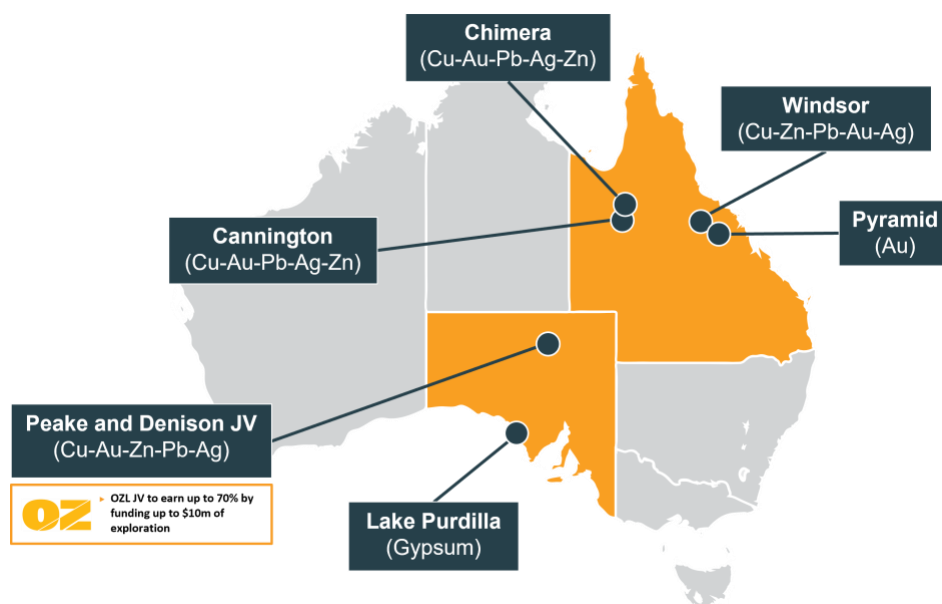


## Quarterly Report

### Corporate Review

Demetallica Limited is an Australian focussed minerals explorer with a copper dominant high-grade base metals portfolio (Figure 1). Demetallica commenced trading on the Australian Stock Exchange (ASX) on 26 May 2022 under market code DRM and actively pursued the exploration mandate roundly endorsed by investors and shareholders. In particular, Demetallica delivered on its plan to complete an extensive drill program to improve understanding and scale of the Jericho copper-gold deposit (see below for discussion).



**Figure 1:** Project Locations

The company's financial position remains sound with A\$8 million cash and an enviable 100% owned portfolio of quality copper, gold and base metal assets ranging from greenfields to advanced exploration stage to several resource quantified deposits.

Demetallica will maintain its active pace through the remainder of calendar 2022, indicated by the planning timeline (Figure 2), as its work expands across several projects.

## Takeover Offer Received

The quality, consistency and repeatability of drill results reported from Jericho during the Quarter is clear. AIC Mines Ltd (ASX: A1M), owner and operator of the Eloise Mine, with which Jericho shares a common tenement boundary, lodged an unsolicited off-market bid for all Demetallica shares on 19 September 2022. Demetallica will respond to the offer through its Target's Statement shortly after AIC's bid officially opens for acceptances.

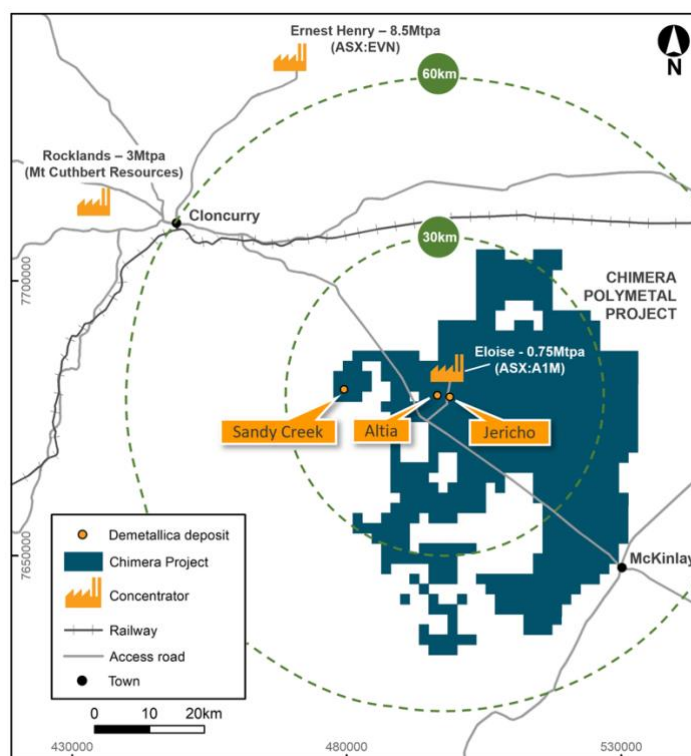
Demetallica's directors advise shareholders to TAKE NO ACTION in respect of the offer pending receipt of a considered response from the Board through the Target's Statement.

