

## Quarterly Activities Report March 2022

29 April 2022

### PLOMOSAS, MEXICO

- **Production significantly impacted by cumulative impact of several incidents:**
  - 2,574 tonnes ore mined.
  - 3,207 tonnes of ore processed at 9.8% zinc, 4.5% lead and 28.3g/t silver.
  - Payable metal sold, 200 tonnes of zinc and 42 tonnes of lead in concentrate.
- **Inventory stockpiles at quarter end:**
  - 595 tonnes of high-grade run-of-mine ore.
  - 91 tonnes zinc concentrate & 75 tonnes lead concentrate available for sale.
- **Realised zinc price of \$1.76/lb for the quarter, \$1.76/lb YTD.**
- **Cash costs high due to disrupted production:**
  - **C1 cash cost of payable zinc sold \$2.06/lb for quarter, \$2.06/lb YTD.**
  - **C1 cash cost for zinc produced \$2.42/lb for the quarter, \$2.42/lb YTD.**
- **Closing cash of US\$0.063 million, decreased from the prior quarter of \$0.317 million.**
- **Mina Mexico and Los Alfonsitos exploration continues to show positive signs.**

### POTENTIAL ACQUISITIONS

#### **Non-binding indicative offers signed for two possible acquisitions of mineral exploration projects in Western Australia**

- **WestOz Lithium Acquisition**
  - Approximately 1,000km<sup>2</sup> of lithium exploration license applications (**Pilbara Project**) in the Pilbara region, Western Australia which are near two of the world's largest hard rock lithium deposits.
- **Pyramid Minerals Acquisition**
  - 118km<sup>2</sup> exploration license (**Pyramid Lake Project**) located in the Esperance Region, Western Australia, near First Quantum's Ravensthorpe Mine. Prospective for nickel-copper-PGE (Julimar style) and titanium (ilmenite) targets.

---

*All references in this report are to US\$, unless otherwise stated.*

Consolidated Zinc Limited (CZL:ASX or “the Company”) presents its March 2022 quarterly activities report.

## **OPERATIONS - PLOMOSAS MINE, CHIHUAHUA STATE, MEXICO (100% OWNED)**

### **Mining**

During the quarter 2,574 tonnes of ore were mined with 3,041 tonnes hauled to the surface at Plomosas. Mining at this rate is not sustainable due to high fixed costs at Plomosas however, cost reductions did occur, some of which will be permanent.

Failure of two pumps during the quarter restricted the mining to pillar recovery and stoping at Level 7 and Level 8. Access to the under-water stopes was re-established in March. Once the water level was below the 888m RL production stoping started from 900m RL stopes and above.

The three scoop trams that transfer the ore from the underground stockpiles to haul trucks had better availability and utilisation towards the end of the quarter. The haul trucks were unavailable for extended periods due to delays in overhaul and spare-parts delivery from international suppliers.

April started off with much better production from the mine, however, stope mining production rates were limited by the speed of clearing the ore blasted from the operating faces. As the underground stockpiles are reduced mining production will increase as ore will be placed in loading pockets rather than being left at the operating face.

The improvements to processes, procedures and work culture implemented by the Jamieson Group in Q4 2021 are evident in improved processing performance, but equipment availability has remained a significant challenge.

Mining rates were the limiting factor on production this quarter, consequently contractor mining and suitable contractors, are being evaluated as a potential solution.

### **Processing**

During the quarter all 3,207 tonnes of ore was processed through the wholly owned Plomosas Plant, at 9.8% Zinc, 4.5% lead and 28.3g/t silver. Recovery of zinc-to-zinc concentrate was 81.3% with 49.7% recovery of lead-to-lead concentrate.

At the end of the quarter, inventory stockpiles were 595 tonnes of ROM ore available for processing and 91 tonnes of zinc concentrate and 75 tonnes of lead concentrate.

### **Operating Costs**

Due to the low production rate and high fixed operating costs at Plomosas, the unit operating cost were higher than budgeted. The lack of mine production resulted in the plant operating less than 28 days.

The quarterly C1 cash operating cost was \$2.06 per payable pound of zinc sold, a decrease from the fourth quarter 2021 (\$2.25/lb). Operating cost savings were implemented during the quarter including the removal of the mine maintenance contractor and better management of the reagent addition to the plant.

