

ASX: ANX

27 OCTOBER 2021

SEPTEMBER 2021 QUARTERLY ACTIVITIES REPORT

Anax Metals Limited - acquiring and developing advanced mineral projects through the integration of ore-sorting technology

Quarter Highlights

- ▲ Scoping Study demonstrates outstanding value at Whim Creek with free cashflow of \$196M**4
- ▲ Scoping Study confirms Anax's development strategy will deliver significant environmental and sustainability benefits⁴
- ▲ Further feasibility studies underway⁴
- ▲ Anax completed the final earn-in milestone to secure its interest in the Whim Creek Project⁵
- ▲ Soil sampling exploration generated significant platinum and nickel-cobalt anomalies as well as new gold anomalies in the Whim Creek Greenstone Belt⁶
- ▲ Near-mine base metals targets defined¹

* Reported on a 100% Project Basis. Anax has an 80% interest in the project and will contribute 80% of costs and receive 80% of financial outcomes. Base Case (medium-term) price assumptions: \$8,550/t Cu; \$2,300/t Zn, \$2,100/t Pb, \$25/oz Ag, \$1,750/oz Au, US\$1.00 = AU\$0.73

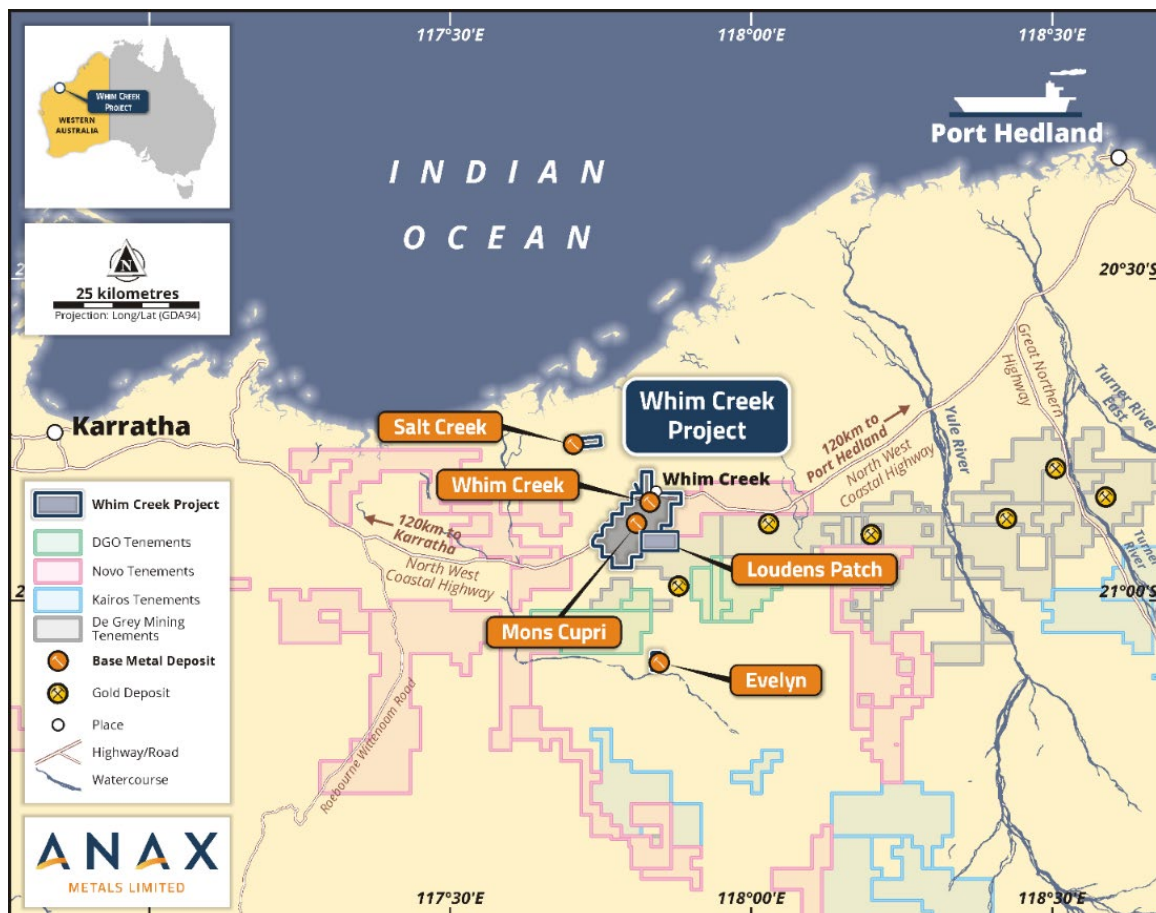


Figure 1: Whim Creek Project Location in the Pilbara region of Western Australia

Whim Creek Project Joint Venture (ANX 80% - VXR 20%)

