic 31 at an extremely high flow rate due to the high permeability. The significance of this extremely high artesian flow rate is that it supports the theory that no pumping will be required for extraction. The interpreted geophysical results indicate that flow rates and thickness of the flow may further increase with minor treatment of the wells. Further, the down hole geophysical results, consisting of data points recorded every second during the surveys, will be used in the estimation of a JORC compliant resource which is currently being conducted. Figure 1 shows SRK personnel carrying out a recent site visit as part of this process.

Figure 1: SRK representative (centre) inspecting the Skyline Well as part of JORC resource review.

Suite 4, Level 3, 1292 Hay Street, West Perth, WA 6005, Australia
Tel: +61 8 9226 0299 Fax: +61 8 6313 4133 ABN: 46 136 636 005 www.ansonresources.com

Anson has now completed four re-entries of existing oil wells at the Paradox Brine Project to sample brines. Data collected, including this additional geophysical data, is part of work that Anson is conducting to estimate a JORC Resource, which is on track to be completed in Q2 2019.

The lithium rich brines of Clastic Zone 31 and the brines of the Paradox Basin have been extensively studied since the 1950's. The pressurised brines from Clastic Zone 31 consist of up to 30 feet of shale, anhydrite and dolomite, and are not part of any oil reservoir. The brines are under higher than expected pressures and temperatures that would be expected at these depths. This has resulted in the brines flowing to the surface when intersected by historic drilling.

Engineering reports from the 1960's concluded that the brine reservoir is extensive and is likely recharged from fresh in-flows of artesian water from the Mississippian Formation as indicated by well pressure measurements and draw-down tests, *see ASX announcement of 10 May 2017*.

The notable values (permeability, downhole pressure, skin factor and Infinite Acting Radial Flow) were calculated from the geophysical data after a semi log plot was created, known as a Horner Analysis, and are shown in Table 1 below with the graph shown in Figure 2. The values are all from Clastic 31 although the depths are slightly different, see announcement 1 April, 2019

Well	Clastic Zone Thickness (ft)	Flow Interval (ft)	Flow Rate (bbl/h)	Skin Factor	Pressure (psi)	Permeability (mD)	IARF	Temp (°F)
Anson's Results:								
Skyline Unit 1	25	13	250	144	5,240	6,543	2.4	116.0
Long Canyon No. 2	18	13	110	71.2	5,209.5	1,698	2.4	113.8
Historical Results:								
Long Canyon No. 1	20	NA	50	NA	NA	NA	NA	NA
White Cloud No. 2	28	NA	~400	NA	4,593	NA	NA	145

Table 1: Flow parameters determined from the downhole geophysical surveys and historical results

Explanation of Terms Used:

Skin Factor is defined to characterize the well condition and the degree of connectivity between the well and the reservoir. The measured Skin Factor indicates "damage" to the wells resulting in poor connection between the well and reservoir. This is consistent with the flow rates measured during the original drilling. The high Skin Factors are most likely due to some plugged or only partially open perforations, some drilling mud invasion and / or partial penetration of cement occurring during the completion of the wells. Simple well treatment can easily reduce the Skin Factor resulting in a marked increase in flow rate.

Permeability is the measure of how easily water flows through soil or rocks. It depends on the size of the pore space and how well connected they are to one another and is an important factor needed for brine movement to occur. It is often defined as pore interconnectedness. Permeability depends on several factors such as grain size of particles and the amount of cracks and fractures through the rock formation. Table 2 below classifies the permeability value ranges. The high

permeability values calculated for the Skyline Unit 1 and Long Canyon No. 2 wells, which exceed a 'very good' rating, from the geophysical survey data would account for the high flow rates achieved during flow testing. This supports Anson's theory that the fracturing by the geological structures in the central and southern area of Anson's claims, particularly the Roberts Rupture, will assist with brine flow without the need for extraction pumping which is significant for project economics.

Permeability (mD)		Category
From	To	
0	1	Low
1	10	Fair
10	100	Good
100	1,000	Very Good

Table 2: Permeability Categories.