During the quarter CZL’s Managing Director visited site for the first time in two years, after the easing of West Australian COVID-19 border controls. He was able to meet, in person, the local management who have been instrumental in the improved processing performance, advise on further processing enhancements, and observe first-hand the small but compounding issues contributing to poor mining rates.

Mine mechanical equipment availability was the prime reason for continued poor production. Actions have been taken address the quality of maintenance and repairs, and to improve adherence to prescribed operator practises to reduce damage to the equipment.

**TABLE 1. QUARTER ENDED 31 DECEMBER 2021 PRODUCTION STATISTICS**

			Q1 2022	Year to date	Q4 2021
<b>MINED</b>	Ore	MT	<b>3,041</b>	3,041	5,099
	Waste	MT	<b>140</b>	140	65
	Development	Metres	<b>86</b>	86	42
<b>ORE PROCESSED</b>	Ore	MT	<b>3,207</b>	3,207	4,592
	Zinc	%	<b>9.8%</b>	9.8%	13.4%
	Lead	%	<b>4.5%</b>	4.5%	7.1%
	Silver	Grams/t	<b>28.3</b>	28.3	40.6
<b>SALES</b>	Payable Zinc	MT	<b>200</b>	200	377
	Payable Lead	MT	<b>42</b>	42	112
	Payable Silver	Oz	<b>194</b>	194	3,390
<b>C1 CASH COST PER PAYABLE ZINC SOLD</b>	Mining, Processing & G&A	\$/lb payable Zinc sold	<b>\$2.11</b>	\$2.11	\$2.36
	Treatment & Transport	\$/lb payable Zinc sold	<b>\$0.17</b>	\$0.17	\$0.20
	By Product Credits	\$/lb payable Zinc sold	<b>\$(0.22)</b>	\$(0.22)	\$(0.31)
	<b>C1 Cash Cost</b>	<b>\$/lb payable Zinc sold</b>	<b>\$2.06</b>	<b>\$2.06</b>	\$2.25

### Concentrate Sales

530 tonnes of zinc concentrate, and 143 tonnes of lead concentrate were sold in the quarter.

At the end of the quarter, 91 tonnes of zinc concentrate, and 75 tonnes of lead concentrate were stockpiled to be sold in the current quarter.

The realised zinc price for the quarter was \$1.76/lb, inclusive of provisional and final pricing adjustments up to 31 March 2022.

### Health, Safety and Environment

There were no reportable environmental incidents during the quarter. Training programmes have been accelerated to improve operator practises, and to increase safety awareness to remedy minor safety issues. The entire staff have now been recently trained or retrained in safe practises in the workplace.

The formalisation of job skilling is ongoing with trainers in each department actively developing the skill levels. Most of the damage of the mine mobile fleet has been a result of poor operator skills and practises as the job skilling progresses, we should see less damage to the mobile fleet.

During the quarter there were zero lost time injuries. The Covid 19 protocols remain imbedded in the operating practises and will remain until the it is considered safe and appropriate to remove these practises.

## EXPLORATION

Exploration activities focused on:

Proving the Canon Cata is a fault and development of plans to assess the ore potential north of the fault.

- Mina Mexico drilling plan was well advanced at the end of the quarter.
- Alfonsitos 1, 2, 3 and 4 prospect mapping was progressing and is expected to be completed during the second quarter.
- Grades at Juarez mine are expected to be below 7% Zn recovered and thus all work has stopped on this exploration target.

