



## EAGLE MOUNTAIN MINING

ASX Announcement | 24 April 2020

# Quarterly Report March 2020

## HIGHLIGHTS

### Oracle Ridge

- Magnetic survey completed identifying potential extensions to existing mineralisation
- Airborne VTEM Plus geophysical survey completed and interpretation of data in progress. Survey designed to:
  - Refine drill targets to expand existing Resources; and
  - Locate source of existing skarn mineralisation, including potential for porphyry system
- Commencement of multi spectral survey designed to highlight alteration patterns in regional geology
- Review of plant and equipment inventory resulted in value exceeding initial purchase payment for Oracle Ridge. Additional significant value in underground development, prior studies and permits

### Corporate

- Successful placement to fund preliminary exploration activities at Oracle Ridge raises \$1.8 million after accepting additional applications
- Tim Mason commenced as Chief Executive Officer
- COVID-19 measures include working from home, salary and fee sacrifices and further cost reductions.

## Details

Eagle Mountain Chief Executive Officer, Tim Mason, commented:

*"The acquisition of the advanced, high grade, Oracle Ridge copper project in November 2019 is a credit to the Eagle Mountain Mining technical team and Board. I believe the team at Eagle*

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*Mountain Mining has seized an outstanding opportunity in Oracle Ridge because of its exploration potential in a Tier 1 mining jurisdiction.*

*By investing in exploration, we are confident we can grow the resource at Oracle Ridge to support future mining studies. We also plan to employ modern exploration techniques to find the porphyry feeder to the skarn mineralisation which, if successful, could be transformational for the Company. These techniques include geophysical surveys along with structural and alteration mapping.*

*To help define future drill targets to achieve our goals, the exploration team completed both magnetic and VTEM+ surveys at Oracle Ridge during the quarter and we are awaiting those results.*

*While our recent focus has been on Oracle Ridge, Silver Mountain remains very prospective in our view. Silver Mountain has seen Copper values up to 11% and Gold up to 10g/t in surface samples so further interpretation is ongoing to understand the complex geological system at this project.*

*Due to the COVID-19 pandemic, the Company has taken proactive steps to reduce expenditure and preserve capital. I sincerely thank our employees and contractors who have reduced their salaries, fees and costs to enable a greater proportion of our spending to be on exploration activities on the ground.*

*During the quarter, a share placement to institutional and sophisticated investors received strong interest with the Company accepting additional applications to raise \$1.8 million before costs. I thank the existing shareholders who subscribed and welcome new shareholders to the Company."*

## **OPERATIONS UPDATE**

### **Oracle Ridge Copper Mine (80% Owned)**

The Oracle Ridge Copper Mine is in Arizona and within the highly prospective Laramide belt containing many large copper porphyry projects.

The project includes a NI43-101 Mineral Resource Estimate ("MRE") of 11.7 million tonnes at 1.57% Cu, 17.47g/t Ag and 0.18g/t Au<sup>1</sup>. The project has significant infrastructure in place

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<sup>1</sup> Cautionary Statement: references in this announcement to the publicly quoted resource tonnes and grade of the Project are foreign in nature and not reported in accordance with the JORC Code 2012, or the categories of mineralisation as defined in the JORC Code 2012. A competent person has not done sufficient work to classify the resource estimate as mineral resources or ore reserves in accordance with the JORC Code 2012. It is uncertain that following evaluation and/or further exploration work that the foreign/historic resource estimates of mineralisation will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012. Resource estimates and other information used in this announcement are based on the March 2014 NI43-101 compliant Independent Technical Report prepared by Dr Giles Arseneau of Arseneau Consulting Services Inc for Oracle Mining Corp. This report can be found on the Company's website "[www.eaglemountain.com.au](http://www.eaglemountain.com.au)".

including ~18 kilometres of underground development, access roads, tailings dam, underground electrical and water services.

Eagle acquired 80% of Oracle Ridge in November 2019.

