

MARCH 2023 QUARTERLY ACTIVITIES REPORT

DATELINE RESOURCES LIMITED

(ACN 149 105 653)

ASX Code: DTR

CAPITAL STRUCTURE

Share Price (27/03/23)	\$0.018
Shares on issue	644 million
Market Cap	\$11.6 million

MAJOR SHAREHOLDERS

Mr. Mark Johnson AO	15.28%
Southern Cross Exploration N.L	14.9%
National Nominees	8.24%
Stephen Baghdadi	4.72%

DIRECTORS & MANAGEMENT

Mark Johnson AO
Chairman

Stephen Baghdadi
Managing Director

Greg Hall
Non-Executive Director

Tony Ferguson
Non-Executive Director

Bill Lannen
Non-Executive Director

John Smith
Company Secretary

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Dateline Resources Limited (ASX: DTR) (**Dateline** or the **Company**) is pleased to provide an update on its activities for the March 2022 quarter. During the quarter, the Company announced a toll treatment and joint venture arrangement for the Gold Links Gold Mine in Colorado. In California, the Company announced that it had received confirmation of its vested mining rights for the Colosseum Gold and Rare Earths Project.

HIGHLIGHTS

Colosseum

- San Bernardino County, California, officially certified pre-existing vested mining rights at the Colosseum mine, and the final step required to formalise the approval has been completed.
- Drilling program planned at the Colosseum to test for Rare Earth Mineralisation and extensions to the Gold Mineral Resource.

Gold Links Gold Mine

- Toll treatment and joint venture announced with MW Sorter LLC (MW) to combine the Gold Links Mine, Lucky Strike processing plant and London and Hock Hocking Mine stockpiles into a new US entity with injection of USD5.44m in new funds, to be owned 50% by Dateline, 40% by MW and 10% by a private Australian investor¹.
- Dateline's US subsidiary received a Term Sheet from its USA bankers for the provision of a further USD5m in loan funds to be used to advance the Gold Links project².

Corporate

- Company undertook a capital raise for \$2.71m to commence a drilling program at the Colosseum mine and meet working capital requirements.

Commenting on the events during the quarter, Dateline's Managing Director, Stephen Baghdadi, said:

"The Company has been actively repositioning itself to be able to restart operations at the Colosseum mine. The Colosseum sits in a known rare earths and gold province with our nearest neighbour being the Mountain Pass Rare Earth mine, which started its life as a gold mine.

"The Mountain Pass Rare Earth mine is the only rare earth mine in America and is located less than 10km south of the Colosseum mine. To focus our attention on the Colosseum mine, the company has advanced its negotiations with the proposed JV partners and with our bankers so that we can crystallise the value from the Gold Links and apply it to the Colosseum Project."

¹ ASX Announcement 23 February 2023 – Dateline progresses JV at Gold Links with London Mine Toll Treatment agreement

² ASX Announcement 3 February 2023 – Gold Links Funding Update

Colosseum Gold Mine, California

During the March quarter, the Company announced that it has received approval from San Bernardino County, California, for the Company's application to officially certify pre-existing vested rights to access and extract mineral resources at the Colosseum mine, and that the final step required to formalise the approval has been completed.

A review of the land use records noted that historic mining use was customarily and lawfully recognized and a permitted use by right. As such, mineral resource development and related activities within the scope of the vested right shall not require a County Use Permit.

The Colosseum deposit currently contains Mineral Resources of 20.9Mt at 1.2g/t Au for 813koz Au³. Gold mineralisation is hosted within two near vertical breccia pipes that are known to extend to at least 3,000ft (~1,000m). There is a large drilling gap between the base of the mineral resource model and the deepest breccia intersection, offering significant potential for additions to the mineral resource.

Colosseum is also known to host rare earth mineralisation (REE), with studies confirming a link between the geology at Colosseum and that at the Mountain Pass Rare Earth Mine, located to the southeast.

