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Report for March Quarter 2020

23 April 2020

ASX Code: PUA, PUAOC

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## Pure Alumina targets growth in the gold sector

### Key Points

- A full review of the Hill End gold project is ongoing
- Updated JORC 2012 compliant Resource Statement for the Hargraves deposit is scheduled for release in early May
- A number of potential gold acquisitions have been reviewed; the search for value accretive acquisitions is ongoing
- An R & D refund for \$234,000 was received on 1<sup>st</sup> April

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### Corporate

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During the quarter, Pure Alumina Limited (Pure Alumina) continued its efforts on creating value for shareholders in the gold sector. This involves a two-pronged strategy based on a review of its Hill End gold project in NSW and the potential acquisition of new gold projects.

In addition to the work at Hill End, Pure Alumina has continued to review potential acquisitions to create additional value for shareholders. The projects were mainly in the gold sector and all were in Australia. While several quality projects were assessed, none of them were considered to be value accretive for Pure Alumina.

The impact of the Covid-19 virus on the operations of Pure Alumina has to date not been significant. All of our work at Hill End is being undertaken by contractors based in NSW, with regular communication via video link. It has impacted the process of reviewing projects; however this has been managed by using local experts where needed.

Due to the market conditions, Pure Alumina has taken the decision to conserve cash wherever possible. The board, management and all contractors have agreed to reduce



their fees / salary by 50% for the next 3 months, at which point the situation will be reviewed.

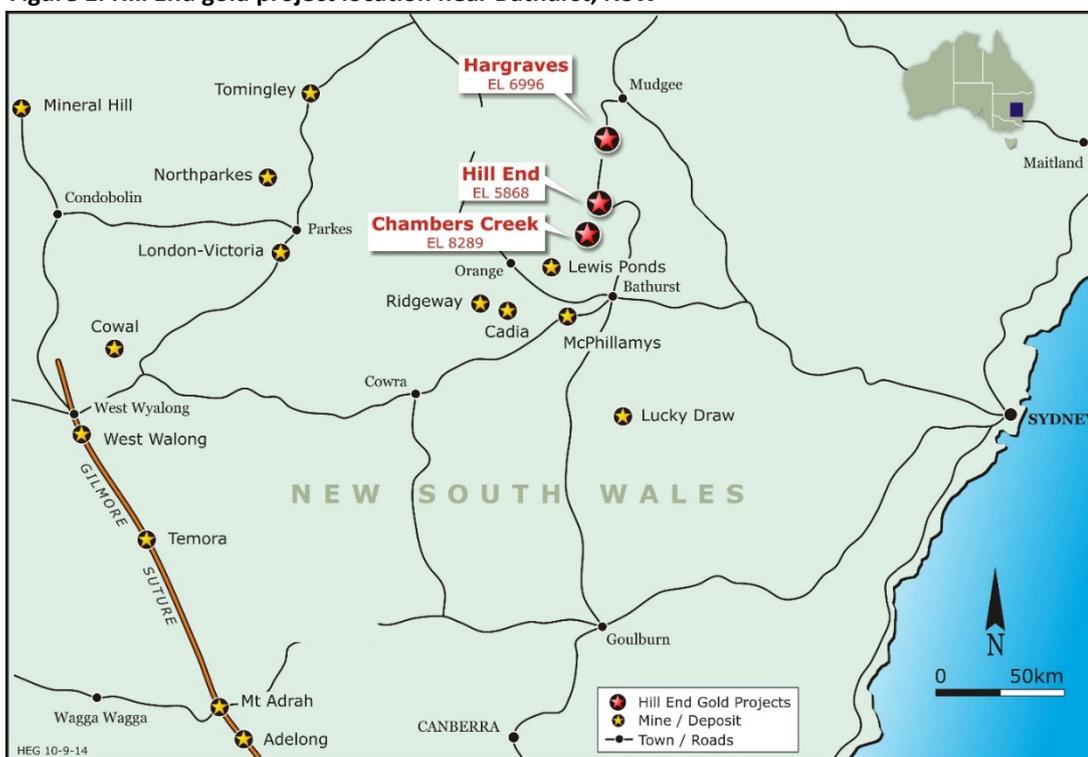
The Company received approximately \$234,000 as an R&D tax incentive payment on 1 April 2020, relating to activities in the 2018-2019 financial year.

## Hill End Gold Project

Hill End is the site of one of Australia's earliest gold rushes with more than 2 million ounces of gold estimated to have been mined historically. It is located in the gold rich Lachlan Fold Belt of central NSW. The gold is hosted in quartz veins and reefs.

