ASX Announcement
28 October 2020

ASX: MKR

Quarterly Activities Report

Highlights:

- Manuka Resources Limited commenced trading on the ASX on 14 July 2020 after its successful IPO, which was fully subscribed raising $7m.
- 4,100 ounces of gold produced this Quarter and sold at an average price of A$2,648/oz.
- A total of 64,224 tonnes of ore was mined, and 63,839 tonnes trucked to the Wonawinta plant in the Quarter at an average grade of 2.75g/t Au.
- Wonawinta plant continues to perform well with recoveries in line with expectations
- Wet weather conditions prevented mining and haulage of ore on 10 days and substantially reduced haulage on a further 9 days – which resulted in a reduction of ores available for processing of 21%.
- 9,000m Wonawinta Resource upgrade drilling program 50% complete at 30 September 2020
- Exploration activity beneath Mt Boppy pit continuing with encouraging potential for resource growth.
- Broader Canbelego Camp, and Mt Boppy neighbourhood exploration programs comprising 250 holes commencing Monday 2nd November.

For personal use only

For personal use only

Operating Summary

Summary		September Quarter	Financial Year (y.t.d)
Tonnes Milled	**t**	**60,086**	**60,086**
Gold in Circuit (30-9-20)	**oz**	**694**	
Gold Produced and sold	**oz**	**4,102**	**4,102**
Gold Recoveries	**%**	**77**	**77**
Revenues	**AUD $'000**	**11,065**	**11,065**

Summary		September Quarter	Financial Year (y.t.d)
Ore Mined	t	64,224	64,224
Waste Mined	t	137,916	137,916
Total Mined	**t**	**202,140**	**202,140**
Total hauled (incl. mined & residual stockpiles)	t	63,839	63,839
Average grade	**g/t**	**2.75**	**2.75**

Manuka Resources Limited (ASX: MKR) **(Manuka** or the **Company)** advises of the release of its quarterly activities report for the period ended 30 September 2020.

Summary

The September 2020 Quarter was impacted by unseasonal wet weather which affected mining and haulage operations. The Mt Boppy mine plan had allowed for reduced production of ore during the September quarter due to the higher waste removal component, but hadn't anticipated the loss of additional days due to the unusual level of rain encountered.

The Cobar district experienced unusually wet weather from late autumn and continuing through much of the winter of 2020 with almost twice as much rain as is typical for the period. This did cause delays to mining (10 days) and haulage (10 days of zero haulage, and a further 9 days of substantially reduced haulage) during the quarter. The net impact of the weather event was a 21% reduction in gold output versus forecast. Taking these uncontrollable events into account, the board is pleased with the progress made in its first full quarter of operation.

The Company has taken actions to reduce future delays due to weather by firstly fully sheeting the ramp into the Mt Boppy pit to make it accessible in most weather conditions, and also has undertaken extensive maintenance on the sections of the shire road into the Wonawinta project site to improve drainage and surface compaction. These actions together with the transition to summer should result in improved material movements in the future.

For personal use only

From a production perspective, it was pleasing to note that the plant continued to perform well, and we commenced stripping the loaded carbon using our recently installed Gekko-Cadia elution circuit in September. This greatly simplifies our gold extraction process.

Growth and Exploration Outlook

As advised in our June Quarterly Activity Report, Manuka commenced a three stage exploration program in late July. The update to the program is as follows:

a) The Wonawinta in-fill drilling program for the purpose of upgrading the existing JORC Mineral Resource is our short term priority. As at end of September, the Company had completed 50% of the planned 9,000m of drilling and at time of writing was over 80% complete.

b) The Mt Boppy in-pit program focusing on drilling for resource extensions commenced in late July with an initial two deep holes, with results released on 24 August 2020. This was followed in August with a further two holes, with results released 25 September 2020. A number of holes are still to be drilled as part of the program. Current indications for resource extensions are encouraging. Space constraints in the Mt Boppy pit give priority to grade control and void management drilling, with resource extension holes scheduled in between those activities. The exploration program will be substantially expanded from November.

c) The 3D model of the Canbelego Camp region of the Mt Boppy tenements has been largely completed and will now be instrumental in directing future exploration targets. The objective is to now commence a wider drill program comprising 250 holes, totaling circa 12500m, commencing early November 2020.

   The base metals sulphide exploration at Wonawinta comprising 16 deep holes (drilled over four fences, traversing the existing and planned pits on the ML) will commence in December.

Cashflow and Hedging

Manuka had A$4,521,049 in cash as at 30 September 2020.

