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**ASX / Media Announcement**
**30 October 2020**

# QUARTERLY REPORT
# FOR THE PERIOD ENDED 30 SEPTEMBER 2020

## Highlights

- **Binding Term Sheet signed with Saskatchewan Research Council (SRC) to negotiate definitive agreements for Rare Earth Extraction Plant construction and operation at Nechalacho**
- **Vital's Rare Earth Extraction Plant is planned adjacent to SRC's Separation Plant which will convert mixed rare earth carbonate to commercial grade separated rare earth oxides**
- **SRC's facility will require mixed rare earth carbonate product for separation, making Vital a likely supplier**
- **Capital cost estimate of Vital's Rare Earth Extraction Plant is A$5.25M**
- **Subject to execution of definitive agreements, processing operations are scheduled to commence in Q3 CY2021**
- **Site works have progressed with site clearing, dewatering and geotechnical investigations undertaken through the quarter**
- **Ore sorter base and substructure delivered to site**
- **Vital's off-take negotiations progress with several non-China buyers**
- **Vital raises $8 million via Placement to progress towards commencing processing operations in Q2 CY2021 including purchase of an ore sorter, sampling and met testwork, extraction plant EPCM and for general working capital**
- **James Henderson appointed as a Non-Executive Director**
- **Director Evan Cranston transitions to Non-Executive Chairman following retirement of Francis Harper.**

**Vital Metals Ltd (ASX:VML)** (**Vital** or the **Company**) is pleased to report on its activities during the September 2020 quarter including at its 100%-owned Nechalacho Rare Earth Project in Yellowknife, Northwest Territories ("NWT"), Canada, where it is targeting to commence rare earth oxide production in 2021.

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**NECHALACHO RARE EARTHS PROJECT, CANADA (JORC RESOURCE: 94.7MT @ 1.46% REO)**

**Binding Term Sheet Signed with Saskatchewan Research Council**

Vital announced the signing of a binding Term Sheet between Vital's 100%-owned subsidiary Cheetah Resources ("Cheetah") and Saskatchewan Research Council ("SRC") which sets out parameters for the design, procurement, construction, commissioning and operation of a Rare Earth Extraction Plant ("Term Sheet"). It is intended that Cheetah's Rare Earth Extraction Plant will produce a mixed rare earth carbonate product and will be located adjacent to SRC's recently announced Rare Earth Processing Facility which will produce separated rare earth oxides. SRC's Separation Plant will be a potential customer of Cheetah's mixed rare earth carbonate product.

Vital's term sheet with SRC followed the Government of Saskatchewan and SRC's announcement in August of C$31 million in funding for the construction of a Rare Earth Processing Facility in Saskatchewan, Canada, the first of its kind in Canada. The facility will include the construction and operation of a Rare Earth Separation Plant, which will convert mixed rare earth carbonate feedstock into commercial grade separated rare earth oxides.

The plant is expected to be fully operational in late 2022 with construction anticipated to commence in Quarter 4 2021.

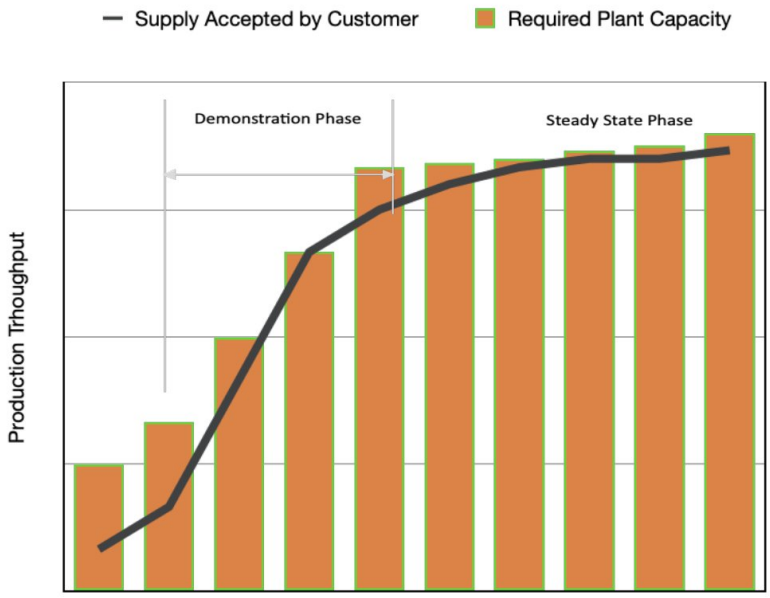
Investors are cautioned that even though the Term Sheet is binding, there is no guarantee the parties will enter into Definitive Agreements (defined below).