A gravity survey has identified several REE drill targets that are located alongside mapped and sampled REE-bearing fenite dykes, and at the contact point between the sediments on the western side of the claim boundary and the granites on the eastern side. The Company is planning a drill program to test these REE targets and a drill program to expand the known gold mineral resources at depth.

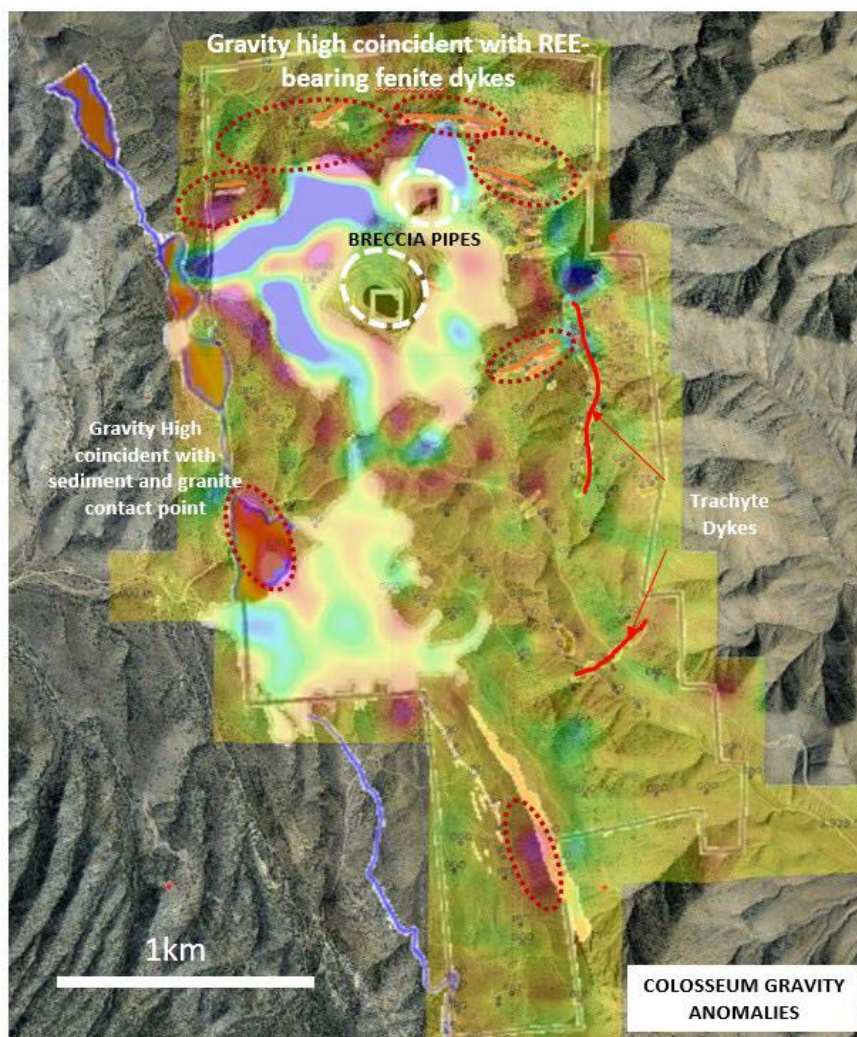


Figure 1: Google Earth image overlaid with geology map and a gravity survey map at 100 metres below the surface

Gold Links Gold Mine, Colorado

In February, the Company announced that it has reached an agreement with US company, MW Sorter LLC (**MW**), to bring together Dateline's Gold Links mine and Lucky Strike processing plant with MW's stockpiles at the London and Hock Hocking mines, located 160km from the plant.