Project	Activity	Q2 2022	Q3 2022	Q4 2022
Chimera - Jericho	Resource Infill Drilling	41 RC holes		
	Resource Extension Drilling	15 DD holes		
	Assay Results			
	Resource Upgrade			
Chimera - Electra	Diamond Drill Hole		1 DD hole	
	Assay Results			
	Expand Drill Program			
Pyramid	Exploration Drilling			10 RC holes
	Assay Results			
Windsor	Ground Electro-magnetic Surveys			
	Exploration Drilling			4 RC holes
	Assay Results			
Peake & Denison	Exploration Drilling		3 DD holes	1 DD hole
	Assay Results			

**Figure 2: Activity Timeline 2022**

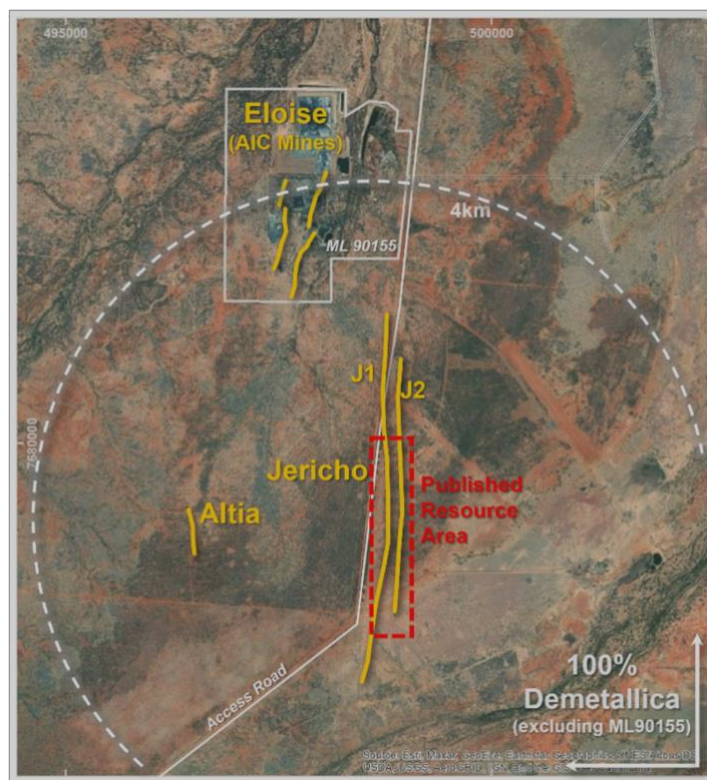
### *Resource Upgrade Drilling at Jericho*

Demetallica's primary asset is the Chimera Polymetal Project, NW Queensland (Figure 3) in which Jericho is the most advanced copper-gold deposit.



**Figure 3:** Chimera Polymetal Project with location of regional third-party copper concentrators

The company's inaugural drill campaign at its Jericho copper-gold project (Figure 4) culminated in 56 holes completed for 14,000m. With all assay data recently reported Demetallica commissioned an independent Competent Person to prepare a new JORC level mineral resource estimate (MRE). The Company's target for the MRE is 13-15Mt at 1.3-1.5% Cu plus gold, a 45-65% lift on the existing Inferred resource of 9.1Mt @ 1.4% Cu and 0.3g/t Au.

