

ASX ANNOUNCEMENT

ASX: ENV

29th April 2022



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QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 MARCH 2022

HIGHLIGHTS

- **Additional funding secured to continue rare earth project study testwork**
- **Interim resource model completed by SRK consultants Perth**
- **Commitment to return to Cattle Creek for drilling bulk samples for metallurgical test work:**
 - **“proof of concept” gravity separation validation test work**
 - **saprolite fines beneficiation and follow up leach extraction validation test work**

CORPORATE

Enova Mining Limited (“Enova”, “the Company”) is focused on the development of the Charley Creek rare earth project located in central Northern Territory, Australia.

FINANCE

On 31st March 2022, Enova advised that an additional loan arrangement amounting to \$100,000 was entered into with EMMCO Sdn. Bhd. (a Malaysian incorporated company).

These funds will be used to support the cost of the rare earth project study work currently being undertaken by independent consultants and further metallurgical test work from the Cattle Creek area, plus on-going company operational expenses. The loan is unsecured with interest of 15% per annum and a maturity date of 30th September 2022.

The Board will seek settlement of all loan debt by conversion to shares, subject to shareholder approval at the next AGM to be held on 26th May 2022 .

The current standing of all loans by the Company calculated to 27th May 2022, as disclosed in the AGM notice, is tabled as follows:

critical metals for a sustainable future

Loan Commencement Date	Principal Loan Amounts AUD	Matured Loan Amounts with Interest, as of 27 th May 2022 AUD	Flat Interest Rate per year or pro-rata thereof	Loan Interest as of 27 th May 2022 AUD	Due Date
08 th Oct 2020	50,000	63,352	15% p.a.	13,352	08 th Aug 2022
19 th Oct 2020	50,000	63,071	15% p.a.	13,071	19 th Aug 2022
12 th April 2021	100,000	117,700	15% p.a.	17,700	12 th Oct 2022
26 th July 2021	100,000	112,910	15% p.a.	12,910	26 th July 2022
22 nd Oct 2021	50,000	54,513	15% p.a.	4,513	22 nd Oct 2022
31 st Mar 2022	100,000	102,342	15% p.a.	2,342	30 th Sept 2022
Totals	450,000	513,889		63,889	

Enova Director, Mr Harun Halim Rasip, is a Director and Shareholder of EMMCO.

The Company and its Board closely monitor and manage its treasury to ensure adequate funds for metallurgical test work and other expense commitments are in place.

PROJECT DEVELOPMENTS

Background

Following the 2019 drilling campaign at Cattle Creek, the Company identified new zones of mineralization and target metals for extraction. Enova also investigated new process techniques for the economic extraction of metals from different rock types. The original Scoping Study completed in 2013 targeted upper horizons of alluvial sands containing valuable heavy minerals, amenable to the low-cost gravity separation for the recovery of concentrate bearing rare earth minerals (monazite and xenotime) and industrial minerals (ilmenite, rutile and zircon). Below the alluvial horizons are saprolite/sands/clays that can be significantly concentrated by recovering fine size fractions to produce high-grade concentrates of scandium, aluminum and rare earth metals. In 2020, Enova commenced acid leach test work of the saprolite/clays. By late 2021, test work had successfully lowered acid consumption to levels that would be economically viable to leach this material. Larger scale test work is required to validate both concepts. A combination of gravity heavy mineral separation and leach processing operations at Cattle Creek address the extraction of a broad spectrum of rare earth minerals, scandium, aluminum and other metals from different rock-types in the same area.

Strategic Direction

The Board is re-assessing its development strategy based on new information gained during the March 2022 quarter. The Project Activity section of this report provides information pertinent to this decision process.