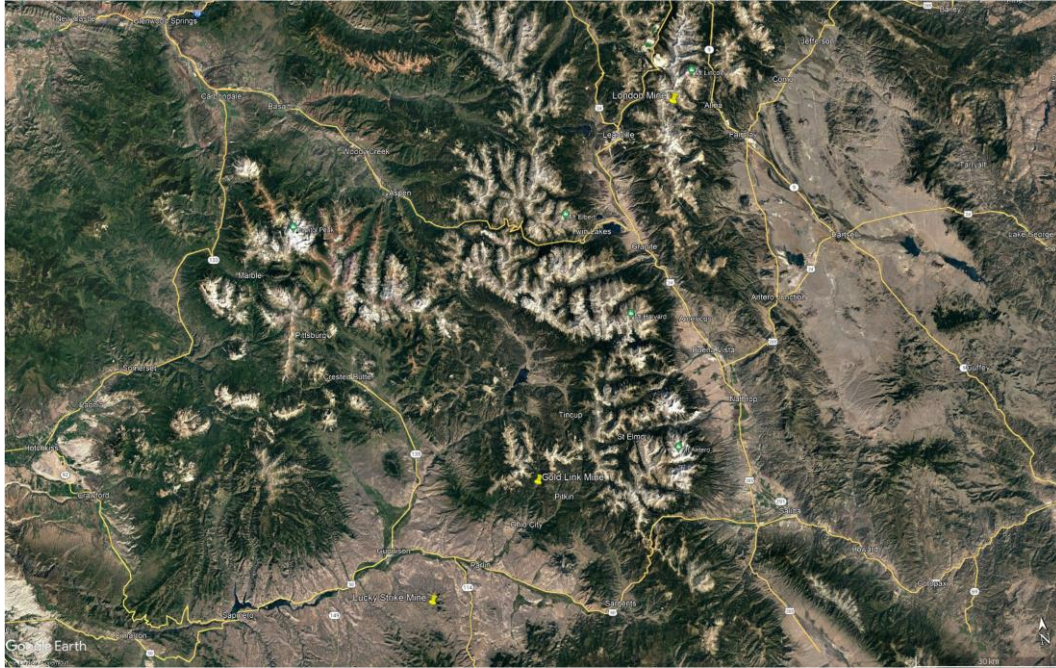


Figure 1: Location of the Gold Links, Lucky Strike and London assets, Colorado

MW owns the London and Hock Hocking mine surface stockpiles of 800kt at 2g/t Au for 51,000oz Au. The surface stockpiles at the London mine were tested in 1985 by Behre Dolbear & Company, pre the introduction of the JORC code and the estimated grade is not JORC compliant.