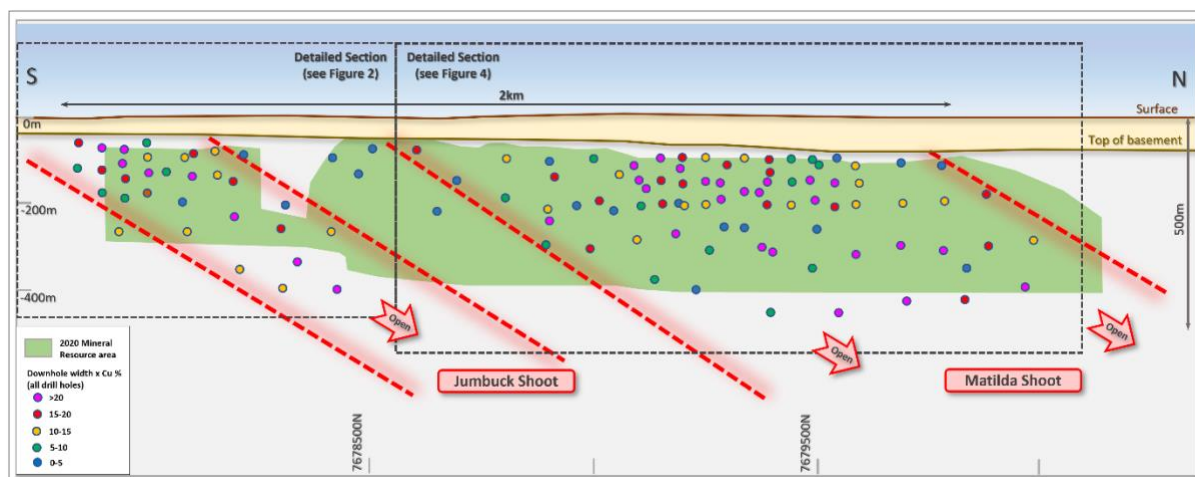


**Figure 4:** Proximal relationship between Jericho resource and Eloise copper-gold mine

Notably, Jumbuck and Matilda shoots on J1 Lode produced high-grade RC drill intersections as shallow as 35m below surface, proving copper sulphide mineralisation continues to top of basement with no transition or oxidised zone encountered. Deep diamond drill holes confirmed lode depth extensions beyond the limits of the current resource (Figure 5). Refer ASX announcement dated 21 September 2022 for details on resource drilling results.

Drill intersections, as published, unequivocally met the campaign criteria and provide a high level of confidence that the target MRE may be achieved, setting Jericho as a premier copper-gold deposit in the Cloncurry region.



