

28<sup>th</sup> April 2023

## Quarterly Activities Report – March 2023

### Key information

- Binding share sale agreement signed for the sale of the Plomosas Project, and completed in April:
  - Purchaser, Impact Silver Corp. (Impact Silver) is TSX-V and FSE listed company and the owner of various Mexican mining projects similar to the Plomosas Project.
  - Initial consideration valued at US\$6.0 million, consisting of US\$3.0 million cash and US\$3.0 million in Impact Silver shares.
  - Ongoing consideration in the form of a 12% net profit interest royalty.
- Fig Tree exploration license granted during the quarter.
- No on-ground exploration conducted during the quarter due to weather conditions.
- Figtree and Camel Creek soil and rock chips samples were received. Interpretation of the results is in progress and will be completed on receipt of the outstanding assays.

All references in this report are to United States Dollars, unless otherwise stated.

Yari Minerals Limited ("Company") (ASX: YAR) presents its March 2023 quarterly activities report.

### Pilbara Lithium Projects – Pilbara, Western Australia

During the quarter, no on-ground exploration activities were conducted in the Pilbara due to the wet season and extreme heat conditions.

### Marble Bar

The Figtree exploration license EL45/5972 was granted during the quarter, adding to the company's Marble Bar region holdings which includes the Camel Creek and Anthill exploration licenses.

The bulk of the multi-element assays for Figtree and Camel Creek soil and rock chips samples were received during the quarter. Interpretation of the results is in progress and will be completed on receipt of the outstanding assays.

## **South Wodgina**

The South Wodgina exploration licenses require permits to be issued for on-ground exploration activities to commence. The company is progressing the applications for the issue of the required permits.

Exploration expenditure incurred during the quarter on the Pilbara Lithium Projects was \$0.018 million.

## **Sale of Plomosas Zinc-Lead-Silver Project – Mexico**

During the quarter, the Company entered into a binding conditional share sale agreement (Sale Agreement) with Impact Silver Corp. (Impact Silver), a TSX Venture Exchange (TSX-V) and FSE listed company domiciled in British Columbia, Canada pursuant to which the Company sold its 100% legal and beneficial interest in Minera Latin American Zinc S.A.P.I de C.V. (MLAZ), which owns the Plomosas Project, to Impact Silver.

Impact Silver is a mining and exploration company which controls the majority of 2 large mineral districts totaling 211 km<sup>2</sup> in central Mexico, being the Royal Mines of Zacualpan Silver District and the Capire Mineral District adjacent to and southwest of the Zacualpan district. Impact Silver has been in continuous production at the Royal Mines of Zacualpan Silver District for over 17 years and is considered one of the purest silver producers.

The consideration payable under the Sale Agreement consists of:

- a minimum cash payment of US\$3,000,000 (Cash Amount);
- US\$3,000,000 in common shares in Impact Silver (Share Amount), based on the volume weighted average price for the 20 trading days immediately prior to the date of execution of the Sale Agreement; and
- the payment of a 12% net profit interest royalty (NPI).

The Cash Amount payable by Impact Silver may be adjusted if the working capital amount on completion of the sale changes by more than US\$50,000 to the agreed target working capital amount as agreed in the Sale Agreement. This calculation will be completed on or about 26 May 2023.

Escrow has been applied to 75% of the Share Amount which will be released from escrow in 3 equal tranches of 25% every 6 months over the next 18 months. 25% of the shares in Impact Silver will be immediately held by the Company but subject to a statutory 4 months and 1 day hold period. The Company holds approximately 6% of the issued capital in Impact Silver on completion of the Proposed Transaction and subsequent capital raising by Impact Silver.

Broadly, the NPI will be calculated from the revenue generated from the Plomosas Project, less direct operating costs (including mining, processing and administrative), capital expenditure and exploration incurred on the Plomosas Project.

Jett Capital Advisors, LLC acted as exclusive financial advisor to the Company in the Proposed Transaction and have, or will, receive a success fee on completion of the Proposed Transaction of 6% of the Cash Amount, the Share Amount and of future NPI received by the Company.

The sale of Plomosas to Impact Silver was completed, subsequent to the end of the quarter, on 3 April 2023. The Cash Amount was US\$2.271 million (after the deduction of the provisional working capital adjustment) and the issue of 11.4 million common shares in Impact Silver.

During the quarter, ore mined at Plomosas was 2,545 tonnes. Ore processed was 1,888 tonnes at a head grade of 11.8% zinc and 6.0% lead, with 335 tonnes of zinc concentrate and 76 tonnes of lead concentrate produced. Ore mining was impacted by an additional dewatering pump failure early March, with the lead time to secure the required crane and spare parts to repair the dewatering pump extended beyond the completion date of the sale of Plomosas to Impact Silver.

No exploration was undertaken at Plomosas during the quarter.