Since mining ceased in 1996, there has been no modern exploration applied and very minimal drilling beyond the defined MRE. Eagle Mountain's exploration objective at Oracle Ridge is to both define extensions to the known Resources along with locating the source of the existing skarn mineralisation. Copper skarn mineralisation is derived from porphyry systems, however the location of the porphyry at Oracle Ridge is not known and is a key exploration focus for the Company. Future planned work for 2020 includes defining a robust JORC model to support future mining studies and the definition of exploration targets for future drilling programs and, subject to suitable market conditions, undertaking a maiden drilling program.

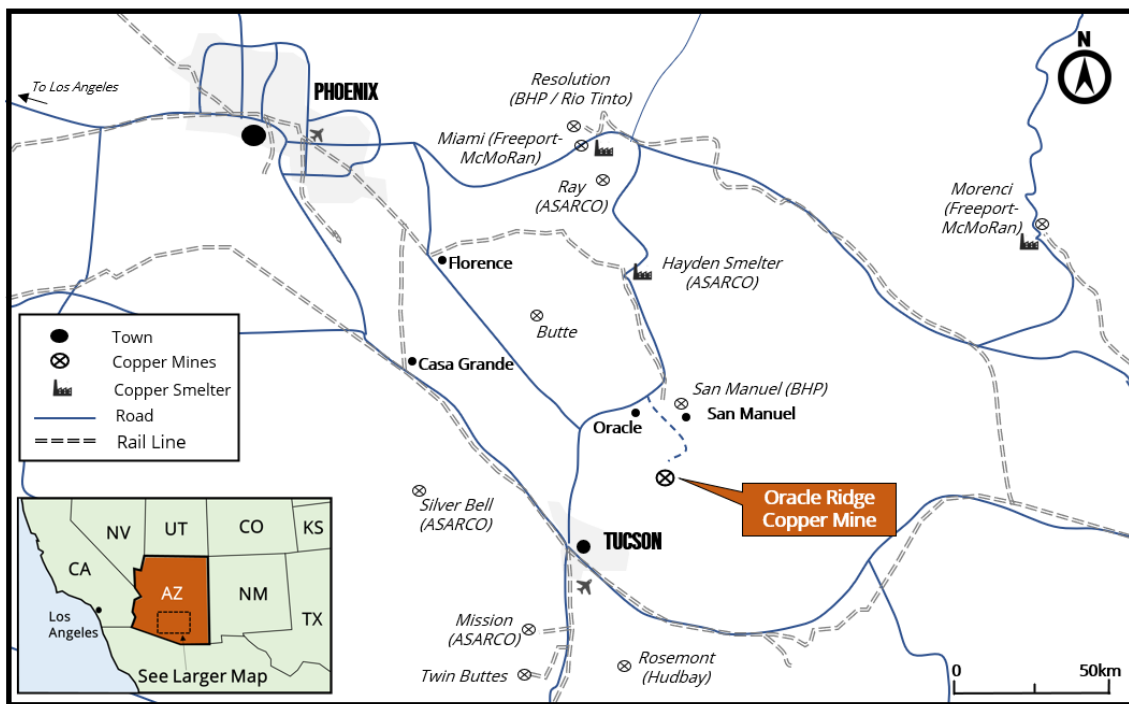


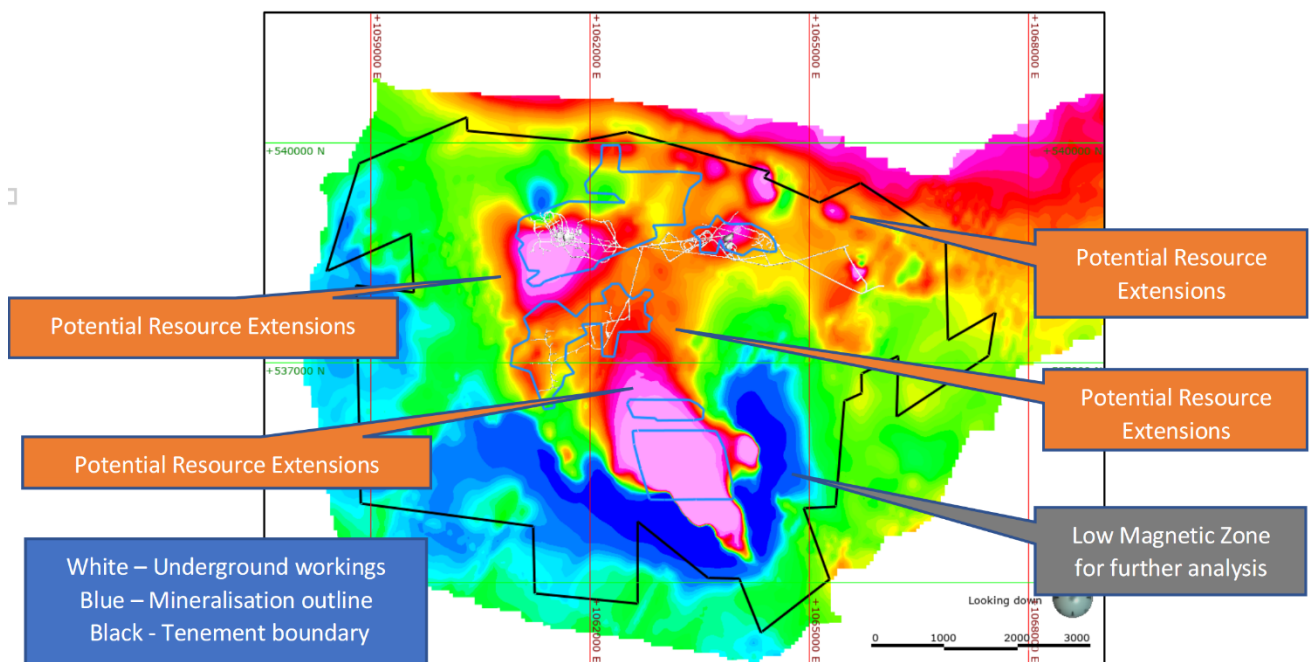
Figure 1 - Location of Oracle Ridge Copper Project

### Magnetic Survey

A magnetic survey was completed during the quarter covering an area within and around Oracle Ridge.

The preliminary results identified many zones of increased magnetism extending beyond the drill-defined mineralised zones. These zones could be due to potential mineralisation extensions as shown in orange, red and purple in Figure 2.

Conversely, it is also known that some mineralisation at Oracle Ridge has a subdued magnetic response. The magnetic survey also identified a zone of very low magnetic response (shown in blue in Figure 2), so this area is also considered prospective.



*Figure 2 - Magnetic Survey Results*

### VTEM Plus™ Survey

A VTEM Plus™ survey was completed during the quarter covering an area including the Oracle Ridge mine tenement package and the surrounding areas.

The VTEM Plus™ survey is complementary to the magnetic survey as it measures conductivity which can also assist definition of skarn mineralisation and geological structures. The purpose of the survey was twofold. Firstly, to refine drill targets to expand the known mineralisation adjacent to, or within the vicinity of, the mine. Secondly, to improve the understanding of the source of skarn mineralisation such as a concealed porphyry system. Gold mineralisation has been observed around Oracle Ridge which can also be an indicator of a deeper porphyry system. The 799 line-kilometre VTEM™ Plus survey covered the entire Oracle Ridge tenements and surrounding areas targeting both extensions to the existing Copper-Silver-Gold Resources and potential new zones of mineralisation.

The Company is awaiting interpretation of the data at the end of the March quarter. Once received, these results will be reviewed by the Company's geophysical consultant, integrated

with existing geophysical and geological datasets and used to generate near-mine and regional exploration targets.