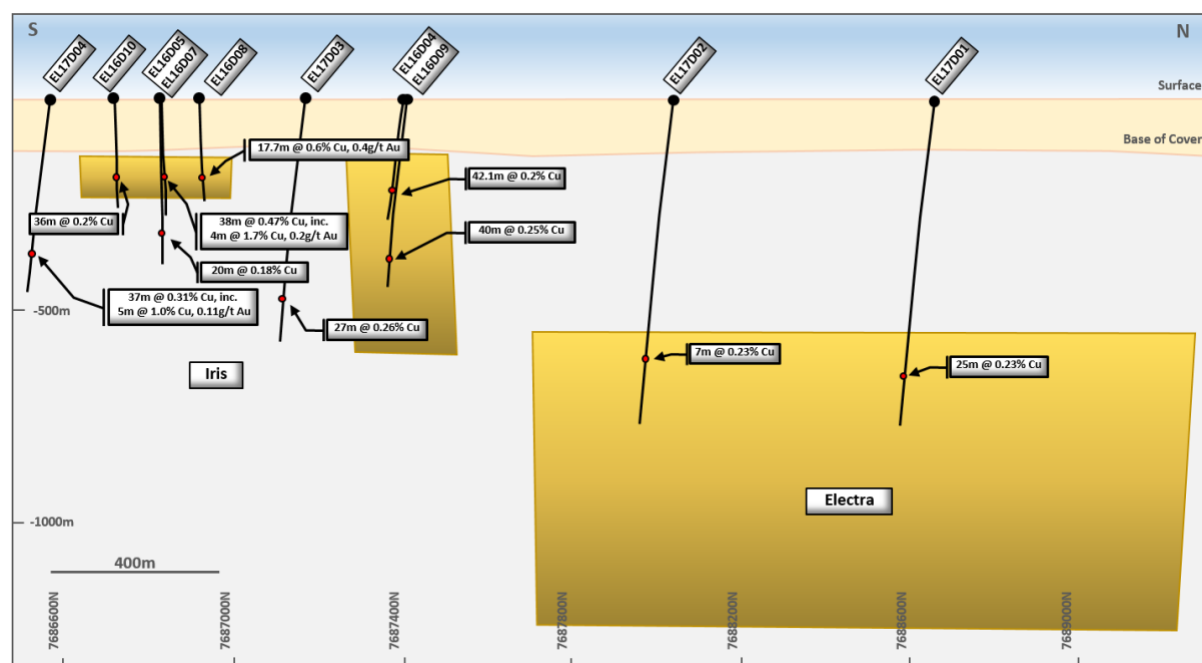


**Figure 5:** Jericho J1 Lode, long section, looking west, with drill pierce points, m% Cu and current resource outline

#### *Iris-Electra ISCG Prospect*

Chimera exhibits numerous examples of iron-sulphide copper-gold (ISCG) systems located by Demetallica's predecessor through geophysical investigations. These include; Artemis; Iris-Electra and Big Foot discoveries, all of which warrant further exploration attention.

Iris-Electra-Big Foot prospects are part of one large copper-gold system more than 4km long, located around 5km north of the Eloise mine (and 9km north of Jericho). Basement lies under 120-160m of cover sediments. Mineralisation was intersected in 2016 (Iris-Electra) and 2020 (Big Foot) with 13 holes (Figure 6). Iris reported the strongest mineralisation from hole EL16D05, returning 38m @ 0.47% Cu including 4m @ 1.7% Cu and 0.2g/t Au.



**Figure 6:** Long section through Iris-Electra, looking west, showing historic drill hole intercepts and modeled EM conductor plates.

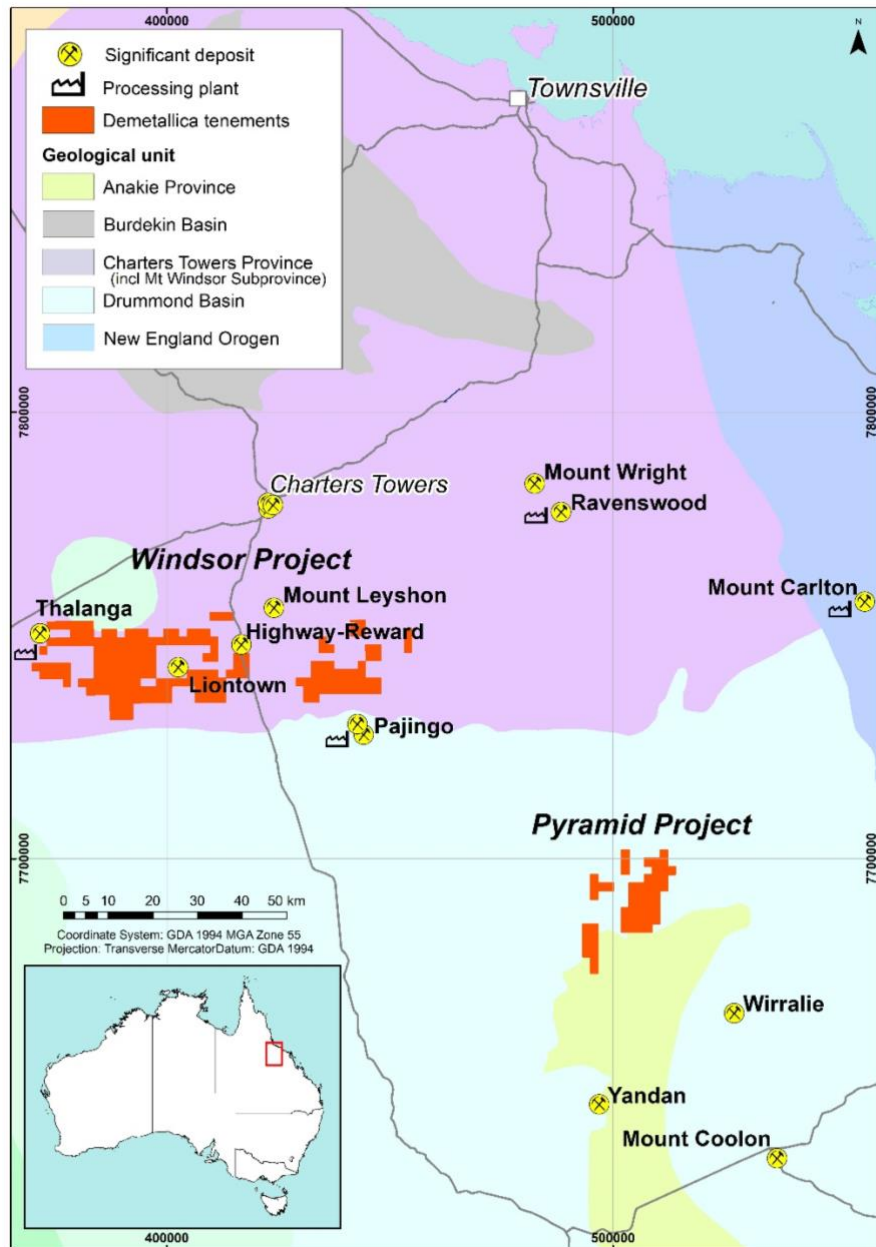
Demetallica's reconnaissance drilling focused on the EM conductor plates, however mineralisation is known to occur away from the conductors, as distinguished in drill holes EL17D03 and 04 (Figure 6). This implies there may be potential for copper-dominant mineralisation adjacent the controlling shear zone, not exhibiting an elevated EM response.