Manuka remains completely unhedged (both its currency and metal exposures). It has entered into a zero cost, margin free, hedging facility with MKS (Switzerland) S.A. one of the world's largest precious metals refinery groups. This is an indication of Manuka's increasing status and credibility within the sector. The Company's policy to date has been not to hedge and remains the same, with this facility purely established as protection in the event of extreme market conditions.

For personal use only

Corporate and Debt

Manuka has a fully drawn US$14 million facility from TransAsia Private Equity, a Hong Kong based lender. This equated to an outstanding facility amount of A$19.7 million at end of September. The Company also had a facility from the NAB (National Australia Bank) of which an amount of A$254,500 was owing at Quarter end, and a further total of A$2.87 million was owing to subordinated lenders at the same time.

Total borrowings to 30 September 2020 were A$22.82 million.

The Company is in advanced negotiations with a financial institution to refinance existing facilities at a substantially reduced coupon and with an extended repayment period.

As mentioned in our June Quarterly Activities Report the Company intends to maintain the existing US$ facility from Hong Kong in a fully unhedged state.

Outlook Financial Year 2021

Operational guidance for FY21 was included with the release of Manuka's FY20 financial results. The Company expects to continue mining and producing gold from its Mt Boppy project until June 2021, following which it will transition to processing its silver stockpile at Wonawinta. The Company is targeting potential EBITDA from Mt Boppy gold production of ~$25m.

The Company is in the process of completing an in-fill drilling program at Wonawinta aimed at upgrading the existing JORC Mineral Resource and expects to complete the exploration work necessary by end December 2020.

Statement of commitments

Use of Funds[1]	**Estimate**	**Actual Use**		**Variance**
	(as per prospectus 22 May 2020)	June 2020 Quarter	September 2020 Quarter	Under / (Over)
Type	$000	$000	$000	$000
Exploration and in-drilling activities	3,579	-	638	2,941
Interest on convertible notes	1,761	-	1,761	-
Unpaid cash costs of the Offer	965	214	794	(43)
Working capital	3,071	-	1,448	1,623
Total Use of Funds	**9,376**	**214**	**4,641**	**4,521**

[1] The above table is a statement of current intentions. Investors should note that the allocation of funds set out in the above table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions. In light of this the Board reserves the right to alter the way the funds are applied.

For personal use only

Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 2020.

Tenement Location: **Wonawinta Silver Project** is situated approximately 90 kilometres to the south of Cobar, NSW, and comprises one (1) granted mining lease and seven (7) granted exploration licences as below, plus processing plant and associated infrastructure.

Tenement	Percentage held / earning	Change during quarter
ML1659	100%	-
EL6482	100%	-
EL7345	100%	-
EL6155	100%	-
EL6302	100%	-
EL7515	100%	-
EL6623	100%	-
EL8498	100%	-

Tenement Location: **Mt Boppy Gold Project** is situated approximately 45 kilometres east of Cobar, NSW, adjacent to the Barrier Highway. The Project comprises four (4) gold leases, two (2) mining leases, one (1) mining purpose lease and one (1) exploration licence which encompasses the MLs and extends the project area to the south.

Tenement	Percentage held / earning	Change during quarter
GL3255	100%	-
GL5836	100%	-
GL5848	100%	-
GL5898	100%	-
ML311	100%	-
ML1681	100%	-
MPL240	100%	-
EL5842	100%	-

There were no tenements acquired or disposed of during the quarter.

For personal use only

About Manuka

Manuka Resources Limited (ASX: MKR) is an Australian mining and exploration company located in the Cobar Basin, central west New South Wales. It is the 100% owner of two fully permitted gold and silver projects which include the following:

- Mt Boppy Gold mine and neighbouring tenements. The Mt Boppy project is currently in production and processing its gold ore through the Company's processing plant at Wonawinta.
- Wonawinta silver project, with mine, processing plant and neighbouring tenements. The Wonawinta processing plant has a nameplate capacity of 850,000 tonnes per year.



This announcement has been approved for release by the Board of Directors of Manuka Resources Limited.

For further information contact:
Dennis Karp
Executive Chairman
Manuka Resources Limited
0412 268 114

Media Contact
Angela East
M+C Partners
0428 432 025

Important Information

This report includes forward-looking statements and comments about future events, including the Company's expectations about the performance of its businesses. Forward-looking words such as "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" or other similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this report to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. No Limited Party or any other person makes any representation, or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in the report will occur.