**Vital's Three-Stage Development Strategy**

With a target of becoming the largest, sustainable independent supplier of clean mixed rare earth feedstock to rare earth separation facilities outside of China, Vital is focusing on a three-stage development approach over the next five years. This approach has been developed through management experience in the rare earth industry over the past 15 years and from ongoing negotiations with potential off-take partners. Key to the approach is recognition that prior to accepting large volumes of feedstock from a new supplier, separation facilities require a transition period to incrementally increase the volume of new feedstock which will be accepted and processed through their facilities.

Therefore, new customers must first proceed through a "Demonstration Phase" before "steady state" sales are achieved. This is demonstrated in the chart below.

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This led to the following three-stage development approach.

- **Stage 1** - Nechalacho North T: Near Term/Low Capex Demonstration Plant to negotiate customer acceptance and ramp up:
- **Stage 2** - Nechalacho Tardiff: Long Term/Large Scale Commercial Operation providing long term security of supply to the rare earth supply chain.
- **Stage 3** - Wigu Hill: Expansion Capability Through Additional Project.

Vital is currently proceeding with Stage 1: Near Term/Low Capex Demonstration Plant. The intention of this stage will be to transport beneficiated ore from Nechalacho North T to SRC at Saskatoon where Cheetah's Rare Earth Extraction Demonstration Plant will produce a mixed rare earth carbonate product for sale to separation facilities. Target outcomes of the Extraction Demonstration Plant are summarised below:

- Demonstrate to customers the ability to produce product at specification on time;
- Demonstrate the ability to ramp up production to meet the long-term requirements of off-take partners;
- Demonstrate the ability to develop a long term, sustainable throughput production volume;
- Define parameters for the development of the Nechalacho Tardiff project for the 2nd stage of Vital's development strategy.

**Rare Earth Extraction Demonstration Plant**

The Term Sheet between SRC and Cheetah (together the "parties") provides that the parties will negotiate and enter into two definitive agreements: one for the design, procurement, construction and commissioning of the Plant (the "EPCM Agreement"); and a second for the operation of the Plant (the "Processing Agreement") (together, the "Definitive Agreements") which will address the following points contained in the Term Sheet.

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Scope of Services

The Definitive Agreements are to provide that SRC is to design, procure equipment and materials for, manage the construction of, commission and operate a Rare Earth Extraction Plant ("Plant").

The EPCM Agreement will contain timelines with respect to the design, construction and commissioning of the Plant, as well the procurement of equipment, with the objective of the commencement of Plant processing operations in Quarter 3, 2021. The initial throughput capacity of the Plant will be finalised in conjunction with discussions with potential offtake providers.

The Term Sheet contemplates that the initial Processing Agreement will be for an initial term of four years following the successful completion of the commissioning activities, with the parties having the option to renew the initial term for an additional term of any number of years by mutual agreement. The compensation payable by Cheetah to SRC for processing services will comprise two components (base fee and variable fee) which are payable to SRC on a monthly basis. The actual fees are yet to be negotiated.

During the operating period, the Processing Agreement is to provide that Cheetah will have the option to increase the Plant's anticipated capacity of plant feed up 250% of the initial throughput capacity. Upon such request by Cheetah, SRC will prepare a 'total installed cost' budget in relation to the expanded capacity requirement, and upon Cheetah's written acceptance of this budget the parties will enter into a further EPCM agreement to expand the Plant capacity to the required specifications. The Definitive Agreements will otherwise deal with standard matters for agreements of their nature.

Cheetah may terminate the Term Sheet at any time, and SRC may terminate the Term Sheet upon providing Cheetah with 30 days' prior written notice.

