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ASX ANNOUNCEMENT

ASX Code: HGM
ACN: 062 879 583

14 October 2020

SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Activities ongoing to support the binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd (Jade)**
- **Jade is focused on the emerging coal seam gas (CSG) sector in Mongolia**
- **Rights issue completed raising $566,173 with all shortfall allocated to existing shareholders on a pro rata basis to shareholding**
- **Expiry of 100,500,000 unlisted options**
- **Activities continuing with respect to seeking partners to progress Austrian Projects**

High Grade Metals Ltd (ASX: HGM) (**HGM** or the **Company**) is pleased to report on its activities for the September 2020 Quarter.

Jade Gas Acquisition

On 7 July 2020, the Company announced that it had signed a binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd (Transaction). Various necessary activities to support the Acquisition were completed during the Quarter with the Company expecting to be a position to progress the Extraordinary General Meeting of shareholders to approve the Transaction in the current Quarter.

Important Note:

- ***HGM must comply with ASX's admission and quotation requirements and therefore the Transaction may not proceed if those requirements are not met; and***
- ***ASX has absolute discretion in deciding whether to re-admit HGM and to quote its securities.***

Completion of Rights Issue

On 24 August 2020, the Company announced it had completed a rights issue to raise $566,173 with all shortfall allocated to existing shareholders on a pro rata basis to shareholding.

Austrian Gold and Cobalt Projects

On 26 July 2019, the Company announced it had completed a strategic review into the Austrian projects and concluded:

1. The Projects remain prospective for gold and cobalt mineralisation with the Leogang Cobalt Project and Kreuzeck Gold Projects considered key to the suite of Projects whilst Schellgaden has been downgraded as a result of poor drilling results; and
2. The Board has determined that the best strategy for the advancement of the Projects is to introduce a partner. The current market conditions preclude HGM from raising sufficient funds to advance the Projects effectively.

Consistent with the above, the Company continues to seek a partner to progress the Projects.

Corporate

Related Party Payments

In line with its obligations under ASX Listing Rule 5.3.5, the Company confirms that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 30 September 2020, pertain to payments to directors for fees, salary and superannuation.

Voluntary Suspension

The Company continues in voluntary suspension of its ordinary shares until the earlier of termination of the Jade Transaction or completion of the Transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Expiry of Unlisted Options

On 30 September 2020 the following unlisted options expired:

- 97,500,000 with an exercise price of $0.03; and
- 3,000,000 with an exercise price of $0.12.

ENDS

Authorised for release by Anthony Hall, Executive Chairman

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About High Grade Metals Ltd

High Grade Metals (ASX: **HGM**) is an ASX listed mineral exploration company with a portfolio of brownfields gold and cobalt projects located in Austria.

The assets comprise nine exploration areas that are considered prospective for gold and cobalt.

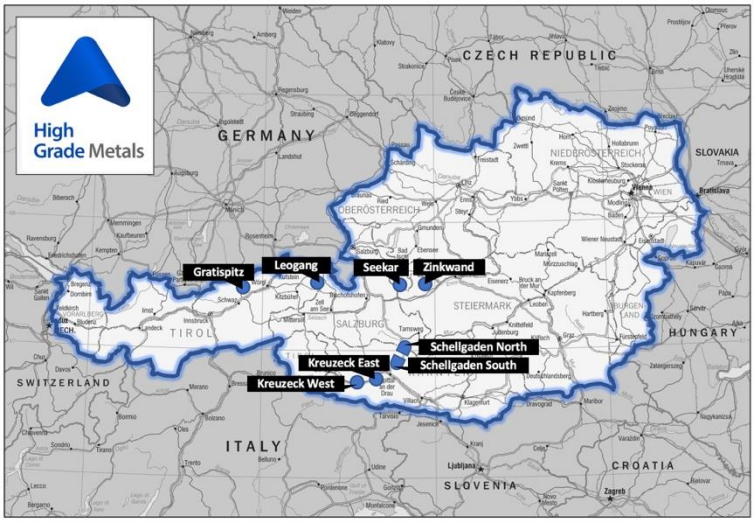


Figure 1: Location of High Grade Metals' Projects within Austria

The Company is currently completing a review of its nine projects to determine a holistic approach to exploration activities focused on prospectivity and scale.

On 7 July 2020, HGM announced it had entered into a binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd (**Jade**). Jade is focused on the emerging coal seam gas (CSG) sector in Mongolia.