During the Quarter, Anax Metals Limited (ASX: **ANX**, Anax, or the Company) has continued to take the Whim Creek Project forward in multiple directions, as follows:

Scoping Study

Following on from the definition of a JORC 2012 compliant Mineral Resource for the Whim Creek deposit⁹, Anax has completed the initial Scoping Study for the Whim Creek Project, defining a **Production Target of 3.55Mt** at an average grade of **1.20% Cu and 2.34% Zn*** from Measured and Indicated Resources⁴. With a mine life of 5 to 7 years, production will consist of **33,200t copper, 62,400t zinc, 17,800t lead, 1.6Moz silver and 9,900oz gold**.

The value of the project is demonstrated by the financial metrics (reported on a 100% basis*)⁴

- **Free cashflow of \$196M**
- Pre-production capital cost estimate of \$52M
- Internal rate of return of 77%
- **Net present value of \$163M**

** Reported on a 100% Project Basis. Anax has an 80% interest in the project and will contribute 80% of costs and receive 80% of financial outcomes. Base Case (medium-term) price assumptions: \$8,550/t Cu; \$2,300/t Zn, \$2,100/t Pb, \$25/oz Ag, \$1,750/oz Au, US\$1.00 = AU\$0.73⁴*

Feasibility Study Progress

The Scoping Study included the results of initial ore sorting test work, gravity, comminution and flotation test work and initial bioleach potential, as well as the potential for onsite processing.

Further feasibility work is ongoing, including the definition of a JORC 2012 Mineral Resource for the high-grade Evelyn deposit, pit optimisations and further heap leach investigations, expected to provide significant additional upside.

Earn-in Milestone

Anax has completed the final earn-in milestone in relation to its joint venture agreement with **Develop Global** (formerly (Venturex Resources) by exceeding **\$4M of Additional Minimum Expenditure**⁵. This ensures Anax's interest in the Whim Creek Project just 13 months after executing the EJVA transaction. Expenditure included preparation of a mining proposal, exploration programmes and site improvement works under the Environmental Protection Notice (EPN)⁵.

EPN Progress

Anax continues to work closely with the Department of Water and Environmental Regulation (DWER) to meet the milestones defined in the EPN of July 2019. These milestones relate to heap leach infrastructure refurbishment and testing. Anax intends to refurbish the infrastructure to meet current DWER licencing requirements and ensure that the heap leach infrastructure can play a part in future project development and processing objectives. For example, ore sorting would produce a "middlings" grade ore ideal for processing on a heap leach using innovative bioleach technology, currently being tested at feasibility level.