*VTEM Plus™ Survey Team at Oracle Ridge*



*VTEM Plus™ Survey being undertaken at Oracle Ridge*

#### Data Review

The large dataset from historical exploration activities is currently being reviewed and integrated with the new information acquired from the geophysical surveys. This data will be validated with observations from both core and underground workings.



*Copper Mineralisation at Oracle Ridge*

#### Multispectral Study

A multispectral study was commenced by an external consultant during the quarter to highlight potential alteration patterns in the regional geology. The study will aid near-mine targeting for additional skarn-hosted mineralisation and regional targeting for porphyry mineralisation. Results were still awaited at the end of the quarter and these will be integrated with the other datasets.

#### Plant and Equipment Assets

An estimate of asset values of major plant and equipment was completed during the quarter. The review was undertaken internally for both insurance and accounting purposes. The major assets identified included vehicles and mobile equipment, an underground diamond drill and ancillary consumables, electrical installations for the underground mine, portable XRF equipment and ventilation fans. The estimated value of these major assets totalled A\$1.1 million (unaudited) and compares very favourably with the initial purchase payment of US\$500,000 (approximately A\$750,000) for Eagle Mountain's 80% interest in the Project (*see ASX Announcement dated 10 February 2020*).

Replacement costs for these assets are likely to be much greater which provides the Company with inherent benefits for any future study into recommencing mining operations. As the review of plant and equipment was for accounting and insurance purposes, it did not consider the inherent value of:

- Existing NI43-101 Resources;

- 18 kilometres of existing underground development, with the majority considered to be in good condition and generally proximal to existing defined Resources;
- Existing access roads to the site;
- Various approved permits and approvals, some of which require amendment subject to outcomes of future mining studies;
- Extensive data, maps and reports;
- Various environmental, metallurgical and mining studies;
- Refurbished buildings which remain onsite;
- The location of Oracle Ridge being a mining friendly jurisdiction with rail and smelter both nearby; and
- Stores items and spare parts (valued at less than US\$5,000 each) included in the purchase but not included in the asset value estimate.

In our view, the existing surface and underground infrastructure, along with the prior studies and permits which supported previous operations are of significant value due to the time and cost to replicate.

The images below highlight some of the major equipment and infrastructure available at Oracle Ridge:



Underground vehicles



Underground electric drill rig and ancillary equipment



Underground development, showing the ground in good condition



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Primary ventilation fan (150 HP, approximately 1.5m in diameter)



Underground electrical infrastructure

### Silver Mountain Copper Project (100% Owned)

Exploration activities have been planned at Silver Mountain to follow up on some of the outstanding geochemical anomalies in the Scarlett Area. This will also ensure that minimum expenditure requirements to maintain the exploration permits in good standing are satisfied.

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## COVID-19 RESPONSE

The Company has taken proactive steps to minimise the risk of transmission of COVID-19 and continues to diligently abide by all government requirements and follow health department advice.

The unprecedented health crisis associated with the COVID-19 worldwide pandemic has caused significant volatility and uncertainty across global markets. In response to these challenging conditions, the Board has agreed to waive their Directors fees for the remainder of the financial year, whilst employees have agreed to take a 20–30% pay cut. Deferred rent payments and reduced rates have been negotiated with various contractors and consultants.

Eagle Mountain will always act in the best interest of its stakeholders, and these steps were necessary to allow the allocation of the required capital towards advancing exploration activities at both our Oracle Ridge and Silver Mountain copper projects.

## CORPORATE

### Tim Mason Commences as Chief Executive Officer

Mr Tim Mason commenced in his role as Chief Executive Officer (CEO) on 15 January 2020. Prior to the imposed travel restrictions, Tim undertook two visits to Arizona during the quarter, working with the in-country exploration team and local stakeholders.



*Tim Mason in the Tucson Office*

## Share Placement

A share placement to institutional and sophisticated investors was completed during the quarter. The placement raised \$1.8 million before costs through the issue of 12,000,000 new shares at an issue price of 15 cents per fully paid ordinary share. The Company had targeted a placement of \$1.5 million and was pleased to accept the additional applications received. Peloton Capital Pty Ltd acted as Lead Manager to the placement.