Prior exploration by the company has delineated 3 zones of gold mineralisation at Hargraves, Red Hill and Hill End which included a substantial amount of drilling and related work required to estimate a resource and consider development options. A small gravity milling plant exists at Hill End. Exploration potential remains open along strike and at depth in all areas of mineralisation.

Figure 1: Hill End gold project location near Bathurst, NSW



During the quarter, several geotechnical and environmental studies were undertaken to ensure compliance with NSW regulatory requirements. The outcomes of these studies were positive for the safety of the waste stockpile and tailings storage facility at the Reward project. Discussions with the NSW Resource Regulator are scheduled for May to consider any work that may be required to further improve their safety.



## Planned Activities

Pure Alumina has initiated a detailed review of the Hill End gold project, with an initial focus on:

- Utilising existing information to generate a gold resource estimate at Hargraves that complies with current JORC 2012 reporting requirements. SRK Consulting are undertaking the resource estimate. They have advised that we will be receiving the final report in early May;
- Following the completion of the Hargraves gold resource estimate, the next steps will be decided to maximise value from the project. This may include an update of the economic studies and/or additional drilling to extend mineralisation along strike and improve confidence levels;
- The exploration potential of Hargraves and other prospective areas of the Hill End project will be reviewed with the aim of expanding the known gold deposits.

## Potential Acquisitions

In addition to the Hill End gold project, a search for additional, value creating, projects continued during the quarter. A review of a number of projects that are within the criteria sought by Pure Alumina is currently underway. The focus is on projects that meet the following:

- High priority exploration potential
- Known gold producing regions
- Good access to infrastructure

We have short listed several projects so far. While the projects meet the criteria outlined above, it has proved difficult to meet the valuation expectations, particularly with the recent movements in the equity markets. Discussions are ongoing on several projects and the search for additional opportunities continues.

## Payments to related parties included in Appendix 5B

The payments to related parties of Pure Alumina disclosed in item 6.1 of the Appendix 5B for the quarter were payments of directors' fees and salaries.

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## Yendon High Purity Alumina Project

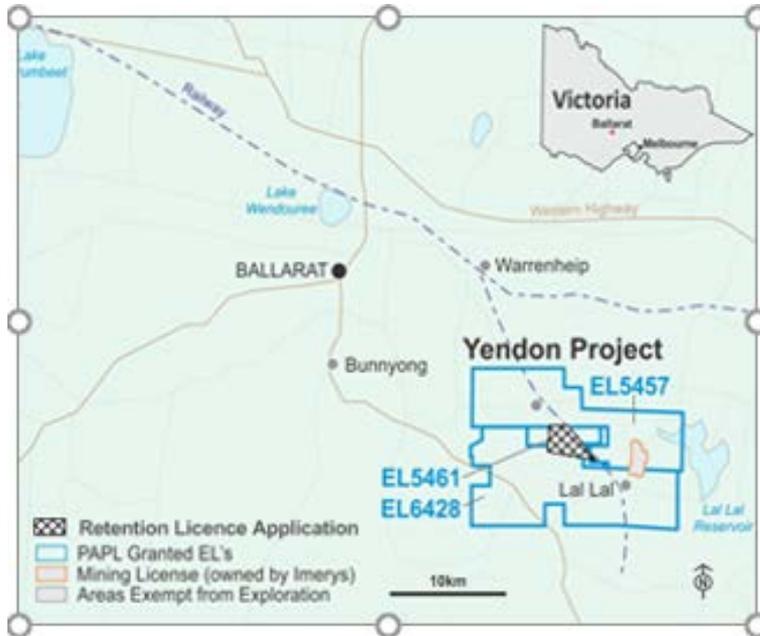
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The HPA Project tenements, Exploration Licences 5457, 5461 and 006428, are located at Yendon near Ballarat, Victoria, where kaolin mining and processing has occurred for decades. The Yendon kaolin resource is located on EL5457 and EL5461. Application for a retention license over the Yendon kaolin deposit has been made to the Victorian Mines Department.



The pre-feasibility study (PFS) of the Yendon high purity alumina (HPA) project was completed in June 2018 (ASX 14 June 2018), delivering robust technical and financial outcomes. However, as previously reported in the Company's quarterly activity reports (31 October 2019 and 30 January 2020), Pure Alumina's current strategy to focus on the gold sector will see the Yendon HPA project put on hold until market conditions improve.

**Figure 2: Yendon HPA project location near Ballarat, Victoria**



## Current Tenement Schedule

The table below contains details of tenements held by PUA and its controlled entities at the end of the quarter.