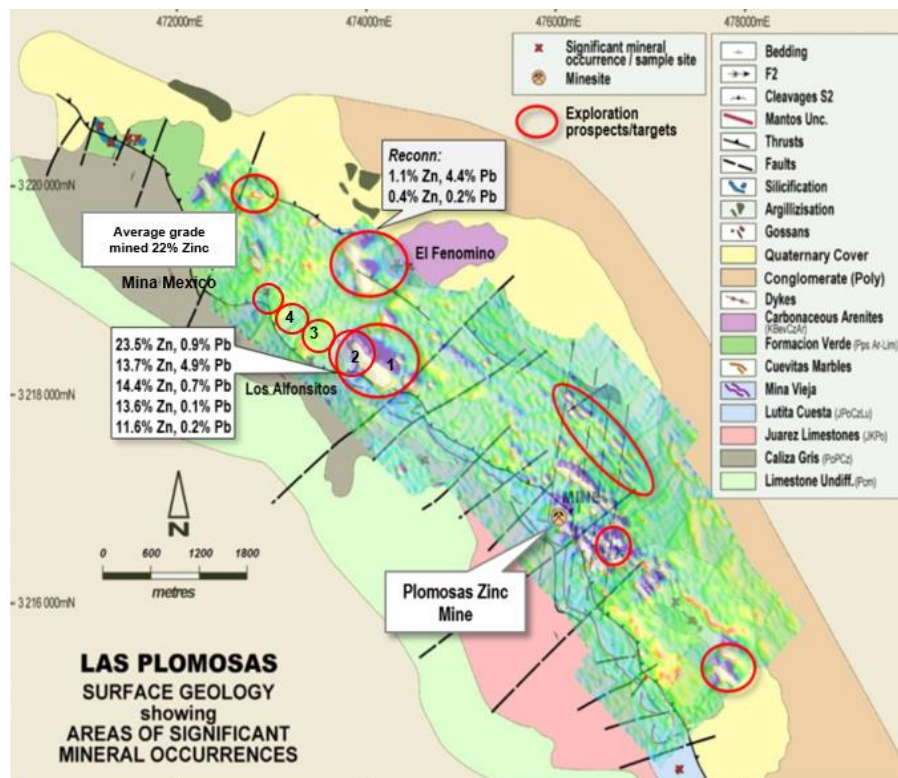


Figure 1: Las Plomasas Surface Geology and Targets – Los Alfonsitos and Mina Mexico shown centre of figure.

### Mina Mexico (Prospect)

The Mina Mexico mineralisation has a main subvertical feeder chimney and a surface gossan that spreads over 200m from the primary ore. Mina Mexico lies as a local topographical high with a steep “V” shaped valley to the north. The valley has cut the topography to 100m. The planning for the exploitation of the Mina Mexico ore will take advantage of the 100m of relief available. Planned drilling will define the Mina Mexico mineralisation to a depth of 100m initially drilling along the 300m ridge to define the mineralisation.

### Alfonsitos 1, 2, 3 & 4

The mapping completed at Alfonsitos indicates that the mineralisation may extend along strike for more than 300m as shafts have been identified along a 500m corridor. Mapping of all workings surface will be completed

during the second quarter 2022. The potential exists for Alfonsitos to contain economic ore from the surface and will be hauled out of the mineralised area using existing creek beds with nominal upgrade requirements.

During the quarter, exploration expenditure was \$0.016 million.

## **CORPORATE**

### **Proposed WestOz Lithium Acquisition**

CZL has executed a conditional non-binding indicative offer (**WestOz Lithium NBIO**) to acquire WestOz Lithium for a proposed purchase price of A\$740,000 consisting of A\$140,000 in cash and A\$600,000 in CZL shares, subject to successful completion of due diligence and entry into a formal legally binding agreement with the vendors of WestOz Lithium.

WestOz Lithium holds interests in the Pilbara Project and Wandagee Projects, which comprises approximately 1,400km<sup>2</sup> of exploration license applications in the Pilbara and Gascoyne regions of Western Australia. The Pilbara Projects are highly prospective for lithium and are situated near two of the world's largest hard rock lithium deposits (ASX: PLS – Pilgangoora & ASX: MIN – Wodgina) and other tenements near Marble Bar (ASX:GL1's Archer Project).

For further details, refer to the ASX announcement dated 30 March 2022.

### **Proposed Pyramid Minerals Acquisition**

CZL has executed a conditional non-binding indicative offer (**Pyramid Minerals NBIO**) to acquire Pyramid Minerals a proposed purchase price of A\$990,000 consisting of A\$40,000 cash and A\$950,000 in CZL shares, subject to successful completion of due diligence and entry into a formal legally binding agreement with the vendors of Pyramid Minerals.