Mr Charles Bass, the Company's Managing Director and major shareholder, took up 5,000,000 shares following receipt of shareholder approval.

## Cash

Cash on hand at the end of the quarter was \$1.1 million.

## Other

During the March quarter, the Company made payments to related parties of \$59,500 comprising \$37,500 in remuneration paid to Directors and \$22,000 in rent paid to an entity associated with Mr Charles Bass.

For further information please contact:

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*This Announcement has been approved for release by the Board of Eagle Mountain Mining Limited*

## COMPETENT PERSON STATEMENT

Where the Company references results from previous ASX announcements, JORC Table 1 disclosures are included within them. The Company confirms that it is not aware of any new information or data that materially effects the information included in those announcements, and all material assumptions and technical parameters underpinning the results and resource estimates with those announcements continue to apply and have not materially changed. In addition the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

## EAGLE MOUNTAIN MINING LIMITED

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of highly prospective greenfields and brownfields projects in Arizona, USA.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world.

## Appendix 1

### Mineral Resource Estimation

The resource estimates provided in this announcement have been taken from the 31 March 2014 Independent Technical Report for the Oracle Ridge Project prepared by Dr Gilles Arseneau, P.Geo, principal of Arseneau Consulting Services Inc. (refer ASX announcement 29 October 2019)

These resource estimates are Canadian NI43-101 compliant. As such, the Canadian Institute of Mining applies a standard that there are “reasonable prospects for economic extraction” in its definition of Mineral Resources.

Arseneau considers that “major portions of the Oracle Ridge Project are amenable to underground extraction”.

The table below presents the Mineral Resource Estimate calculated by Arseneau at a 1.0% CuEq (copper equivalent) cut-off grade. The Mineral Resource Estimate is not JORC compliant.

| Resource Class | Tonnes (Millions) | Cu %        | Ag g/t       | Au g/t      | Contained Cu, lbs (Millions) | Contained Ag, oz (Millions) | Contained Au, oz ('000) |
|----------------|-------------------|-------------|--------------|-------------|------------------------------|-----------------------------|-------------------------|
| Measured       | 1.06              | 1.59        | 18.86        | 0.24        | 37                           | 0.6                         | 8                       |
| Indicated      | 5.58              | 1.61        | 17.83        | 0.21        | 199                          | 3.2                         | 38                      |
| Inferred       | 5.12              | 1.53        | 16.80        | 0.14        | 173                          | 3                           | 22                      |
| <b>Total</b>   | <b>11.76</b>      | <b>1.57</b> | <b>17.47</b> | <b>0.18</b> | <b>409</b>                   | <b>6.8</b>                  | <b>68</b>               |

*Table 1 Summary of latest Mineral Resource Estimate – NI43-101 Compliant. (See Figure 8 and Figure 9 for a 3D representation of the orebodies and MRE block model)*

*Note in respect to Copper Equivalency:*

The cut-off grade of 1% CuEQ was used to ensure reasonable prospects of economic extraction assuming underground mining. Silver and gold grade estimates were based on a less comprehensive data set than the copper grade estimates. Where copper grade estimates exist without accompanying silver and gold grade estimates, the drill hole was not used to estimate silver or gold grade. Copper equivalency has been estimated using metal pricing of US\$2.80 per pound of copper, US\$20 per ounce of silver and US\$1,300 per ounce of gold. Metallurgical recovery was derived from preliminary locked cycle test results and assumed to be 81% for gold and silver. The prices used were a reflection of market at the time of the Mineral Resource Estimate and reasonable forecasts. The formula used is as follows:

$$\text{CuEQ} = \text{Cu}\% + \{(\text{Ag oz/ton} * \text{US}\$20 * 0.81) + (\text{Au oz/ton} * \text{US}\$1,300 * 0.81)\} / \$2.80 / 2,000 * 100$$