Two mineral processing options are possible for Cattle Creek: gravity separation of alluvial sands or leach treatment of saprolite/clays. The project value is maximized by hosting both process options. Beside increasing the quantity and variety of saleable products, significant operational cost savings are possible with both processes

incorporated in a unified operation:

- an alluvial processing operation removes overburden to exposes saprolite for the leaching operation,
- alluvial and saprolite mining operations can be concurrent, sharing an equipment fleet, supervision and management costs,
- the leach process circuit requires low-cost sulphuric acid. An acid plant located at the mine will generate abundant acid, heat and power, enough power for the mine site, screening and leach operations but also enough for gravity separation plant and tailings disposal system,
- trucks transporting sulphur to site can backhaul bulk products such as industrial metal concentrates, alumina to port, thereby eliminating the transport costs for lower value bulk products, and
- economies of scale lower unit costs of overheads and services through sharing.

To assess and validate these process methods large-scale bulk testing is required. Enova's board have decided to drill several large diameter holes at Cattle Creek to recover bulk samples sufficient for metallurgical test work. This is particularly important for the gravity separation test programme. The objective is to complete a "proof of concept" programme. This work is normally needed for the next stage of studies. Bringing these tests forward advances the project beyond the requirements for Reasonable Prospects of Eventual Economic Extraction (RPEEE), as required for resource reporting.

Saprolite samples will also be recovered from the drilling programme. These samples will be used for large scale beneficiation tests focusing on metal recovery in the fine size fractions. These upgraded samples will provide surplus quantities of samples needed for tests to validate previous leach tests completed in late 2021. New tests will also investigate the separation of metals in leach solution.

The estimated cost of this work, consultant reporting and completion of the resource estimate requirements will require funding of approximately \pm \$450,000. This budget estimate will be revised when the scope of work and quotations for services are firmed. Enova is considering its options, including low-overhead cost funding, such as a shareholder purchase plan.

PROJECT ACTIVITY

During the March 2022 quarter, SRK Consultants completed an interim orebody block model for the Cattle Creek area. Enova is unable to announce resource estimates regarding this model until the process plant concept is finalized. A significant new finding from the modelling work was the higher-than-expected tenure of aluminum oxide which closely correlates with the scandium. Based on prior laboratory acid leach test work, which focused on scandium and rare earths, aluminum could also be potentially recovered as a high purity alumina by-product.

A technical assessment of the project metallurgical test work, by an independent

expert, was completed during the March quarter. The assessment identified variability and inconsistency between some key gravity separation and leaching test results which have significant impact on any scaled-up process concept.

Specifically, gravity separation tests completed in 2012 and 2016 are not consistent with the two tests completed in 2020 using drill samples from the 2019 drill programme. The size and quality of samples used in the 2020 tests are the suspected causes for these discrepancies. Fresh alluvium bulk samples are needed to complete larger scale validation tests (+5 tonne test sample) for the gravity separation circuit. Testing will also investigate improved recovery by light grinding of the gangue. Large scale testing is required to establish steady state circuit conditions and ensure a representative sample of the orebody is tested. This will unequivocally confirm the gravity separation parameters and allow our current Scoping Study (updated in 2018) to be updated. Significant quantities of concentrate can be generated for magnetic separation analysis, mineral quality assessment and solvent extraction tests to separate rare earth metals.

Regarding the saprolite/clay material, early leach test work undertaken in 2020 were “sighter tests”, necessary to understand the beneficiation and leach test character of saprolite/clay. Size beneficiation was not optimized for subsequent leach test work. Leach test work matured over an 18-month period through trial and error. The leaching conditions used in the last three tests (test #14,15,16 in August 2021) are considered practically feasible. These tests need to be repeated using fines from beneficiation. To date, fines from beneficiation tests have provided a range of product mass and upgrade results. The variance may be due to different test procedures, different material types and particle sizes and small samples. To validate the beneficiation parameters, larger scale sample tests are required. Repeat acid leach tests must be conducted using optimized size product from these scaled beneficiation tests. Other control work will be explored such as leach feed grinding, resin-in-leach and pH stabilisation. There will also be an opportunity to trial a few alkali lixiviants which are more specific to scandium and aluminum.