Pyramid Minerals holds interests in the Pyramid Lake Project, which comprises a comprises 118km<sup>2</sup> granted exploration licence near First Quantum's Ravensthorpe Mine, located in the Esperance region, Western Australia. The property is prospective for nickel-copper-PGE (Julimar style) and titanium (ilmenite) targets.

For further details, refer to the ASX announcement dated 30 March 2022.

### **Capital Raising**

In April, the Company raised A\$1.250 million (before costs), through the issue of 50.0 million CZL shares with one (1) free attaching listed option (ASX:CZLOB) for every two (2) shares issued. In addition, major shareholder, the Copulos Group, has subscribed for 12.0 million Shares on the same terms as the Placement, subject to shareholder approval.

Funds raised from the Placement are primarily being applied towards the due diligence costs and cash purchase consideration associated with the proposed acquisition of WestOz Lithium and Pyramid Metals.

For further details, refer to the ASX announcement dated 30 March 2022.

### **Cash**

The Company's closing cash at the end of the quarter was \$0.063 million, a reduction from the prior quarter of \$0.317 million. Proceeds from the capital raising were received after the end of the March 2022 quarter.

### **Trade Receivables and Payables**

The Company's trade receivables due from the sale of zinc and lead concentrates were \$0.328 million (prior quarter \$0.320 million) and VAT refundable of \$0.799 million (prior quarter \$0.878 million).

The VAT refunds continue to be recovered through a combination of cash refunds and offsetting against any monthly VAT payable amounts due to the Mexican government. The VAT refunds are denominated in Mexican Peso and revalued monthly to the functional currency of US Dollars.

The estimated sale value of the zinc and lead concentrate stockpiles at the end of the quarter is \$0.185 million (prior quarter \$0.108 million), based on provisional assays and commodity prices on 31 March 2022.

Trade payables and accruals at the end of the quarter were \$3.002 million (prior quarter \$2.829 million). Trade payables includes approximately US\$1.135 million invoiced by a former contractor but disputed by the Company.

### **Unsecured borrowings**

The Company has a A\$0.100 million unsecured loan facility fully drawn (prior quarter A\$0.100 million) from an entity related to Mr Andrew Richards (non-executive Chairman). The maturity date was extended from 31 March 2022 to 30 June 2022. All other terms including the interest rate of 10.0% per annum remain unchanged.

### **Payments to Related Parties**

During the quarter, payments totalling \$88,000 were made to directors for salaries, directors fees and superannuation.

### **Ganti Legal Case**

During the quarter, the Federal District Court of Mexico undertook the process of appointing third-party independent experts to provide opinion on the value of claims in relation to equipment damage and losses incurred by MLAZ through the actions of Ganti.

MLAZ maintains that Ganti failed to meet their contractual obligations, that they deliberately and wilfully destroyed MLAZ equipment and illegally removed concentrates from MLAZ in breach of court orders. MLAZ's legal advice continues to affirm that MLAZ has paid Ganti in full for the actual works completed and that Ganti overcharged MLAZ for the works undertaken at Plomosas. The legal case is ongoing.

This announcement was authorised for issue to the ASX by the Directors of the Company.

For further information please contact:

**Brad Marwood**  
**Managing Director**  
**08 6400 6222**

### **ABOUT CONSOLIDATED ZINC**

*Consolidated Zinc Limited (ASX: CZL) owns 100% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. Historical mining at Plomosas between 1945 and 1974 extracted over 2 million tonnes of ore grading 22% Zn+Pb and over 80g/t Ag. Only small-scale mining continued to the present day and the mineralised zones remain open at depth and along strike.*

*The company has recommenced mining and processing at Plomosas and is committed to exploit the high-grade Zinc, Lead and Silver Mineral Resource through the identification, exploration, and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.*

#### **Caution Regarding Forward Looking Statements and Forward-Looking Information:**

*This report contains forward looking statements and forward-looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of zinc and lead, the actual results of current exploration, the availability of debt and equity financing, the volatility in global*

financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.