Demetallica re-activated work on the Electra zone with a 500m RC hole testing for an up-dip extension of the earlier discovery intersection. A geological interpretation and assay results will be reported shortly. Further drilling up-dip and along the 4km strike between Electra and Iris is planned for H1 of 2023.

### *Windsor VMS Project*

The Windsor Project comprises 8 tenements covering 641km<sup>2</sup> centred 130km southwest of Townsville in NE Qld (Figure 7). Located near the Thalanga base metal mine Windsor hosts stratigraphic horizons offering potential for high-grade VMS mineralisation such as Thalanga and others.

Demetallica recently completed a ground electromagnetic survey over the Royale VMS prospect. Data interpretation, nearing completion, will guide first drill testing, planned for late 2022.



**Figure 7:** Location map for Windsor and Pyramid projects, NE Queensland

### *Pyramid Gold Project*

The Pyramid Project comprises 3 tenements covering 177km<sup>2</sup> located 150km south of Townsville in NE Qld (Figure 7).

Pyramid contains known gold mineralisation at four main prospects, being Sellheim, Gettysberg, Marrakesh and Pradesh, sited adjacent to the Gettysberg Fault on the West Pyramid Range.

A 2021 13-line dipole-dipole IP-resistivity survey highlighted numerous chargeable responses across the Project area including positive anomalies coincident with surface geochemical anomalies at Djoser, Pradesh and Gettysberg South. Selected IP anomalies will be RC drill tested though October 2022 for carbonate-base metal-gold style sheeted vein systems.

### *Peake and Denison IOCG Project*

Demetallica hypothesised that the Peake and Denison Inlier could host under-cover basement rock types similar in age and alteration to those at the Ernest Henry mine near Cloncurry and, logically, copper mineralisation in an iron-oxide, copper-gold setting (IOCG). Proof of that concept, through location of copper mineralisation by deep drilling, would confirm the presence of a hitherto unrecognised copper province with distinguishing characteristics from the adjacent Gawler Craton. Diamond drilling is underway at geophysical targets Mawson and Wills to test the hypothesis.

Exploration at Peake and Denison Project (area 2,500km<sup>2</sup>) is funded by OZ Minerals under a Farm-in and Joint Venture for which OZ Minerals has met and surpassed the first-year minimum commitment.



## Use of funds statement

In accordance with ASX Listing Rule 5.3.4, the following comparison table is submitted with respect to the actual expenditure to the end of the period, against the use of funds statement as outlined in the Prospectus dated 8 April 2022:

Allocation of funds	Per Prospectus	Actual expenditure to 30 September 2022
	\$	\$
Exploration expenditure:		
- Chimera	6,320,749	3,453,551
- Cannington	435,711	65,021
- Pyramid	474,205	43,140
- Windsor	385,245	123,790
- Peake & Denison	1,400,000	1,123,732
- Peake & Denison JV Funding	(1,400,000)	(2,016,269)
- Lake Purdilla	78,450	1,733
- Business Development Expenditure	-	207,946
<b>- TOTAL</b>	<b>7,694,360</b>	<b>3,002,644</b>
Payment to Oz Minerals	6,125,000	6,125,000
Expenses of the Offer	1,302,656	1,311,136
Working capital	2,110,344	552,364
<b>TOTAL</b>	<b>17,232,360</b>	<b>10,991,144</b>

## Compliance Statement

Payments made under a commercial lease agreement to a related entity of Dr Antonio Belperio, a Director of the Company, are reported in Appendix 5B, Section 6.1.