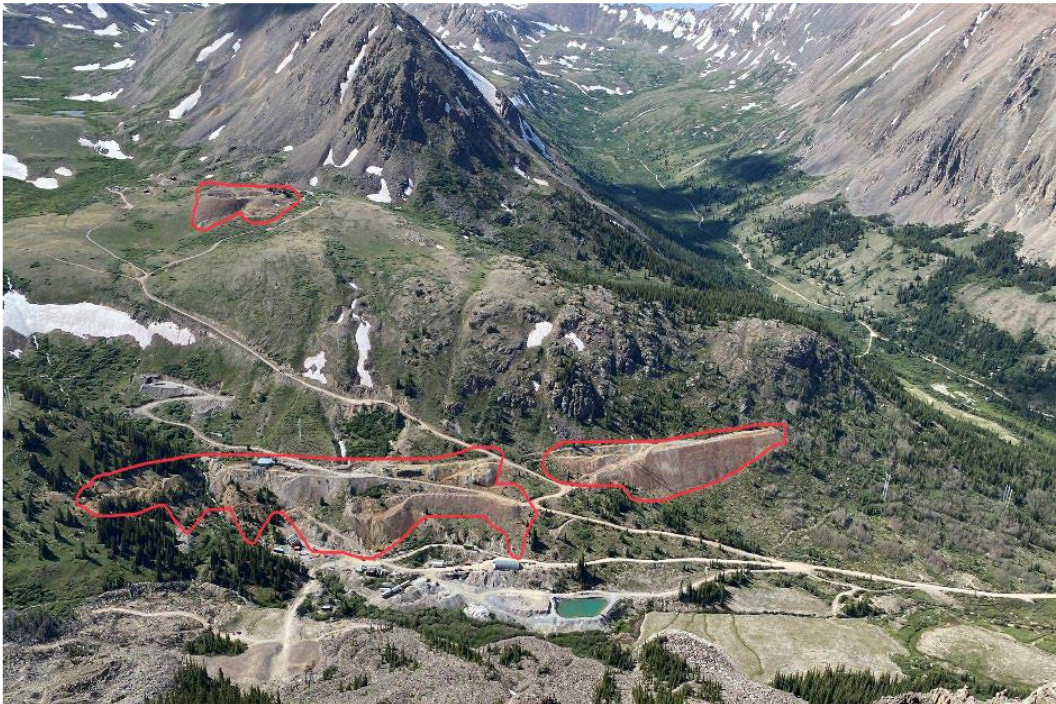


Figure 2: London mine - surface stockpiles outlined in red

Transaction Details (as at March 31, 2023)¹

The agreement with MW is to combine the Gold Links Mine, Lucky Strike processing plant and London and Hock Hocking Mine stockpiles into a new US entity, to be owned 50% by Dateline, 40% by MW and 10% by a private Australian investor. As part of the transaction, MW and the Australian investor have injected US\$440,000 into Dateline subsidiary, Fossil Creek Mines LLC (**FCM**), and arranged a new US\$5 million working capital facility¹.

A new US entity will be established and operate independently, with representatives of Dateline and MW on the Board and management committees. The new entity will assess the opportunity to recommence underground mining at Gold Links, with ore to be blended with London stockpiles to ensure that the plant can consistently operate at 250tpd.

The proposed transaction initially involves a toll milling agreement with MW, whereby US\$440,000 cash is provided (by MW and a private Australian investor) and MW agrees to pay an additional \$700,000 to FCM upon completion of debt financing arrangements by MW. MW will operate as a standalone arm's length entity until debt financing requirements are met to the satisfaction of the lender.

Under the toll treatment arrangement, MW will pay FCM a treatment fee of \$825,000 per month. This fee is expected to be sufficient to fund the operating costs of the FCM milling operation, service existing debt and generate a modest surplus of US\$150-200k per month.

Upon approval of the funding, the subsequent transaction involves an acquisition by FCM, of the stockpile assets from MW. MW will then vend the London and Hock Hocking stockpiles into FCM in return for equity totalling 40% post completion. MW will secure US\$5 million in new debt financing to be used for this venture.

Post completion, Dateline will hold 50% of the shares in FCM, with 40% held by MW and 10% by a private Australian investor. The transaction is subject to additional due diligence and is expected to be completed within 45 days. If the transaction is successfully concluded as planned, first ore is expected to be transported to Lucky Strike by June 2023.

Further negotiations may result in a variation to the agreement if the Directors believe it is in the best interests of shareholders.

Proposed Production Plan¹

The new financing will be used to acquire an ore sorter, three 40t haulage trucks and complete outstanding capital works on the processing plant.

The stockpiles will be run through an ore sorter at the London mine site. The test work by Steinert ore sorting, and Kappes Cassidy and Associates indicate that the stockpile is amenable to ore sorting with over 80% of the material reporting to waste and there being a corresponding improvement in the grade. This sorted product will be transported to Lucky Strike and be processed at a rate of 220tpd for six days per week.

The new management team will assess the potential to displace the London sorted product with high-grade ore from the Gold Links, thus allowing the operation to continue for longer and at a more stable output level.

Funding Term Sheet²

In addition to the funding mentioned above, the Company also received a funding term sheet for US\$5million, from Madison One Cuso, to be used at the Gold Links in Colorado. Funding is subject to an 80% guarantee from the United States Department of Agriculture (USDA). Interest for the funds is 10.25% and the term of the loan is 10 years. The security sought for the loan funds is a mortgage over the real property assets in Colorado and a guarantee from Gunnison Gold Pty Ltd.