## Corporate

### **Cash**

The Company's closing cash balance at the end of the quarter was \$0.166 million, a decrease from the prior quarter of \$0.852 million.

After the end of the quarter, the sale of Plomosas to Impact Silver was completed, with the Cash Amount of \$2.271 million paid, the Share Amount of 11.4 million common shares in Impact Silver issued and the 12% net profit interest royalty over the Plomosas Project assigned to the Company.

### **Payments to related parties**

During the quarter, payments totaling \$0.068 million were made to director's for salaries, fees and superannuation.

### **Borrowings**

During the quarter the Company entered into an unsecured loan facility with an entity related to Mr Andrew Richards. The unsecured facility was for a total of A\$400,000 at a fixed interest rate of A\$40,000 (in cash) and was repaid on 14 March 2023. The loan facility was used for general working capital.

### **Change of Company Name**

The name of the Company was changed to Yari Minerals Limited (formerly Consolidated Zinc Limited) effective 4 April 2023.

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

For further information please contact:

Anthony Italiano  
Managing Director  
08 6400 6222

## About Yari Minerals

Yari Minerals Limited (ASX: YAR) owns 100% interests in the Pilbara Lithium and Wandagee Projects, which comprise approximately 1,400km<sup>2</sup> in 6 granted exploration licenses located in the Pilbara and Gascoyne regions of Western Australia.

The Pilbara Projects are highly prospective for lithium and situated near two of the world's largest hard rock lithium deposits/mines (ASX: PLS – Pilgangoora & ASX: MIN – Wodgina) and other deposits and occurrences near Marble Bar (ASX: GL1's Archer Project).

Until 3 April 2023 CZL owned and operated the Plomosas Mine in Mexico. On that date the Mine was sold to Impact Silver (TSX-V: IPT). The Company retains an interest in that Project through a 12% net profit interest royalty and shares in Impact Silver which we part of the purchase consideration.

## 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 lithium, zinc, lead and silver, 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), Yari Minerals undertakes no obligation to provide any additional or updated information whether as a result 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 the Pilbara, Western Australia, exploration results, data collection and geological interpretation is based on information compiled by Mr Richard Simmons. Mr Simmons is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Simmons 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 Simmons consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.*

## Appendix 1: Tenement Schedule

The schedule of tenements and concessions held by the Company on 31 March 2023 are detailed in the Table 1 below.

There were no changes to the Mexico and Australia tenements during the quarter.

Table 1 –Tenement schedule						
Lease	Project	Name	Type	Lease Status	Expiry Date	YAR Equity
Mexico						
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%
Australia						
EL45/5972	Figtree	Figtree	Exploration	Granted	10/03/2028	100%
EL45/5973	South Wodgina	South Wodgina	Exploration	Granted	03/07/2027	100%
EL45/5974	South Wodgina	South Wodgina	Exploration	Granted	03/07/2027	100%
EL45/5986	Ant Hill	Ant Hill	Exploration	Granted	26/05/2027	100%
EL45/5987	Camel Creek	Camel Creek	Exploration	Granted	26/05/2027	100%
EL09/2499	Wandagee	Wandagee	Exploration	Granted	01/06/2027	100%

## Appendix 5B

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

Name of entity

YARI MINERALS LIMITED

ABN

27 118 554 359

Quarter ended ("current quarter")

31 MARCH 2023

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	363	363
1.2	Payments for		
	(a) exploration & evaluation	(18)	(18)
	(b) development	-	-
	(c) production	(1,099)	(1,099)
	(d) staff costs	(86)	(86)
	(e) administration and corporate costs	(111)	(111)
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	1	1
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(950)</b>	<b>(950)</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	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
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>-</b>	<b>-</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	(10)	(10)
3.5	Proceeds from borrowings	274	274
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>264</b>	<b>264</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	852	852
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(950)	(950)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	264	264

<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	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>166</b>	<b>166</b>

<b>5. 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	166	852
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>166</b>	<b>852</b>

<b>6. 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	68
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>	
Item 6.1 - payments of executive salaries, superannuation and director fees.	



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

<b>7. Financing facilities</b>		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$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	400	400
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	400	400
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>		
	During the quarter, the Company entered into an unsecured short-term financing facility with an entity related to Mr Andrew Richards for an amount of A\$400,000 to be used for working capital and repaid on the sale of the Plomosas Project.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(950)
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)	(950)
8.4 Cash and cash equivalents at quarter end (item 4.6)	166
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	166
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.17
<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?	
No, the company completed the sale of the Plomosas Project on 4 April so it has no on-going operations/production expenditure.	
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?	
The company has received \$2.271 million in cash from the sale of Plomosas which is sufficient to fund the current exploration plans for its lithium projects and corporate overheads. No further capital raising is 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: 28 April 2023

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.