Exploration

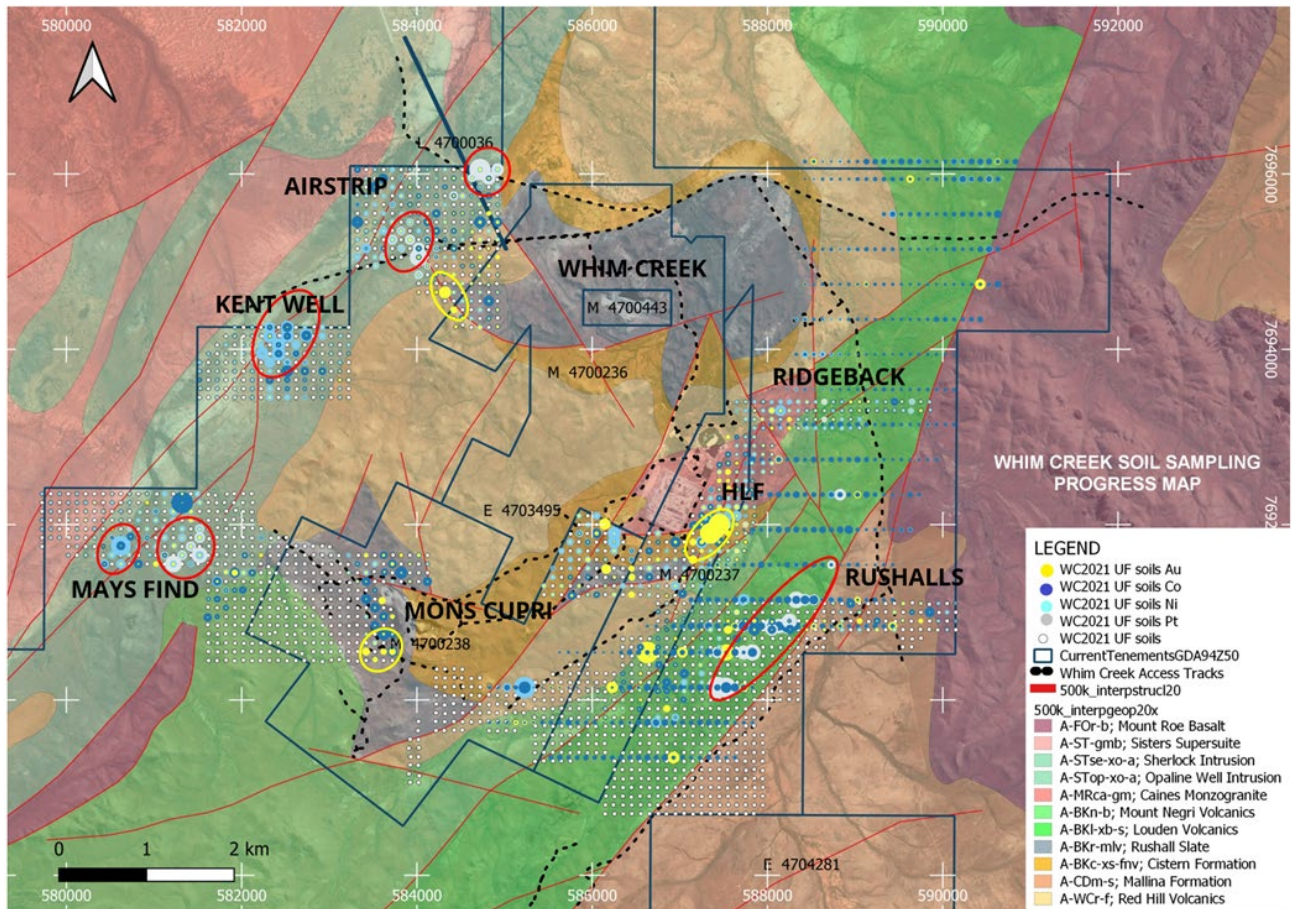


Figure 2: GSWA 2020 Geology, Major Structures and UltraFine+™ Geochemical Soil Anomalies at Whim Creek Project⁶

The 2021 regional soil sampling programme was concluded during the quarter with significant results generated by the UltraFine+™ analysis technique at LabWest. Further results are pending.

The UltraFine+™ method separates the clay portion of the soil for analysis. This generates a broad suite of elements with cohesive anomalies and less ‘spiky’ results than standard soil sample analysis techniques. The technique was developed to detect gold mineralisation under cover but has been found to be equally effective for base metals. The method is used extensively across the Pilbara Region where gold exploration is booming since De Grey’s Hemi discovery.

Early results from the Kent Well Prospect have generated a **cohesive nickel-cobalt anomaly** as well as three separate **platinum anomalies** - two along strike to the north at Airstrip Prospect and one to the south at Mays Find, all associated with Archean-age layered mafic intrusives of the Whim Creek Greenstone Belt. The Sherlock and Opaline Well intrusives are known to be mineralised for both PGEs and nickel elsewhere in the Pilbara. To the south east, the Rushalls Prospect platinum anomaly stretches over 2km with extensions likely to the northeast and southwest. Follow-up work has commenced with rock chip sampling and geophysical surveys are planned during Q4, 2021, to determine the potential for drilling⁶.