Capital Cost Estimate

The Capital Cost for the Rare Earth Extraction Plant as estimated by SRC and as included within the Term Sheet, is summarised below.

| Item | Description | CAD$ 000 | AUD$ 000 |
|---|---|---|---|
| **Equipment Costs** | | | |
| 1 | Crushing | $365 | $379 |
| 2 | Leaching | $1,222 | $1,268 |
| 3 | REO Precipitation and Finishing | $610 | $633 |
| 4 | Water & Waste Treatment | $650 | $675 |
| **Other** | | | |
| 5 | Miscellaneous Design, Fabrication and Installation | $1,700 | $1,765 |
| 6 | EPCM | $516 | $535 |
| **Total** | | **$5,063** | **$5,255** |
| **CAD:AUD 1.038** | | | |

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*Cautionary Statement: The Capital Cost Estimates set out above are estimates only and have been prepared by SRC. SRC does not guarantee the accuracy of the above estimates. The estimates set out above are non-binding on the parties and may be more fully considered and amended in the Definitive Agreements.*

Permits/Approvals

SRC will obtain all necessary permits and authorisations required to construct and operate the Rare Earth Extraction Plant. This includes waste disposal. As Cheetah's Rare Earth Extraction Plant will be located within SRC's Rare Earth Processing Facility, which will be located within SRC's existing operations, SRC's existing operating approvals, including waste disposal licenses, will be utilised.

Next Steps

Cheetah and SRC will continue to negotiate and finalise the Definitive Agreements in line with the terms and conditions contained within the Term Sheet.

Notwithstanding the Definitive Agreements above, in order to ensure processing operations are able to commence in Quarter 3, 2021, Cheetah and SRC have agreed that engineering works will proceed in parallel with the finalisation of the EPCM Agreement to define the following:

- process design criteria;
- process flow sheet finalisation;
- mechanical equipment list; and
- procure long-lead time items.

**Site Preparation Works**

During the quarter site establishment and upgrade works were undertaken preparation of the mobilisation of a mining fleet and delivery of the ore sorter to Nechalacho during the 1st quarter 2021 for the commencement of mining and processing activities in 2021. Key activities included:

- site clearing above the future pit;
- site geotechnical investigations to finalise mine plan;
- dewatering of the proposed pit;
- delivery of the ore sorter base and substructure to site; and
- delivery of the ore sorter to a storage facility, awaiting transportation to Yellowknife.

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**Figure 1: Ore sorter base and substructure delivered to site**




**Figure 2: Nechalacho decline dewatered**

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**Figure 3: North T pit area cleared. Rare earth bastnaesite mineralisation outcropping is visible at surface (red knobs)**

**WIGU HILL PROJECT, TANZANIA**

During the September quarter the Company has continued discussions with the Tanzanian Government regarding the issuance of a Mining Licence (ML) for the Wigu Hill rare earth project.

**NAHOURI GOLD PROJECT, BURKINA FASO**

Vital has suspended all exploration activity in Burkina Faso. The Company notes ongoing security concerns in the country and the State of Emergency declared by the Burkina Faso government for several northern provinces, which is currently in place.

Vital will provide shareholders with an update by way of ASX announcement should the situation in Burkina Faso improve and a decision to resume exploration be taken.

**AUE COBALT PROJECT, GERMANY**

The Aue Project is located in the western Erzgebirge area of the German state of Saxony. The permit, comprising an area of 78 sq km is located in the heart of one of Europe's most famous mining regions surrounded by several world class mineral fields. Historical mining and intensive exploration work carried out between from the 1940s and 1980s showed high prospectivity of the Aue permit area for cobalt, tungsten, tin, uranium and silver mineralisation.

During the quarter there was no exploration activities on the Aue project.

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**CORPORATE**

As of 30 September 2020, the Company held approximately $1.16 million in cash and cash equivalents.

During the quarter the Company made payments of $97k to related parties and their associates. These payments relate to existing remuneration agreements for the Managing Director, Executive and Non-Executive Directors.

During the quarter $723k was spent on exploration and evaluation expenditure. Details of exploration activity carried out during the quarter are set out in this report.

**Placement completed**

In late September, Vital announced it had received firm commitments to raise A$8.0 million (before costs) in new equity via a fully committed share placement to institutional, sophisticated and professional investors ("Placement").

Net proceeds from the Placement will primarily be used to progress the Company towards commencing processing operations in Q2 CY2021 including the purchase of the ore sorter, sampling and met testwork, extraction plant EPCM and for general working capital. Strong demand for the Placement resulted in additional funds being raised which will be used to accelerate further exploration work at the Tardiff zone within the Company's Nechalacho Project.

**Board changes**

In August, Vital announced changes to its Board, as the Company progresses to rare earth oxide production in the next 18 months.