Madison One Cuso has previously completed almost US\$10million of funding for the Gold Links project on

similar terms including USDA guarantee. The term sheet is currently being assessed and a decision on whether to proceed with the funding offer will be made after the agreement with MW has been concluded.²

CORPORATE

Capital Raise

During the quarter, the Company received firm commitments to raise \$2.71 million pursuant to a placement of 135,500,000 new shares in the Company (each, a **New Share**) at \$0.02 per New Share (**Issue Price**) (**Placement**).

In addition, the Company has:

- as part of the placement terms, agreed to grant a total of 67,750,000 unquoted options over unissued New Shares (each, with an exercise price of \$0.03 and with an expiry date of the third anniversary of the date of their grant (each, an **Option**);
- received commitments from Directors to convert up to \$900,000 in existing debt owing to those Directors into New Shares at the Issue Price (**Debt to Equity Conversion**); and
- agreed to offer shareholders a Rights Issue (**RI**) to raise approx. \$1 million at \$0.02 per share. Peak Asset Management Pty Ltd (**Peak**) has made a firm commitment to take up any shortfall that the Directors decide to place (up to \$1million) from the proposed RI. The Company will grant 1 Option for every 2 shortfall shares (if any) issued to Peak under this arrangement.

The funds raised under the Placement will be used by the Company:

- to further gold and rare earths exploration at the Company's Colosseum Project in California; and
- for general working capital purposes (including to pay the costs of the Placement).

Cash and Cash Equivalents

At the end of the quarter, the Company had cash and cash equivalents of A\$2.9 million (Refer Mar'23 Quarterly Cash Report of today's date). In addition, the Company expects to receive a further \$370,000 to complete the placement of March 2023.

Litigation

The Gold Links mining contractor has commenced legal action against the Company's USA subsidiary for US\$850k, whilst the Company is claiming a similar amount pursuant to our rights under the mining contract.

As of March 31, the Company was still in litigation with PAC Partners.

JUNE QUARTER – PLANNED ACTIVITIES

During the June quarter, the Company intends to undertake the following activities:

Gold Links Gold Mine

- Completion of documentation for agreement with MW
- Completion of planned upgrade works at Lucky Strike mill
- Installation of ore sorting equipment at London

Colosseum Gold Mine

- Commence drilling depth extensions to 813,000oz Gold Mineral Resource
- Drill testing of high priority rare earth targets at Colosseum

This announcement has been authorised by the Board of Dateline Resources Limited.

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About Dateline Resources Limited

Dateline Resources Limited (ASX: DTR) is an Australian publicly listed company focused on gold mining and exploration in North America. The Company owns 100% of the Gold Links and Green Mountain Projects in Colorado, USA and 100% of the Colosseum Gold Mine in California.

The Gold Links Gold Mine is a historic high-grade gold mining project where over 150,000 ounces of gold was mined from high-grade veins. Mineralisation can be traced on surface and underground for almost 6km from the Northern to the Southern sections of the project.

The Company owns the Lucky Strike gold mill, located 50km from the Gold Links mine, within the Green Mountain Project. A toll treatment and joint venture agreement is currently being finalized to bring together the Gold Links mine and infrastructure with the London and Hock Hocking stockpiles, with resumption of gold production in the June quarter.

The Colosseum Gold Mine is located in the Walker Lane Trend in East San Bernardino County, California. On July 6, 2022, the Company announced to the ASX that the Colosseum Gold mine has a JORC-2012 compliant Mineral Resource estimate of 20.9Mt @ 1.2g/t Au for 813,000oz. Of the total Mineral Resource, 258koz @1.2g/t Au (32%) are classified as Measured, 322koz @1.2g/t Au (39%) as Indicated and 235koz @1.3g/t Au (29%) as Inferred.

The Colosseum is located less than 10km north of the Mountain Rare Earth mine. Work has commenced on identifying the source of the mantle derived rocks that are associated with carbonatites and are located at the Colosseum.

Competent Person Statement

Sample preparation and any exploration information in this announcement is based upon work reviewed by Mr Greg Hall who is a Chartered Professional of the Australasian Institute of Mining and Metallurgy (CP-IMM). Mr Hall has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to quality as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Hall is a Non-Executive Director of Dateline Resources Limited and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.