The Company is currently progressing a process to complete the acquisition which will include receiving shareholder approval and ASX approval. ***The Company notes the ASX has absolute discretion in deciding whether to re-admit HGM and to quote its securities.***

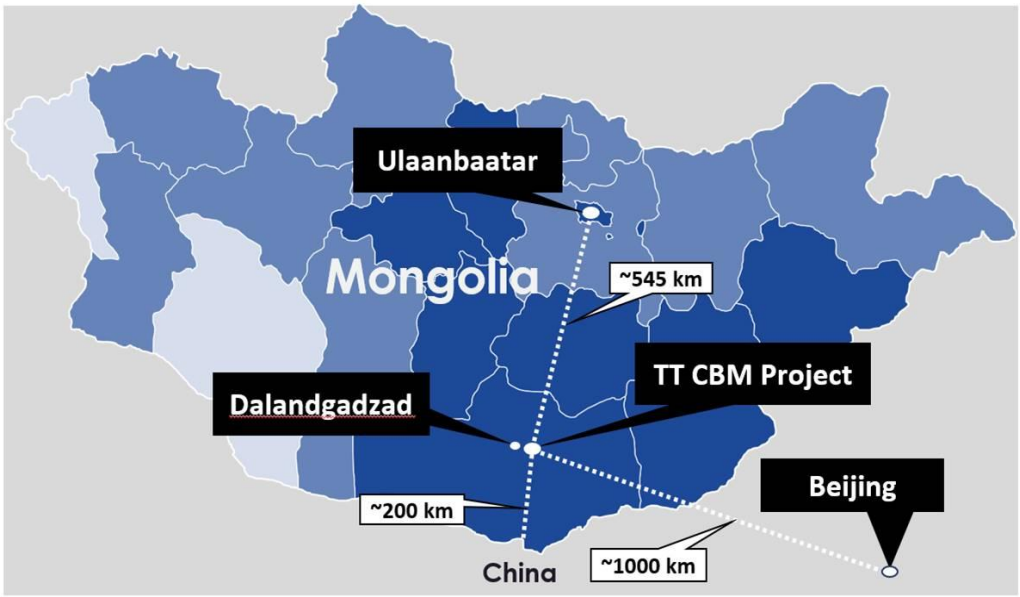


Figure 2: Location of Jade Gas' two Mongolian CSG Projects (TT CBM Project and Dalandgadzad)

Appendix 1 | Schedule of Tenements

Project	Country	Tenement / Freischürfe	Last Quarter Interest	Current Quarter Interest
Schellgaden	Austria	01/18/SN – 54/18/SN 02/05/S – 37/05/S 15/05/K – 135/05/K	100%	100%
Schwarzleo	Austria	38/17/S – 67/17/S	100%	100%
Seekar	Austria	68/17/S – 76/17/S	100%	100%
Zinkwand	Austria	77/17/S – 78/17/S	100%	100%
Gratlspitz	Austria	01/GR/18 – 81/GR/18 01/17/T – 37/17/T	100% 100%	100% 100%
Leogang East	Austria	LE/01 – LE/33	100%	100%
Kreuzeck West / Carinthia	Austria	136/05/K – 179/05/K	100%	100%
Kreuzeck East / Carinthia	Austria	180/05/K – 221/05/K	100%	100%
Goldeck – Siflitz / Carinthia	Austria	222/05/K – 278/05/K	100%	100%

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Appendix 5B

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

Name of entity

HIGH GRADE METALS LIMITED

ABN	Quarter ended ("current quarter")
55 062 879 583	30 SEPTEMBER 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(29)	(107)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(504)	(734)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(533)**	**(841)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation (if capitalised)		
	(e) investments		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments	-	199
	(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)		
2.6	**Net cash from / (used in) investing activities**	**-**	**199**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	566	566
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		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(10)	(10)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**556**	**556**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	121	230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(533)	(841)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	199
4.4	Net cash from / (used in) financing activities (item 3.10 above)	556	556

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**144**	**144**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	144	121
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**144**	**121**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	279
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

Directors fees

Company Secretary fees paid to Northern Star Pty Ltd an entity controlled by Adrien Wing

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

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.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(533)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(533)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	144
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	144
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	(0)

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: No

Total relevant outgoings of $533k shown in 8.3 above, of which $425k relates to prior period costs. The Company expects to have negative cash flows from operations of approximately $200k for the forthcoming quarter.

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 will rely on its existing cash resources and future capital raising (either debt and /or equity), including its ability to place securities under LR 7.1 and LR7.1A to fund current activities. The Company has a history of raising funds as required and believe further successful fundraising will be completed.

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: In light of the above factors, the Company believes that it will have sufficient cash to fund its existing activities. The Company's Board and Management is focused on meeting its current objectives and confirm that it is in compliance with ASX Listing Rules, in particular LR 3.1.

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.

Date: .....14 October 2020.....

By authority of the Board

Authorised by: .....
(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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