**Cautionary Statement:** references in this announcement to the publicly quoted resource tonnes and grade of the Project are foreign in nature and not reported in accordance with the JORC Code 2012, or the categories of mineralisation as defined in the JORC Code 2012. A competent person has not done sufficient work to classify the resource estimate as mineral resources or ore reserves in accordance with the JORC Code 2012. It is uncertain that following evaluation and/or further exploration work that the foreign/historic resource estimates of mineralisation will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012. Resource estimates and other information used in this announcement are based on the March 2014 NI43-101 compliant Independent Technical Report prepared by Dr Giles Arseneau of Arseneau Consulting Services Inc for Oracle Mining Corp. This report can be found on the Company's website "[www.eaglemountain.com.au](http://www.eaglemountain.com.au)".

## Appendix 2

### Schedule of interests in mining tenements

All of the Eagle Mountain mineral licences are presently located in the State of Arizona, United States of America, refer to the location map. (ASX Listing Rule 5.3.3)

#### (a) Interests in mining tenements as at 31 March 2020

| Prospect & Tenure type                       | Claim Reference (Tenement)   | Percentage held at beginning of quarter | Percentage held at end of quarter | Notes |
|--|--|---|-----------------------------------|-------|
| <b>SILVER MOUNTAIN PROJECT</b>               |  |   |                                   |       |
| <b>Pacific Horizon</b>                       |  |   |                                   |       |
| Patented Claims<br>(26 individual claims)    | Empire, Copper Ash, Palestine, Buffalo, Little Pittsburg, Austin, Wellington, Eagle, Number Ten, Number Eleven, Number Twelve, Number Thirteen, Noonday, South Noonday, Dudley, Comet, Alameda, Virginia, Mars, Ashland, Oakland, Sunnyside, Cuprite, Azurite, Yavapai and Jumbo | 100%                                    | 100%                              |       |
| Unpatented Claims<br>(150 individual claims) | SMM#1-14, SMM#17-145, SMM#147, SMM#149, SMM151, SMM#155, SMM#157, SMM#159, SMM#161   | 100%                                    | 100%                              |       |
| Exploration Permit<br>(1 individual permit)  | 008-012-0870   | 100%                                    | 100%                              |       |
| <b>Scarlett</b>                              |  |   |                                   |       |
| Unpatented Claims<br>(92 individual claims)  | SCA#1-15, SCA#57-133   | 100%                                    | 100%                              |       |
| Exploration Permit<br>(2 individual permits) | 008-120868, 008-120869   | 100%                                    | 100%                              |       |
| <b>Red Mule</b>                              |  |   |                                   |       |
| Unpatented Claims<br>(98 individual claims)  | SMM#146, SMM#148, SMM#150, SMM#152, SMM#153, SMM#154, SMM#158, SMM#160, SMM#162-207, SMM#210-212, SCA#16-56  | 100%                                    | 100%                              |       |
| Exploration Permit<br>(2 individual permits) | 008-120871, 008-120872   | 100%                                    | 100%                              |       |
| <b>Rhyolite Target</b>                       |  |   |                                   |       |
| Unpatented Claims<br>(70 individual claims)  | SMMSO#001 - 015; SMMSO#023 - 048; SMMSO#054; SMMSO#056; SMMSO#058 - 084  | 100%                                    | 100%                              |       |
| Exploration Permit<br>(1 individual permit)  | 008-120101   | 100%                                    | 100%                              |       |