Except as required by law or regulation (including the ASX Listing Rules), Consolidated Zinc undertakes no obligation to provide any additional or updated information whether because of new information, future events, or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

**Production Targets:**

Production targets referred to in this report are underpinned by estimated Mineral Resources which have been prepared by competent persons in accordance with the requirements of the JORC Code. The production targets in this report are sourced from both Indicated and Inferred Mineral Resources and it should be noted that there is a low geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.

The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

**Competent Persons' Statement**

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Duncan Greenaway (Hons), Mr Greenaway is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Greenaway has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr. Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Shaun Searle who is a Member of the Australasian Institute of. Mr Searle is a full-time employee of Ashmore Advisory Pty Ltd. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Searle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## Appendix 1: Tenement Schedule

The schedule of tenements and concessions held by the Company at 31 March 2022 are detailed in the Table 2 below. There were no changes in the schedule of tenements from the prior quarter.

Table 2 –Tenement schedule						
Lease	Project	Name	Type	Lease Status	Expiry Date	CZL Equity
<b>Mexico</b>						
217641	Plomosas	La Falla	Mining	Granted	05/08/2052	100%
218242	Plomosas	La Verdad	Mining	Granted	16/10/2052	100%
225527	Plomosas	El Olvido	Exploitation	Granted	19/09/2055	100%
224880	Plomosas	Pronto	Exploitation	Granted	20/06/2055	100%
218272	Plomosas	Ripley	Exploitation	Granted	16/10/2052	100%
216882	Plomosas	La México	Exploitation	Granted	04/06/2052	100%
227077	Plomosas	Don Lucas	Exploitation	Granted	03/05/2056	100%
227078	Plomosas	Don Lucas II	Mining	Granted	03/05/2056	100%
227664	Plomosas	Don Lucas III	Mining	Granted	27/07/2056	100%
230175	Plomosas	Don Lucas IV	Mining	Granted	26/07/2057	100%
235942	Plomosas	Don Sabastian	Exploration	Granted	19/04/2060	100%



## Appendix 5B

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

Name of entity

CONSOLIDATED ZINC LIMITED

ABN

27 118 554 359

Quarter ended ("current quarter")

31 MARCH 2022

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	872	872
1.2	Payments for		
	(a) exploration & evaluation	(14)	(14)
	(b) development	-	-
	(c) production	(965)	(965)
	(d) staff costs	(113)	(113)
	(e) administration and corporate costs	(65)	(65)
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 (VAT refunds)	33	33
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(252)</b>	<b>(252)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'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>(2)</b>	<b>(2)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</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	317	317
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(252)	(252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>63</b>	<b>63</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	63	317
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>63</b>	<b>317</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$US'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	88
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.*

Item 6.1 - payments of executive salary and director fees.

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

7.	<b>Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	100	100
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	100	100
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<i>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.</i>		
	<b><u>Loan Facilities:</u></b> The company has an unsecured loan facility of A\$100,000 provided by Mr Andrew Richards (non-executive Chairman) repayable 30 June 2022 at an interest rate is 10.0% per annum. Accrued capitalised interest is A\$38,767.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(252)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(252)
8.4	Cash and cash equivalents at quarter end (item 4.6)	63
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	63
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.25
	<i>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.</i>	
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?	
	The Plomosas operation was negatively impacted during Q1 2022 as a result of dewatering pump failures in Q4 2021 and the requirement to reduce the water level to re-open production stopes that was achieved by the end of Q1 2022. In addition, equipment availability impacted operations in Q1 2022, however, during the month of April ore mining and processing has re-commenced.	
	The Company's budget forecasts positive cashflow from operations during Q2 2022 and future quarters based on the anticipated mining rate, grade, recoveries and commodity prices.	

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?

In April 2022 the Company completed a placement raising A\$1.55 million inclusive of a \$300,000 placement to be made to the Copulos Group, subject to shareholder approval at the AGM to held on 31 May 2022.

The company has not taken, nor currently proposes to take, any steps to raise further cash to fund operations. However, if either of the proposed acquisitions of projects in Western Australia proceeds there may a requirement to raise additional capital.

The Company's good relationship with its major shareholders and its corporate advisors gives management comfort that additional funding would be available if required.

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?

The company expects to be able to continue its operations and meet its objectives for reasons outlined in the questions above.

*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: 29 April 2022

Authorised by: 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.