Project	Tenement	Grant / Application Date	Expiry Date	Area
Hill End (NSW)	Exploration Licence No 5868 (1992)	18/06/2001	renewal pending	16 units
Hill End (NSW)	Gold Lease No 5846 (1906)	15/02/1968	7/12/2024	2.044 hectares
Hill End (NSW)	Mining Lease No 1116 (1973)	28/03/1984	16/10/2024	15.71 hectares
Hill End (NSW)	Mining Lease No 1541 (1992)	17/10/2003	16/10/2024	279.20 hectares
Hill End (NSW)	Mining Lease No 315 (1973)	8/12/1976	7/12/2024	6.671 hectares
Hill End (NSW)	Mining Lease No 316 (1973)	8/12/1976	7/12/2024	8.846 hectares
Hill End (NSW)	Mining Lease No 317 (1973)	8/12/1976	7/12/2024	7.00 hectares
Hill End (NSW)	Mining Lease No 49 (1973)	30/07/1975	7/12/2024	1.618 hectares
Hill End (NSW)	Mining Lease No 50 (1973)	30/07/1975	7/12/2024	3.02 hectares
Hill End (NSW)	Mining Lease No 913 (1973)	20/01/1981	19/01/2023	22.00 hectares
Hill End (NSW)	Mining Lease No 914 (1973)	20/01/1981	19/01/2023	21.69 hectares
Hill End (NSW)	Mining Lease No 915 (1973)	4/02/1981	3/02/2023	13.27 hectares
Hargraves (NSW)	Exploration Licence No 6996 (1992)	21/12/2007	renewal pending	24 units



Chambers Creek (NSW)	Exploration Licence No 8289 (1992)	24/3/2014	20/08/2020	3 Units
Yendon (Vic)	Exploration Licence No 5457	10/09/2013	renewal pending	41 Graticules <sup>1</sup>
Yendon (Vic)	Exploration Licence No 5461	10/09/2016	9/09/2020	4 Graticules <sup>1</sup>
Yendon (Vic)	Exploration Licence No 6428	22/12/2017	21/12/2020	49 Graticules <sup>1</sup>
Yendon (Vic)	Retention Licence app No RL6734	27/07/2018	grant pending	225.2 hectares

Notes:

1 - A graticule is essentially 1 sq. km or part thereof

The release of this announcement was authorized by the Managing Director, Mr David Leavy, on behalf of the Board.

David Leavy  
Managing Director

**For further information, please contact:**

**David Leavy – Managing Director +61 3 9692 7222**



## Appendix 5B

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

Name of entity

PURE ALUMINA LIMITED
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ABN

74 072 692 365
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Quarter ended ("current quarter")

March 2020
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development		
(c) production		
(d) staff costs	(146)	(591)
(e) administration and corporate costs	(141)	(645)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other income	-	3
Polar transaction costs (non-recurrent costs)	-	(123)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(287)</b>	<b>(1,356)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)		
(e) investments		
(f) other non-current assets	-	(32)

## 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 ( 9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	290
	(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>258</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	Payment of lease liabilities	(7)	(21)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(7)</b>	<b>(21)</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	535	1,360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(287)	(1,356)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	258
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(21)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 9 months) \$A'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>241</b>	<b>241</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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	241	535
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>241</b>	<b>535</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

146

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

**7. Financing facilities**

*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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility  
amount at quarter  
end  
\$A'000**
**Amount drawn at  
quarter end  
\$A'000**
**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.

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(287)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(287)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	241
8.5	Unused finance facilities available at quarter end (Item 7.5)	
8.6	Total available funding (Item 8.4 + Item 8.5)	241
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>0.8</b>

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

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, Pure Alumina expects that, overall, it will continue to have the current level of net operating cash flows for the time being. Like most other junior explorers on the ASX, it will experience negative operating cash flows until it enters production. The Company notes however that it is taking steps to reduce its operating cash expenditure to reduce operating cash outflows in the short term. In addition, it received approximately \$234,000 as an R&D tax incentive receipt in April 2020.

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:

Pure Alumina has alternatives to raise further cash to fund its operations and will take those steps as and when appropriate. These include the potential for equity raisings to fund additional exploration or development of the Company's gold tenements, or to fund the acquisition of suitable gold project acquisitions. Given the Company's supportive shareholder base and historical ability to raise capital, and the continued strength of the market price for gold, the Company is confident of successfully raising further funds if and when required.

The Company also retains full placement capacity under ASX Listing Rules 7.1 and 7.1A.

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, the Company expects to be able to continue its operations and meet its business objectives on the basis that it expects to be able to secure funding as described in the answer to Question 2 above.

## 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.

23 April 2020

Date: .....

Board of Directors

Authorised by: .....  
(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.