The Whim Creek JORC 2012 Mineral Resource definition⁹ highlighted targets for near-mine exploration. Historical data review and recent soil sampling has since confirmed **Manhattan** and

Federal City prospects, both within a 1km radius of Whim Creek Open Pit, as near-mine base metals targets warranting further investigation¹. A **3D structural model** of the Whim Creek Project was conducted during the quarter¹, and this supports the suitability of these near mine targets, as well as highlighting the **Croydon** prospect, which was historically drilled with inconclusive results. Similarly, near-mine targets in the vicinity of Mons Cupri Resource have been defined including **Comstock Hill, Quartz Ridge and Mons Cupri Southwest** – a +200m deep target. Further review of historical drilling in relation to the 3D model will determine data gaps and potential for further drilling¹.

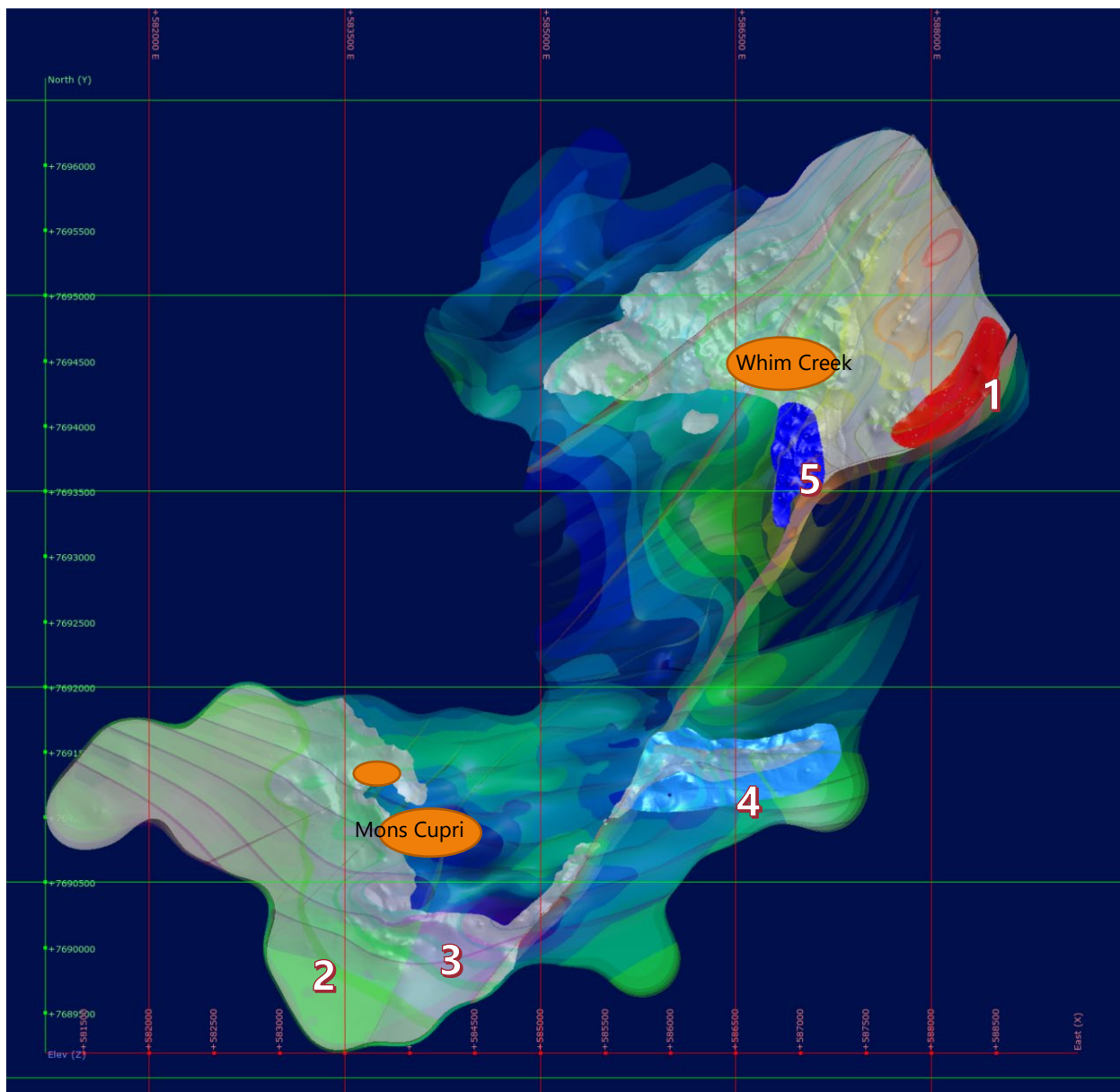


Figure 3: 3D structural Model of Whim Creek Project. Grey areas define geology prospective for VMS style deposits. Transverse faults trend NE. Blue-green layers illustrate bedding crosscut by foliation. Prospective targets are numbered 1 to 5.