## September 2022 Quarter ASX Announcements

The following significant announcements were lodged with ASX during the September Quarter:

- First Jericho Drill Results, 4 July 2022
- ATO Class Ruling, 6 July 2022
- 2<sup>nd</sup> Jericho Copper Results, 13 July 2022
- Jericho Assays demonstrate Resource Upside, 31 August 2022
- High-grade Results from Jumbuck Shoot, 12 September 2022
- Jericho Final Assays, 21 September 2022
- Takeover Bid by AIC Mines, 19 September 2022

### COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration Results is based on information compiled by Mr. Glen Little who is a Member of the Australian Institute of Geoscientists. Mr. Little holds shares in and is a full-time employee of Demetallica and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Little consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. Information in this report that relates to Mineral Resources for Jericho is extracted from the report entitled Maiden Jericho Resource and Cloncurry exploration update lodged with the ASX and dated 16 July 2020.

## Appendix 5B

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

Name of entity

DEMETALLICA LIMITED

ABN

16 061 595 051

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(230)	(230)
	(e) administration and corporate costs	(464)	(464)
1.3	Dividends received (see note 3)		
1.4	Interest received	33	33
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (JV contributions received)	1,086	1,086
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>425</b>	<b>425</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	(3,020)	(3,020)
	(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 \$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		
	(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>(3,020)</b>	<b>(3,020)</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 (Proceeds from demerger)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</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	10,607	10,607
4.2	Net cash from / (used in) operating activities (item 1.9 above)	425	425
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,020)	(3,020)
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

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	<b>Cash and cash equivalents at end of period</b>	<b>8,012</b>	<b>8,012</b>

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	7,728	10,323
5.2	Call deposits	284	284
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,012</b>	<b>10,607</b>

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	14
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>		

7.	Financing facilities <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>	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 (provide details)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
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.		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	425
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,020)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,595)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,012
8.5	Unused finance facilities available at quarter end (item 7.5)	
8.6	Total available funding (item 8.4 + item 8.5)	8,012
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.09
	<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?	
	Answer: N/A - Item 8.7 is greater than 2 quarters	
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: N/A - Item 8.7 is greater than 2 quarters	
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: N/A - Item 8.7 is greater than 2 quarters	
	<i>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.</i>	

**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: 4 OCTOBER 2022

Authorised by: VARIS LIDUMS  
COMPANY SECRETARY

(Name of body or officer authorising release – see note 4)

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

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**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.