When a well is shut-in at the surface during flow testing, flow into the well continues after shut-in for a period of time. This type of flow regime is referred to as after flow or wellbore storage. Wellbore storage is typically controlled by the compressibility of the fluid in the bore, as water cannot be compressed. A low IARF value, which is the case with the two tested wells, indicates no gas is present in the wellbore storage, as there is no compression.

The Horner Analysis graph used to calculate the above values is shown in Figure 2.

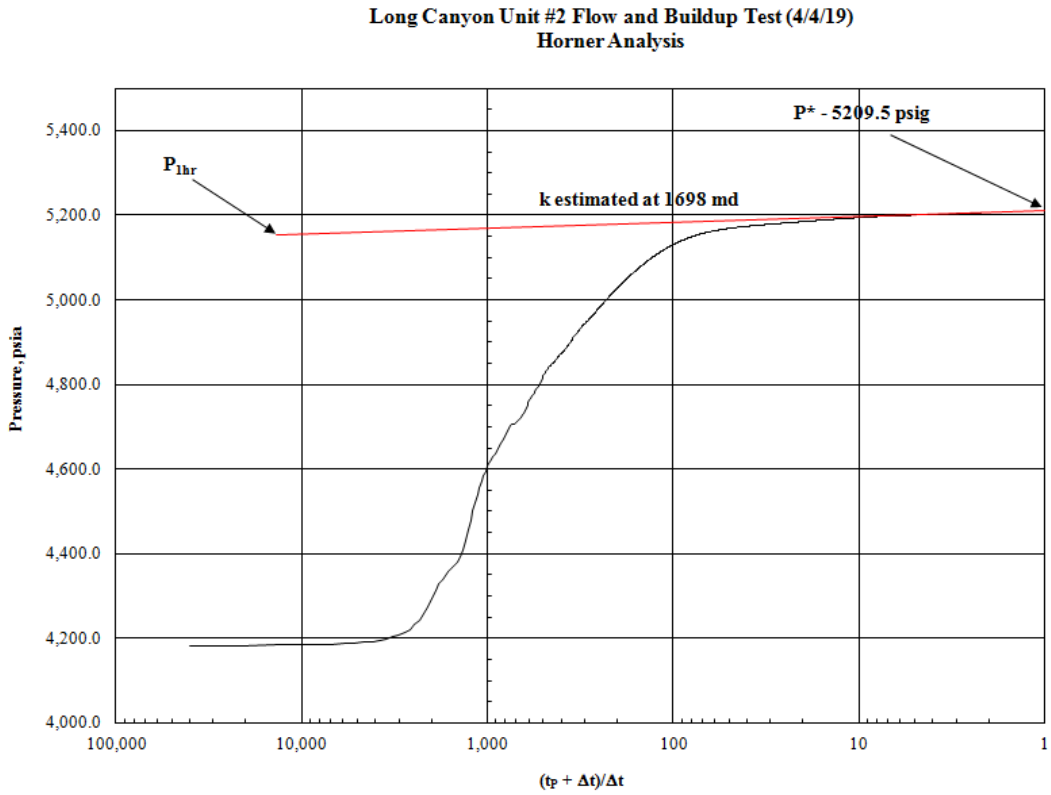


Figure 2: A plot of the Horner Analysis of the flow and build up test for Long Canyon No 2 well.

Geology of Clastic Zone 31:

The main brine zone (Clastic Zone 31) in the project area has not been cored, but it has been adequately sampled and logged. The clastic zone contains the following from top to bottom:

- Anhydite;
- Black Shale;
- Dolomite; and
- Anhydrite.

The dolomite is quite porous and permeable, whereas the anhydrite and black shale is crushed and broken. Usually the fractures are filled with salt, but where brine is present no salt filling occurs. The high flow rates from the two tested wells confirm this theory.