Enova is currently planning the drill sampling programme. Enova is obtaining advice from several expert service providers who are helping to outline the scope of test work. Enova expects to confirm quotations by May 2022.

This work will form the basis of the support work for the JORC 2012 RPEEE requirements to complete the resource estimate for publication. Enova recognizes that repeating metallurgical test work delays the project schedule. The Company expects to issue a resource statement announcement during the third quarter of 2022. This test work is necessary for project confidence, as it will improve our design estimates and allow further project potential to be realised. This work reduces the test work expected for the Pre-Feasibility Study stage.

TENEMENTS

There has been no change in tenement holdings since the March 2020 quarter and no tenement reductions are planned in 2022. Enova's tenement holdings are provided in the following table:

Tenement Holdings (period ending March 2022)

Tenement	Name / Location	Group	Owner	AREA (Sub-blocks)	AREA (Km2)
EL 24281	Charley Creek	GR086 Charley Creek 1	CNPL 100%	37	116.60
EL 25230	Cockroach Dam	GR086 Charley Creek 1	CNPL 100%	102	289.00
EL 27358	Hamilton Downs	GR086 Charley Creek 1	CNPL 100%	8	25.17
EL 31947	Cloughs Dam	GR086 Charley Creek 1	CNPL 100%	20	59.57
		Charley Creek 1		167	490.34
EL 28434	Hamilton Homestead	GR339 Charley Creek 2	CNPL 56.28% / EMR 43.72%	4	12.08
EL 29789	Mulga Bore	GR339 Charley Creek 2	CNPL 56.28% / EMR 43.72%	4	12.61
		Charley Creek 2		8	24.69
		TOTAL OF ALL TENEMENTS		175	515.03

Crossland Nickel Pty Ltd (CNPL) - Wholly owned by Enova
Essential Mining Resources Pty. Ltd. (EMR) - Wholly owned by Enova

Enova's Future

The strategic value of the Charley Creek project to the Northern Territory and Australia is unrecognized. Enova is working to substantiate this value by validating its mineral resources and establishing technical support proving economic extraction of these minerals. During 2022, Enova plans to solidify the process treatment plant concept so the resource potential of Cattle Creek can be announced. Our proposed work programme, to obtain bulk samples for metallurgic testing, will allow Enova to move forward to the next stage of development. Large scale "proof of concept" gravity separation testing is a major commitment, but it will validate and de-risk the gravity separation project. At the same time, large scale beneficiation test work of the saprolite/clay will provide confidence of the expected upgrading parameters and provide sample to validate the leaching process.

Further information about Enova is available at our website www.enovamining.com.

The market will be kept apprised of developments, as required under ASX Listing Rules and in accord with continuous disclosure requirements.

Approved for release by the Board of Enova Mining Limited

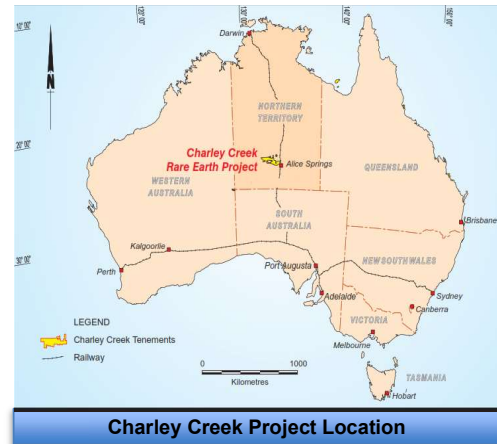
A handwritten signature in black ink, appearing to read 'Eric Vesel', with a stylized flourish at the end.