# INTERESTS IN MINING TENEMENTS AS AT 30 SEPTEMBER 2022



Tenement ID	Tenement Reference	Holder	% Interest beginning of quarter	% Interest end of quarter	Location	Status
<b>Cannington Project</b>						
EPM 19542	Wilgunya	Levuka Resources	100	100	QLD	Ongoing
EPM 25782	Blackrock	Levuka Resources	100	100	QLD	Ongoing
EPM 25854	Cannington	Levuka Resources	100	100	QLD	Ongoing
EPM 26361	Pegmont East	Levuka Resources	100	100	QLD	Ongoing
EPM 26456	Anitra	Levuka Resources	100	100	QLD	Ongoing
EPM 26537	Glenholme	Levuka Resources	100	100	QLD	Ongoing
EPM 26698	White Tank	Levuka Resources	100	100	QLD	Ongoing
EPM 27056	Spell Paddock	Levuka Resources	100	100	QLD	Ongoing
<b>Chimera Polymetal Project</b>						
MDL 431	MDL A	Levuka Resources	20	100	QLD	Ongoing
MDL 432	MDL B	Levuka Resources	100	100	QLD	Ongoing
EPM 17838	Levuka	Levuka Resources	20	100	QLD	Ongoing
EPM 18624	Oorindi Park	Demetallica Operations	100	0	QLD	Surrendered
EPM 25389	Fullarton	Demetallica Operations	20	100	QLD	Ongoing
EPM 25897	Breena Plains West	Levuka Resources	100	100	QLD	Ongoing
EPM 25920	Kevin Downs Amalgamated	Levuka Resources	100	100	QLD	Ongoing
EPM 25921	Breena Plains North Amalgamated	Levuka Resources	100	100	QLD	Ongoing
EPM 25922	Breena Plains South Amalgamated	Levuka Resources	100	100	QLD	Ongoing
EPM 25950	Altia South 2	Levuka Resources	100	100	QLD	Ongoing
EPM 26184	Bluff Creek	Levuka Resources	100	100	QLD	Ongoing
EPM 26233	Route 66	Demetallica Operations	20	100	QLD	Ongoing
EPM 26447	Garnet Creek	Levuka Resources	100	100	QLD	Ongoing
EPM 26508	Maronan South	Levuka Resources	100	100	QLD	Ongoing
EPM 26521	Sybellah	Demetallica Operations	30	100	QLD	Ongoing
EPM 26572	Taltal	Levuka Resources	100	100	QLD	Ongoing
EPM 26684	Pink Hut	Demetallica Operations	30	100	QLD	Ongoing
EPM 26703	Holy Joe	Demetallica Operations	30	100	QLD	Ongoing
EPM 27052	Matilda	Demetallica Operations	30	100	QLD	Ongoing
EPM 27279	Swagman	Levuka Resources	30	100	QLD	Ongoing
<b>Pyramid Project</b>						
EPM 12887	Pyramid	Demetallica Gold Mines	100	100	QLD	Ongoing
EPM 19554	Pyramid 3	Demetallica Gold Mines	100	100	QLD	Ongoing
EPM 25154	MGT North	Demetallica Gold Mines	100	100	QLD	Ongoing
<b>Windsor Project</b>						
EPM 25134	Liontown 4	Demetallica Operations	100	100	QLD	Ongoing
EPM 25135	Liontown 3	Demetallica Operations	100	100	QLD	Ongoing
EPM 25148	Liontown 5	Demetallica Operations	100	100	QLD	Ongoing
EPM 25270	Liontown 6	Demetallica Operations	100	100	QLD	Ongoing
EPM 25271	Liontown 7	Demetallica Operations	100	100	QLD	Ongoing
EPM 25437	Liontown 8	Demetallica Operations	100	100	QLD	Ongoing
EPM 25680	Liontown 9	Demetallica Operations	100	100	QLD	Ongoing
EPM 27426	Crooked Creek	Demetallica Operations	100	100	QLD	Ongoing



## INTERESTS IN MINING TENEMENTS AS AT 30 SEPTEMBER 2022



Tenement ID	Tenement Reference	Holder	% Interest beginning of quarter	% Interest end of quarter	Location	Status
<b>Lake Purdilla Project</b>						
EL 6285	Sceales	Demetallica Operations	100	100	SA	Ongoing
EL 6682	Yanerbie	Demetallica Operations	100	100	SA	Ongoing
<b>Peake &amp; Denison Project</b>						
EL 6221	Big Perry	Demetallica Operations	100	100	SA	Ongoing
EL 6222	Teemurrina	Demetallica Operations	100	100	SA	Ongoing
EL 6223	Wood Duck	Demetallica Operations	100	100	SA	Ongoing
EL 6270	Davenport	Demetallica Operations	100	100	SA	Ongoing
<b>Other interests</b>						
ML 4386	Third Plane	Perilya	10	10	SA	Ongoing
EL 5117 (ELA 2017/186)	Ediacara	Perilya	10	10	SA	Ongoing
EL 6465	Blinman	Perilya	10	10	SA	Ongoing
EL 6504	Wilkawillina	Perilya	10	10	SA	Ongoing
EL 5984	Moonta	Peninsula Resources	10	10	SA	Ongoing
EPM 16197	Blockade	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
EPM 17914	Blockade East	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
EPM 17947	Blockade East Extension	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
EPM 17638	Phillips Hill	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
EPM 18492	Mt Remarkable Extension	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
EPM 19733	Mt Remarkable Consolidated	TAS Exploration	1% NSR	1% NSR	QLD	Ongoing
M15 395	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
M15 703	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
L15 128	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
L15 255	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
E15 1688	West Kambalda	Marnier Mining	1.5% NSR	1.5% NSR	WA	Ongoing
E15 1689	West Kambalda	Spargoville Minerals	1.5% NSR	1.5% NSR	WA	Ongoing

1% NSR = 1% NSR all minerals

1.5% NSR = 1.5% NSR all minerals other than Nickel