In the White Cloud No. 2 well, which offsets the Long Canyon No. 1 well, brine started to flow when the top anhydrite was penetrated, and rapidly increased by the time the underlying black shale was penetrated, so that no further drilling was done. The dolomite zone was not drilled. Vertical porosity, permeability, and communication are indicated. Brine flows have been encountered in Clastic Zone 31 over a distance of six miles north-south and eight miles east-west, and it remains to be proved if brine is present and the zone is communicable over a much larger area.

The plan below shows the location of the project claims and their proximity to the wells in the area that have previously been assayed for lithium. The Roberts Rupture structure, which is thought to provide natural fracturing of the host rock allowing the flow of fluids, is located striking through the eastern claims. The western claims show areas of structures which are similar to that near the Roberts Rupture.

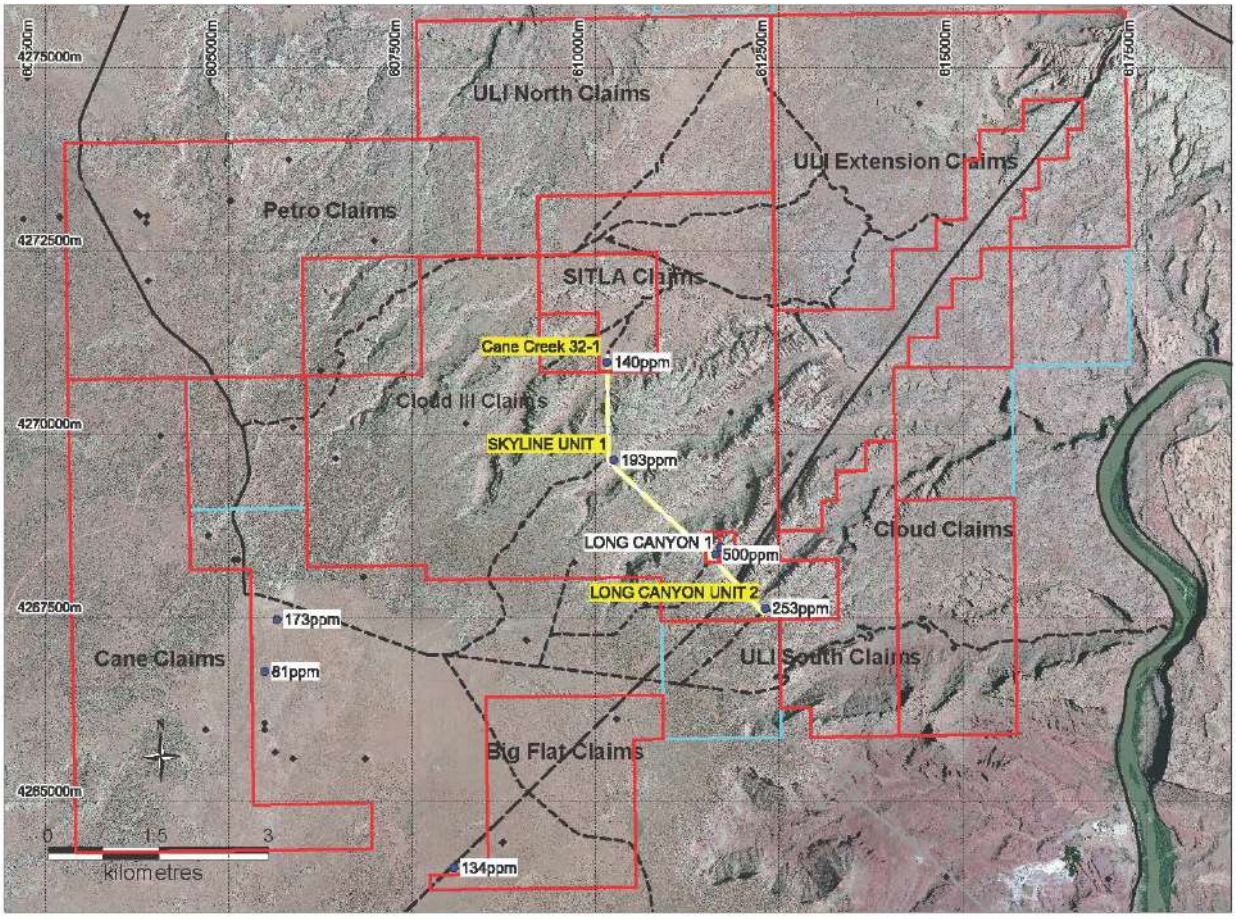


Figure 3: Plan showing Anson's Paradox Brine project area and recorded lithium grades.