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| Prospect & Tenure type                       | Claim Reference (Tenement)  | Percentage held at beginning of quarter | Percentage held at end of quarter | Notes |
|--|---|---|-----------------------------------|-------|
|  | <b>ORACLE RIDGE COPPER PROJECT</b>  |   |                                   |       |
|  | Parcel 1 (Roosevelt, Way-up, Homestake, Lone Pine, Imperial and Hidden Treasure)  |   |                                   |       |
|  | Parcel 2 (Eagle, York, Copper Peak and Golden Peak No 2)  |   |                                   |       |
|  | Parcel 3 (Grand Central Lode)   |   |                                   |       |
|  | Parcel 4 (Tunnel Site, Major McKinley, Marble Peak, Wedge, Giant, Copper Head, Centennial, General R E Lee and Blizzard)                          |   |                                   |       |
|  | Parcel 5 (Oversight MS3461)   |   |                                   |       |
|  | Parcel 6 ( Daily No3, Daily No5, Sphinx, Roskruge, Calumet, Edith, Daily Extension, Cave, Wedge No3, Wedge No2 and Katherine)                     |   |                                   |       |
|  | Parcel 7 (Copper Princess, Apache Central and Daily Tunnel Site)  | 80%                                     | 80%                               |       |
| Patented Claims<br>(60 individual claims)    | Parcel 8 (Oversight MS3504)   |   |                                   |       |
|  | Parcel 9 (Apex, Alabama, Bornite, Contact, Cuprite, Epidote, Embersite, Garnet, Over the Top, Yellow Copper, Valley, Apex No2, Keeney and Wilson) |   |                                   |       |
|  | Parcel 10 (Chalcopyrite and Peacock)  |   |                                   |       |
|  | Parcel 11 (Daily Extension No2, Daily Extension No3, Daily Extension No4)   |   |                                   |       |
|  | Parcel 12 (H T Fraction)  |   |                                   |       |
|  | Parcel 13 (Turkey)  |   |                                   |       |
|  | Parcel 22 (Cochise)   |   |                                   |       |
|  | Parcel 27 (Holly Terror)  |   |                                   |       |
|  | Parcel 28 (Precious Metals)   |   |                                   |       |
|  | That portion of Parcels 24 and 25 lying within: (Apache, Maricopa, Yavapai, Buster, Major, Greenlee)  |   |                                   |       |
| Unpatented Claims<br>(150 individual claims) | Jody 1 – 20, Lorelei 1 – 7, Parcels 16, 17, 18, 19 and 20 (Olesya 1 – 23)   | 80%                                     | 80%                               |       |
|  | Parcel 16 (Olesya 3 – 11, and portions of Olesya  |   |                                   |       |

- (b) Tenements acquired and disposed of during the quarter

None

- (c) The beneficial percentage interests held in farm-in or farm-out agreements as the end of the quarter

None

- (d) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

None



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Eagle Mountain Mining Limited

ABN

34 621 541 204

Quarter ended ("current quarter")