1. Croydon Prospect, 2. Mons Cupri SW, 3. Mons Cupri South, 4. Quartz Ridge, 5. Whim Creek South

Anax's 100%-Owned Exploration Tenure

Loudens Patch tenement (E47/4281), located adjacent to the Whim Creek Project, secures Mallina Basin sediments, formerly held by De Grey, where UltraFine+™ gridded soil sampling over gold-prospective structures was completed during the quarter and results are pending. Historical geochemistry had generated low level gold anomalism, field investigation of which confirmed quartz-limonite outcrop over 100m along a ridge. Rock chip sampling was conducted for which results are awaited.

Mount Short tenement (E74/651) – Located near Ravensthorpe and securing a section of historically drilled Bandalup ultramafics and Chester metasediments of the Younami Archean Terrane, the Mount Short tenement is prospective for base metal massive sulphides and VMS style deposits, as well as gold and lithium-pegmatites, as demonstrated across neighbouring tenure. Field investigation of identified structures will commence in Q4 2021, and Anax continues to consider potential JV partnerships in order to develop this project.

Advanced Project Procurement Plan

The Company is focussed on expanding its project portfolio via its strategy to acquire, develop and monetise assets that are amenable to the integration of smart ore sorting technology. The binding Anglo American Royalty, Project Funding and Offtake transaction is a key step in this process⁸. Commodity marketing advisory company, Conrad Partners, helped to facilitate the agreement and continues to be a key advisor to Anax³. Anax is systematically delivering on this strategy with its ongoing project review to procurement and collaboration with the strategic partnerships established to date.

Compliance

For the purpose of Listing Rule 5.3.1, during the quarter, the Company spent \$1,640,276 on its exploration, site upgrade and feasibility activities, of which \$1,635,880 related to the Whim Creek project. This comprised \$573,975 on site upgrade and remediation work; \$438,418 on feasibility studies; \$257,977 on site maintenance and \$199,245 Heritage and tenure.

For the purpose of Listing Rule 5.3.2, the Company confirms that there were no mining production and development activities during the quarter by the Company or its subsidiaries.

Pursuant to Listing Rule 5.3.4, the Company provides the following comparison of its actual group expenditure on the individual items in the "use of funds" statement in its Prospectus since the date of its admission to ASX's official list against the estimated expenditure on those items in the "use of funds" statement in the prospectus and an explanation of any material variances¹¹.

Table 1: Use of Funds

Use of Funds	Estimate for the first year after ASX admission (as per Prospectus) ¹¹	Actual Use September 2021 Quarter (Cumulative)	Variance Under/(Over)
Feasibility studies	1,500,000	1,728,966	(228,966)
Environmental and site improvements	2,218,000	1,827,751	390,249
Exploration, heritage and tenure	548,000	360,154	187,846
Site management	955,000	1,164,257	(209,257)
Earnin and Joint Venture Agreement (deposit and stamp duty payments)	550,000*	0*	550,000*
Working capital	1,687,677	1,620,050	67,627
Estimated expenses of the Offers	290,879	139,905	150,974
TOTAL	7,749,556	6,841,083	908,473

*Note \$150,000 was paid in respect of this total prior to the company's re-quotation and commencement of the reporting period.

For the purpose of Listing Rule 5.3.5, the Company confirms payments to related parties of the Company and their associates during the quarter totalled \$250,013 plus \$22,159 GST. \$108,120 of this relates to Directors fees (inclusive of \$8,063 GST and \$1,766 statutory superannuation); \$9,900 (including \$900 GST) was paid to Holihox Pty Ltd (a related party of Mr Phillip Jackson) for legal consulting; \$120,818 (including \$10,983 GST) was paid to Nexus Bonum Pty Ltd (a related party of Geoff Laing) for technical consulting fees; and \$34,234 (including \$3,112 GST) was paid to Grange Consulting Pty Ltd (a related party of Phil Warren) for company secretarial and corporate advisory services. These amounts are included at Item 6 of the Appendix 5B.