The fractured clastic zones form an excellent reservoir for brines derived from underlying evaporite units. The fracturing is caused by salt flowage, and it is possible that, when brine is removed from these zones, salt will flow into voids from which brine has been removed. This would help maintain high reservoir pressure and assist in a high ultimate recovery of brine. Cores obtained from wells in the area have exhibited fractures filled with salt when brine has not been present.

Bruce Richardson, Executive Chairman and CEO commented, "The flow rate from these wells and particularly the Skyline Unit 1 well are exceptionally high. It is the high pressure which brings the brine to surface as artesian flow, not requiring any energy input which, if it is maintained, will translate into a cost saving during commercial production. The higher than normal temperature at this depth is also important as it supports the 1960's theory that the brine reservoir is extensive as the heat may be brought to the brine in Clastic 31 as it has contact with brine from the reservoir below. It should also be noted that the flow interval is 13 feet but this may be increased with a treatment to clean up the well and the perforations which could result in a greater flow interval and an increase in flow rate, further improving the economics of the project. Of particular significance is the correlation between the historical data and the data collected from Anson's recent test work, which confirms the geological importance of Robert's Rupture in providing an artesian flow of brine to surface. It should be noted that the lithium grade increases as the wells that Anson re-enters gets closer to the Long Canyon No.1 well where a lithium grade of 500ppm was recorded."

ENDS

For further information please contact:

Bruce Richardson

Executive Chairman and CEO

E: info@ansonresources.com **www.ansonresources.com**

Ph: +61 8 9226 0299 **Follow us on Twitter @anson_ir**

Forward Looking Statements: Statements regarding plans with respect to Anson's mineral projects are forward looking statements. There can be no assurance that Anson's plans for development of its projects will proceed as expected and there can be no assurance that Anson will be able to confirm the presence of mineral deposits, that mineralisation may prove to be economic or that a project will be developed.