31 March 2020

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               |                            |                                       |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation (if expensed)                | (1,136)                    | (2,189)                               |
| (b) development   |                            |                                       |
| (c) production  |                            |                                       |
| (d) staff costs ( <i>corporate and administration</i> )   | (113)                      | (229)                                 |
| (e) administration and corporate costs                    | (243)                      | (741)                                 |
| 1.3 Dividends received (see note 3)                       |                            |                                       |
| 1.4 Interest received                                     | -                          | 1                                     |
| 1.5 Interest and other costs of finance paid              | (1)                        | (36)                                  |
| 1.6 Income taxes paid                                     |                            |                                       |
| 1.7 Government grants and tax incentives                  |                            |                                       |
| 1.8 Other (provide details if material)                   |                            |                                       |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(1,493)</b>             | <b>(3,194)</b>                        |
| <b>2. Cash flows from investing activities</b>            |                            |                                       |
| 2.1 Payments to acquire:                                  |                            |                                       |
| (a) entities  |                            |                                       |
| (b) tenements   | -                          | (730)                                 |
| (c) property, plant and equipment                         | -                          | -                                     |
| (d) exploration & evaluation (if capitalised)             | -                          | -                                     |
| (e) investments   | -                          | -                                     |
| (f) other non-current assets - bonds                      | -                          | (8)                                   |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from the disposal of:  |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) tenements   | -                          | -                                     |
|                                      | (c) property, plant and equipment   | -                          | -                                     |
|                                      | (d) investments   | -                          | -                                     |
|                                      | (e) other non-current assets  | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities   | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)   | -                          | -                                     |
| 2.5                                  | Other (provide details if material)   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | -                          | <b>(738)</b>                          |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                            |                                       |
| 3.1                                  | Proceeds from issues of equity securities (excluding convertible debt securities)       | 1,800                      | 1,800                                 |
| 3.2                                  | Proceeds from issue of convertible debt securities                                      | -                          | -                                     |
| 3.3                                  | Proceeds from exercise of options   | -                          | -                                     |
| 3.4                                  | Transaction costs related to issues of equity securities or convertible debt securities | (73)                       | (73)                                  |
| 3.5                                  | Proceeds from borrowings  | -                          | 1,467                                 |
| 3.6                                  | Repayment of borrowings   | (2)                        | (8)                                   |
| 3.7                                  | Transaction costs related to loans and borrowings                                       | -                          | -                                     |
| 3.8                                  | Dividends paid  | -                          | -                                     |
| 3.9                                  | Other (repayment of lease liabilities)  | -                          | (39)                                  |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</b>                                   | <b>1,725</b>               | <b>3,147</b>                          |
| <b>4.</b>                            | <b>Net increase / (decrease) in cash and cash equivalents for the period</b>            |                            |                                       |
| 4.1                                  | Cash and cash equivalents at beginning of period  | 855                        | 1,880                                 |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)                         | (1,493)                    | (3,194)                               |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)                         | -                          | (738)                                 |
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above)                        | 1,725                      | 3,147                                 |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held | 61                         | 53                                    |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b> | <b>1,148</b>               | <b>1,148</b>                          |

| 5. Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts |  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--|----------------------------|-----------------------------|
| 5.1   | Bank balances  | 1,148                      | 855                         |
| 5.2   | Call deposits  | -                          | -                           |
| 5.3   | Bank overdrafts  | -                          | -                           |
| 5.4   | Other (provide details)  | -                          | -                           |
| 5.5   | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b> | <b>1,148</b>               | <b>855</b>                  |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

60

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. <b>Financing facilities</b>   | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|--|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  |   |  |
| 7.1 Loan facilities  | 1,467   | 1,467  |
| 7.2 Credit standby arrangements  | -   | -  |
| 7.3 Other (please specify)   | -   | -  |
| 7.4 <b>Total financing facilities</b>  | 1,467   | 1,467  |

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 27 October 2019 the Company entered into an unsecured US\$1m loan agreement with Quartz Mountain Mining Pty Ltd, an entity associated with Mr Charles Bass. The loan incurs interest at 2% per annum (the first 3 months are interest free) and has a term of 12 months. Refer ASX announcement 28 October 2019 for further details.

| 8. <b>Estimated cash available for future operating activities</b>                | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | (1,493)        |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d))                            | -              |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)                                | (1,493)        |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)                           | 1,148          |
| 8.5 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.6 Total available funding (Item 8.4 + Item 8.5)                                 | 1,148          |
| 8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b> | 0.7 quarter    |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company does not expect to continue at the same level of operating cash outflows as the March 2020 quarter. Exploration and evaluation costs during the March 2020 quarter included expenditure on geophysical surveys which are now complete. In addition, further cost savings measures have been implemented to conserve cash reserves as outlined in the quarterly activities report. Expenditure on future exploration activity is largely discretionary and is entirely dependent on available cash.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is currently reviewing its fund raising options. Additional funds will likely be sought via an equity raising and the Company is confident of an acceptable outcome.

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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects that it will be able to continue its operations and to meet its business objectives based on the Company's expectations to raise capital as detailed in Answer 2 above.

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

24 April 2020

Date: .....

Authorised by: .....By Order of the Board.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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