The Company appointed Mr James Henderson to the Board of Vital as a Non-Executive Director during the quarter. He is the founder and Chairman of Transocean Group, which was established in 1987. He has more than 35 years' experience in providing financial advisory services in Australia and overseas across a wide range of industries including medical devices, aged care, clean energy and natural resources. He specialises in providing advice to emerging companies relating to corporate transactions and strategies, including corporate advice, financial and corporate structuring, capital raisings and commercial negotiations.

Mr Henderson assisted Lynas Corporation to raise $75 million to commence construction in Australia and Malaysia and was the corporate adviser to West Africa Lime Company Ltd in its debt and equity raisings, totalling approximately $64 million.

He has ASX experience, as former Chairman of Oklo Resources Limited (ASX: OKU) and Anteo Diagnostics Limited (ASX: ADO), and is currently a director of TSX-listed Compass Gold Corporation (TSXV: CVB). He is also Chairman of resource company West Africa Lime Company Ltd and a director

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of Carrières et Chaux du Mali SA (CCM). Mr Henderson was the founder and Chairman of Vital Metals' 100%-owned subsidiary, Cheetah Resources Pty Ltd prior to its acquisition.

Upon the appointment of Mr Henderson, Mr Francis Harper and Mr Zane Lewis retired as Directors of the Company. With the retirement of Mr Harper, Vital appointed Mr Evan Cranston as Non-Executive Chairman.

**Annual General Meeting**

Vital's Annual General Meeting for the financial year ended 30 June 2020 will be held on Thursday, 26 November 2020.

Further information about the Annual General Meeting, including accessing the Notice of Meeting and Explanatory Memorandum, which was distributed to shareholders on 27 October 2020, is available on the ASX Company Announcements Platform and the Company's website at: www.vitalmetals.com.au.

Vital's 2020 Annual Report and Appendix 4G and Corporate Governance Statement are also available on the Company's website after lodgement during the quarter.

**PERFORMANCE SHARES**

The Company has the following Performance Shares on issue as at 30 September 2020:

| | **Performance Shares – Tranche A** | **Performance Shares – Tranche B** |
|---|---|---|
| Number of Performance Shares on Issue | 400,000,000 | 400,000,000 |
| Summary of Terms of the Performance Shares | Convert into Shares (1:1) upon the Company entering into a binding offtake agreement/s for a minimum of 1,000 kgs of contained REO within 2 years of the Completion Date (16 October 2019) | Convert into Shares (1:1) upon the commencement of mining operations (based on a mining plan approved by the Company), within 3 years of the issue of the Tranche A Performance Shares. If this milestone is satisfied, the Tranche A milestone will automatically be deemed to have been satisfied |
| Performance Shares vested during the quarter | - | - |
| Performance Shares converted during the quarter | - | - |

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## TENEMENT SCHEDULE

| Location | Tenement | Status | Interest at beginning of quarter | Interest acquired or disposed | Interest at end of quarter |
|---|---|---|---|---|---|
| **Canada** | **Nechalacho** | 100%* | 100% | 0% | 100% |
| **Burkina Faso** | **Nahouri** | 100% | 100% | 0% | 100% |
| | **Kampala** | 100% | 100% | 0% | 100% |
| | **Zeko** | 100% | 100% | 0% | 100% |
| **Germany** | **Aue** | 100% | 100% | 0% | 100% |
| **Tanzania** | **Wigu Hill** | 0%** | 0% | 0% | 0% |

* Vital owns 100% of the mineral rights of the Nechalacho Project above the 150 m elevation level

** Vital has entered into an agreement to acquire this licence. The Company is awaiting the issuance of the licence by the Tanzanian Government

**- ENDS-**

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*This announcement has been authorised for release by the Board of Vital Metals.*

**ABOUT VITAL**

Vital Metals Limited (ASX:VML) is an explorer and developer focussing on rare earths, technology metals and gold projects. Our projects are located across a range of jurisdictions in Canada, Africa and Germany.

**Nechalacho Rare Earth Project**

The Nechalacho project is a high grade, light rare earth (bastnaesite) project located at Nechalacho in the Northwest Territories of Canada and has potential for a start-up operation exploiting high-grade, easily accessible near surface mineralisation. The Nechalacho Rare Earth Project hosts within the Upper Zone, a measured, indicated and inferred JORC Resource of **94MT at 1.46% TREO**.