Eric Vesel,
CEO/ Executive Director.
Enova Mining Limited

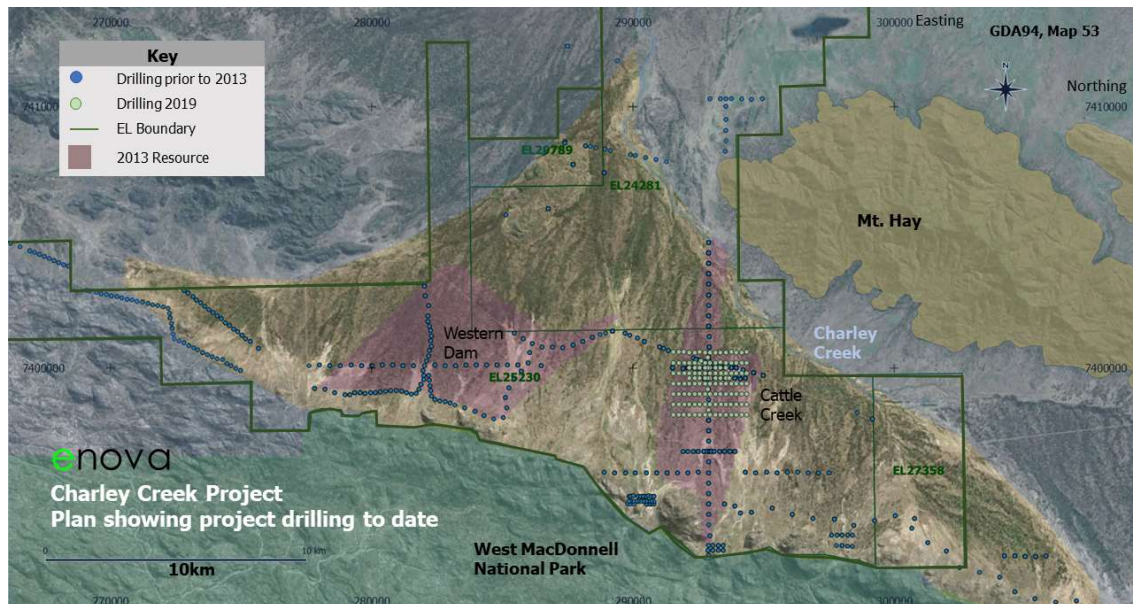
Contact details:
eric@enovamining.com

About the Charley Creek Project

The Charley Creek project located 110 km W-NW of Alice Springs in the central Northern Territory, Australia is fully owned by Enova Mining Limited (Enova). Enova is working to re-establish our resource statement and scoping study for the Charley Creek region completed in April 2013. The region is well positioned with close access to the services of Alice Springs and on a property of few encumbrances. Conditions are ideal for low-cost mining, situated in low-lying topography with dry free-dig mining material. Enova's vision is to host sustainable mining operations of low environmental impact. Several areas of mineralization are identified with mining potential, as defined by our [Resource and Scoping Study announcement of April 2013](#). Please click the link to view the study.



Since this study, Enova has refined this work by identifying operational improvements and technological advances to benefit the project. Based on expert resource advice, increased drill coverage is needed for an updated resource to comply with JORC 2012 reporting requirements. In 2019, a 139-hole air-core drilling programme, totaling 3,680 lineal metres was completed at Cattle Creek. Work focused on delineating orebodies within an area of 10 sq.km. This drilling intersected concentrations of minerals below the alluvial coverage which are of economic interest. Our objective is to establish Cattle Creek as our flagship project, as a template for other near-by projects or expansion opportunities within Charley Creek. Cattle Creek is just one of several areas within the Charley Creek alluvial outflow area. The project site plan below illustrates the breadth of areas previously reported as resources at Charley Creek in 2013 (coloured pink) in comparison to our more recent drilling at Cattle Creek.