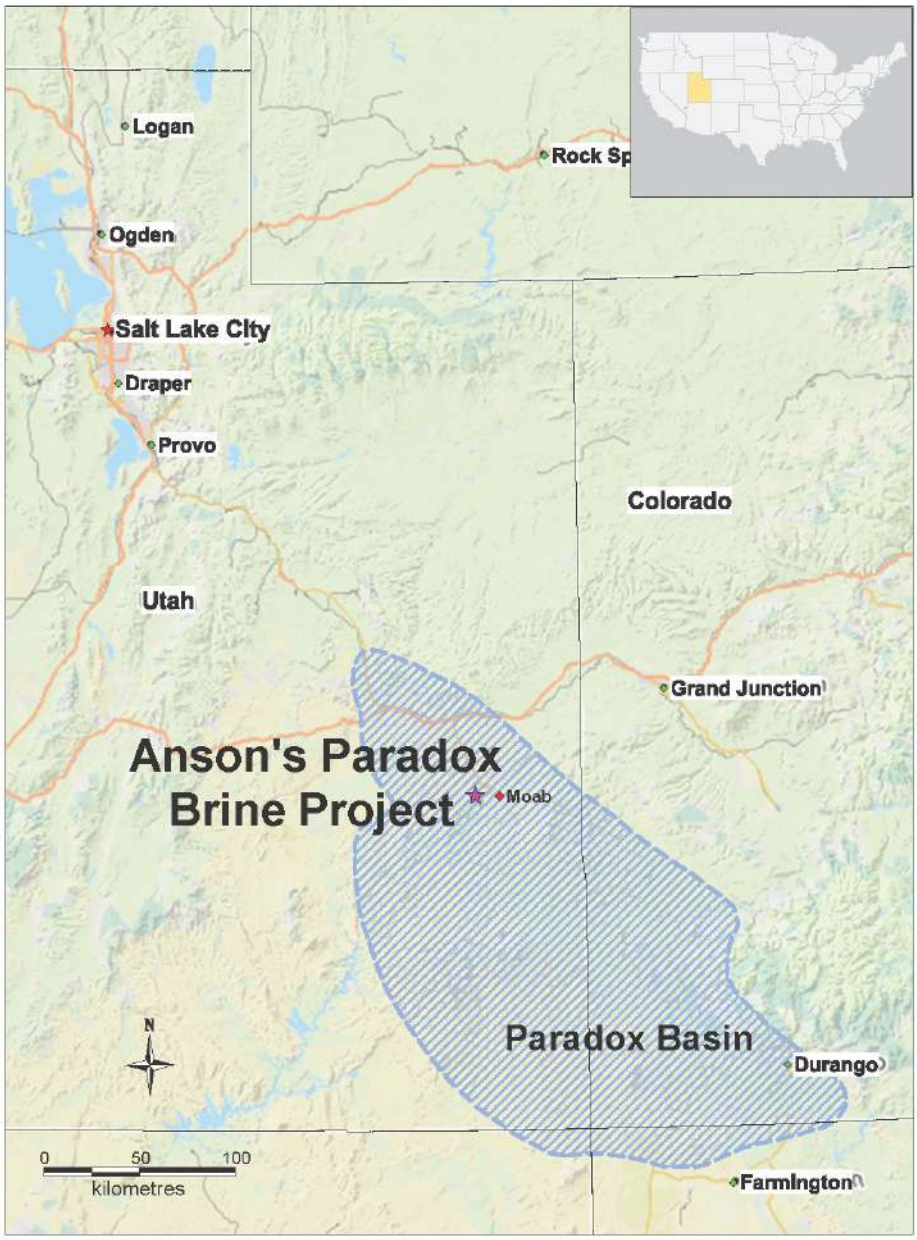
Competent Person's Statement: The information in this announcement that relates to exploration results and geology is based on information compiled and/or reviewed by Mr Greg Knox, a member in good standing of the Australasian Institute of Mining and Metallurgy. Mr Knox is a geologist who has sufficient experience which is relevant to the style of mineralisation 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 and consents to the inclusion in this report of the matters based on information in the form and context in which they appear. Mr Knox is a director of Anson and a consultant to Anson.

As the Project is located in the United States, the Exploration Results have not been reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012; and it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012. Nothing has come to the attention of Anson that causes it to question the accuracy or reliability of the former owner's Exploration Results. Anson has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

Anson Resources Ltd

About the Paradox Brine Project

Anson is targeting lithium rich brines in the deepest part of the Paradox Basin in close proximity to Moab, Utah. The location of Anson's claims within the Paradox Basin is shown on the right.



JORC CODE 2012 "TABLE 1" REPORT

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	**Long Canyon Historic Wells (mentioned in report)** • Mud Rotary (historic oil well). • Chip cuttings were collected on continuous 10 feet intervals. and cuttings were stored at the USGS Core Research facility. • Historically, brines were sampled only when flowed to surface. • Samples were collected in a professional manner. **Skyline Unit 1 and Long Canyon No2 well** • Mud Rotary (historic oil well). • On re-entry, sampling of the supersaturated brines has been carried out. • Samples were collected in IBC containers from which samples for assay were collected.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Mud Rotary Drilling (18 ½" roller bit).
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of*	**Long Canyon Historic Wells** • Not all wells were cored, but cuttings were collected. • Cuttings were recovered from mud returns. **Skyline Unit 1 and Long Canyon No2 well** • Sampling of the targeted horizons was carried out at the depths interpreted from the newly completed geophysical logs.