**Wigu Hill Project**

The Company has signed a project development and option agreement with Montero Mining & Exploration Ltd, to acquire and develop the Wigu Hill Project located near Kisaki in Tanzania. The Wigu Hill project is a light rare earth element deposit and consists of a large carbonatite complex with bastnaesite mineralisation with a NI 43-101 Inferred resource estimate of **3.3Mt at 2.6% LREO5 including 510,000t @ 4.4% LREO5** on 2 of 10 possible drill targets.

**Nahouri Gold Project – Burkina Faso**

The Nahouri Gold Project (100% Vital) is located in southern Burkina Faso. The Project is made up of three contiguous permits; the Nahouri, Kampala and Zeko exploration permits. The Project is located in highly prospective Birimian Greenstone terrain with 400 sq km of contiguous tenements lying on the trend of the Markoye Fault Corridor.

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**Aue Project – Germany**

The Aue Project (100% Vital) is located in the western Erzgebirge area of the German state of Saxony. The permit, comprising an area of 78 sq km is located in the heart of one of Europe's most famous mining regions surrounded by several world class mineral fields. Historical mining and intensive exploration work carried out between from the 1940s and 1980s showed high prospectivity of the Aue permit area for cobalt, tungsten, tin, uranium and silver mineralisation.

**ASX Listing Rule Information**

Nechalacho Rare Earth Project

The Nechalacho Rare Earth Project hosts within the Upper Zone, a measured, indicated and inferred JORC Resource of **94.7MT at 1.46% TREO** at 0.7% Nd203 cutoff grade (25.2% NdPr), comprised of a Measured Resource of 286,563T at 2.7% TREO (24.2% NdPr), an Indicated Resource of 1.6MT at 2.4% TREO (24.2% NdPr), and an Inferred Resource of 1.3Mt at 2.2% TREO (24.2% NdPr). The Company originally announced this resource on 13 December 2019 and released an update on 15 April 2020 and confirms that it is not aware of any new information or data that materially affects the information included in the Announcement. All material assumptions and technical parameters disclosed in the Announcement that underpin the estimates continue to apply and have not materially changed.

Wigu Hill Project

The Company has previously disclosed the foreign estimates in compliance with ASX Listing Rule 5.12 in the announcement dated 25 June 2019 titled "Vital to Transform into Rare Earth Oxide Developer" ("Announcement"). The Company is not in possession of any new information or data relating the foreign estimates that materially impacts on the reliability of the estimates or the Company's ability to verify the foreign estimates in accordance with Appendix 5A (JORC Code). The Company confirms that the supporting information provided in the Announcement continues to apply and has not materially changed

Investors should note that the Mineral Resource estimate for the Wigu Hill Rare Earth Project is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify this foreign estimate as a mineral resource in accordance with the JORC Code and it is uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code

**Forward Looking Statements**

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production output.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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# Appendix 5B

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

Name of entity

VITAL METALS LIMITED

| ABN | Quarter ended ("current quarter") |
|---|---|
| 32 112 032 596 | 30 SEPTEMBER 2020 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (21) | (21) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (128) | (128) |
| | (e) administration and corporate costs | (193) | (193) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | (1) | (1) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 194 | 194 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(149)** | **(149)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (152) | (152) |
| | (d) exploration & evaluation | (702) | (702) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | 45 | 45 |
| | (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** | **(809)** | **(809)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 105 | 105 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 275 | 275 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (2) | (2) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (repayment of lease liabilities) | (20) | (20) |
| **3.10** | **Net cash from / (used in) financing activities** | **358** | **358** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,757 | 1,757 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (149) | (149) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (809) | (809) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 358 | 358 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **1,157** | **1,157** |

| 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 | 1,107 | 1,107 |
| 5.2 | Call deposits | 50 | 50 |
| 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)** | **1,157** | **1,157** |

| 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 | 97 |
| 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.*

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*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) | (149) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (702) |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (851) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 1,157 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 1,157 |
| 8.7 | **Estimated quarters of funding available (item 8.6 divided by item 8.3)** | 1.4 |

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

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

8.8.1 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: Yes |

8.8.2 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 completed an $8m capital raising on 2 October 2020 |

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| | |
|---|---|
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| Answer: Yes. Sufficient funds have been raised since quarter end to continue operations | |

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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: 30 October 2020

Authorised by: 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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