The 2019 drilling provides a much higher resolution of information, as a result identifying several new domains of mineralization (in alluvial and weathered in-situ rock types) with concentrations of rare earths, scandium, aluminum and other industrial metals. Using samples from the drilling, extensive metallurgical laboratory test-work was undertaken during 2020/2021 to investigate methods of metal extraction. Two industry standard process techniques were investigated appropriate to each type of mineralisation:

1. size beneficiation of alluvial sands followed by gravity separation for heavy mineral concentration, and
2. size beneficiation of the weathered rock/clay, below the alluvial coverage, followed by acid leach.

Our project concept has evolved from using gravity separation (spiral separators) targeting lower value rare earth minerals concentrates, such as monazite/xenotime to also extracting higher value processed rare earth products and other metals below the alluvium horizon. In 2021, Enova established beneficiation and leaching techniques for the extraction of rare earth, scandium and other metal by-products. In 2022, Enova will finalise both the alluvial and leach process streams, by using further large scale laboratory tests to validate earlier tests which will allow a commercial process to be defined. Our targeted final products are high-purity rare earth oxide product groups, scandium oxide and alumina (HPA). Several other industrial mineral by-products which may also be recoverable but at this stage it not the focus of our project model.

At the completion of this treatment process technical work, Enova will be able to complete the Reasonable Prospects of Eventual Economic Extraction (RPEEE) as required for JORC 2012 compliant resource reporting. A resource report release is expected in late 2022.

Disclaimer

This ASX announcement (Announcement) has been prepared by Enova Mining Limited ("Enova" or "the Company"). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this Announcement.

This Announcement contains summary information about Enova, its subsidiaries, and their activities, which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Enova.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Enova's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are many risks, both specific to Enova and of a general nature which may affect the future operating and financial performance of Enova and the value of an investment in Enova including but not limited to economic conditions, stock market fluctuations, commodity price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Enova and its projects, are forward-looking statements that: may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Enova, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Enova disclaims any intent or obligation to update publicly any forward-looking statements, whether because of new information, future events, or results or otherwise. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements. All forward-looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. No verification: although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement has not been independently verified

Appendix 5B

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

Enova Mining Limited

ABN	Quarter ended ("current quarter")
64 087 595 980	31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(36)	(36)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(16)	(16)
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 (GST & Workers Compensation Insurance Refund)	2	2
1.9 Net cash from / (used in) operating activities	(50)	(50)

2. Cash flows from investing activities		
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		

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)		
2.6	Net cash from / (used in) investing activities		

3.	Cash flows from financing activities		
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	100	100
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)		
3.10	Net cash from / (used in) financing activities	100	100

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	63	63
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(50)	(50)
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)	100	100

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	Cash and cash equivalents at end of period	113	113

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	113	63
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	113	63

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	NIL
6.2	Aggregate amount of payments to related parties and their associates included in item 2	NIL

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.

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

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	450	450
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities	450	450
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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.</p> <p>New Loan was received on 31st Mar 2022 from EMMCO Mining Sdn Bhd (EMMCO) of AUD\$100,000 maturing on 30th September 2022</p> <p>As of 31st Mar 2022, six loans provided by EMMCO total AUD\$450,000 (Principal only) plus accrued interest of AUD\$52,275.40. Each loan having a maturity date of 8th Apr.2022, 19th Apr.2022, 12th Apr.2022, 26th Jul.2022 and 22nd Apr. 2022 respectively.</p> <p>All loans are six-month term with interest charges at 15%pa.</p> <p>The Board will seek settlement of all loan debt by conversion to shares, subject to shareholder approval at the next AGM to be held on the 26th May 2022</p> <p>EMMCO is an associated with Director, Mr Harun Halim Rasip.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(50)
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)	(50)
8.4	Cash and cash equivalents at quarter end (item 4.6)	113
8.5	Unused finance facilities available at quarter end (item 7.5)	
8.6	Total available funding (item 8.4 + item 8.5)	113
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.26
	<p><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></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer:</p>	

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:

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:

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

By the Disclosure Committee for the Board of Directors of Enova Mining Limited

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.