	fine/coarse material.	• Clastic Zones 17, 19, 29, 31 and 33 to be sampled.
Criteria	JORC Code Explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	**Long Canyon Historic Wells** • All cuttings from the historic oil wells were geologically logged in the field.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Geological logging is qualitative in nature. • All the drillhole were logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled,*	**Long Canyon Historic Wells** • Sample size and quality were considered appropriate by operators/labs. **Skyline Unit 1 and Long Canyon No2 well** • Sampling followed the protocols produced by SRK for lithium brine sampling. • Samples were collected in IBC containers and samples taken from them. • Duplicate samples kept Storage samples were also collected and securely stored. • Bulk samples were also collected for future use. • Sample sizes were appropriate for the program being completed.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	**Long Canyon Historic Wells** • Assaying was carried out by US laboratories. • Quality and assay procedures are considered appropriate. **Skyline Unit 1 and Long Canyon No2 well** • The assays will be carried out in a certified laboratory in Texas, USA which have experience in oil field brines. • Geophysical surveys carried out by Production Logging Services • Geophysical data interpretation carried out by HPE. • A series of static and flowing spinner/pressure/temperature/gamma-ray/CCL/pseudo density logs were run.

JORC CODE 2012 "TABLE 1" REPORT

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	**Long Canyon Historic Wells** • Assays are recorded in Concentrated Subsurface Brines UGS Special Publication 13, printed in 1965. **Skyline Unit 1 and Long Canyon No2 well** Documentation has been recorded and sampling protocols followed.
Location of data points	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	**Long Canyon Wells and Long Canyon No. 2 well** • Locations surveyed using hand held GPS. • The grid system is NAD 83, UTM Zone 12. • The project is at an early stage and information is insufficient at this stage in regards to sample spacing and distribution. No sample compositing has occurred.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	• NA (Long Canyon No. 2 well was a wildcat oil well). • Data spacing is considered acceptable for a brine sample but has not been used in any Resource calculations. • No sample compositing has occurred.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• All drill holes were drilled vertically (dip -90). • Orientation has not biased the sampling.

Criteria	JORC Code explanation	Commentary
Sample security	The measures taken to ensure sample security.	**Long Canyon Wells** • Sampling was carried out by US Geological Survey but sample security is not known. • Cuttings from the drilling have been retained at the USGS Core Research facility. **Skyline Unit 1 and Long Canyon No2 well** • Cuttings were obtained from USGS Core Research facility. • Sampling protocols were followed and chain of custody recorded.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	**Long Canyon Wells and Long Canyon No. 2** • No audits or reviews of the data have been conducted at this stage.

Section 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	**Long Canyon Wells** • The wells were located on oil and gas leases, held by multiple oil companies. • The project consists of 1317 placer claims.in Utah. • All claims are in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Past exploration in the region was for oil exploration. • Brine analysis only carried out where flowed to surface during oil drilling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Oil was targeted within clastic layers (mainly Clastic Zone 43) • Lithium is being targeted within the clastic layers in the Paradox Formation.

JORC CODE 2012 "TABLE 1" REPORT

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	**Drillhole Summary:** **Long Canyon Wells** • See Figure 1 in text. **Long Canyon No. 2** • 612,308E, 4,267,637N • 5,846 RL • 7,386 TD
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable, information has been included.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	**Long Canyon Wells** • No weighting or cut-off grades have been applied. No metal equivalent values are being used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	**Long Canyon Wells and Long Canyon No. 2** • Exploration is at an early stage and information is insufficient at this stage. • Drill hole angle (-90) does not affect the true width of the brine.

JORC CODE 2012 "TABLE 1" REPORT

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	**Long Canyon Wells** • No new discoveries have occurred, all are historic results from the 1960's. • Plans are shown in the text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	**Long Canyon Wells** • Reporting of additional results, which are all historic, in the area is not practical as the claims are owned by numerous companies. **Skyline Unit 1 and Long Canyon No2 well** • Exploration is at an early stage.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	**Long Canyon Wells** • No additional exploration data is meaningful in relation to brines. **Skyline Unit 1 and Long Canyon No2 well** • The exploration reported herein is still at an early stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	**Long Canyon Wells** • Historic oil wells and no future work is to be carried out as claim owned by multiple oil companies. **Skyline Unit 1 and Long Canyon No2 well** • Further work is required which includes mapping and other exploration programs such as further core drilling.