Table 2: Performance Rights

Tranche	No of Performance Rights	Vesting Condition to convert into one share in the Company per Performance Right	Expiry Date	Vested (Yes/No)	Comment
Class A*	6,000,000	The 20-day VWAP of the Company's Shares reaching 150% of the Public Offer Price (being \$0.045) prior to the Expiry Date	2 years from grant date	Yes	The vesting condition was met on 22 January 2021
Class B*	4,800,000	The 20-day VWAP of the Company's Shares reaching 300% of the Public Offer Price (being \$0.090) prior to the Expiry Date	2 years from grant date	Yes	The vesting condition was met on 15 June 2021

Tranche	No of Performance Rights	Vesting Condition to convert into one share in the Company per Performance Right	Expiry Date	Vested (Yes/No)	Comment
Class C	4,500,000	The 20-day VWAP of the Company's Shares reaching 450% of the Public Offer Price (being \$0.135) prior to the Expiry Date	2 years from grant date	No	Nil
TOTAL	15,300,000				

*The Class A and Class B Performance Rights are now able to be converted into Anax shares at the holder's election, prior to their expiry, as per their terms.

Corporate

Anax's cash at bank at 30 September 2021 was \$6.4 million.

Anax's corporate investments and market valuations, as at 30 Sept 2021 (closing prices), are summarised below.

Table 3: Anax Metals Group Investments as of 30 September 2021

Investment	Code	Type	Number	Unit Value	Total value
Predictive Discovery Limited	PDI	Shares - Listed	13,967,125	\$0.16	\$2,234,740
Xantippe Resources Limited	XTC	Shares - Listed	171,295,270	\$0.002	\$342,591
Desert Metals Limited	DM1	Shares - Listed	25,000	\$0.390	\$9,750
TOTAL					\$2,587,081

The Company confirms it sold 13,250,000 shares in PDI during the quarter, recording proceeds from the disposal of investments of \$1.89m.

This Quarterly Report is authorised for release by the board.

For further details please contact:

info@anaxmetals.com.au

-ENDS-

Competent Persons' Statement

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Ms Wendy Beets. Ms Beets is a full-time employee and shareholder of Anax Metals Ltd and member of the Australian Institute of Geoscientists. Ms Beets has sufficient experience of relevance to the style of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Beets consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for the Whim Creek Deposit is based on and fairly represents information compiled by Mr Andrew McDonald (an employee and shareholder of Anax Metals Ltd) and Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd). Mr McDonald is a member of the Australian Institute of Geoscientists and Mr Barnes is a member of both the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr McDonald and Mr Barnes have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr McDonald is the Competent Person for the database (including all drilling information and mined depletion), the geological and mineralisation models plus completed the site visits. Mr Barnes is the Competent Person for the geological and mineralisation models, construction of the 3-D model plus the estimation. Mr McDonald and Mr Barnes consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

References

The information provided in this report was summarized from the following Announcements:

1. Large Near Mine Base Metals Targets at Whim Creek Project, 4 October 2021
2. Annual Report to Shareholders, 27 September 2021
3. Presentation – Developing a Sustainable Copper Project, 1 September 2021
4. Whim Creek Scoping Study Demonstrates Outstanding Value, 30 August 2021
5. Completion of Additional Minimum Expenditure at Whim Creek, 16 August 2021
6. Anax Defines Extensive Platinum, Nickel-Cobalt and Gold Anomalies at Whim Creek, 27 July 2021
7. Quarterly Activities and Cashflow Report, 29 July 2021
8. Anax Signs Whim Creek Royalty Agreement with Anglo American, 4 June 2021
9. Whim Creek Project Copper Tonnes Increase by 37%, 25 May 2021
10. 80% Earn-In at Whim Creek Project Complete, 15 January 2021
11. Re-compliance Prospectus, 18 September 2020

JORC (2012) Mineral Resource estimates for the Whim Creek Project referenced in this report are set out in the Company's Re-compliance Prospectus dated 18 September 2020 ¹¹ and Anax's announcement to the ASX of 25 May 2021 ⁹. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcements.

Appendix 1

In accordance with Listing Rule 5.3.3. Anax provides the following information in relation to its mining tenements.

1. Tenements held at the end of the Quarter and their location:

Project	Tenement Number	Status	Location	Beneficial Percentage Interest
Mount Short	E74/651	Live	Phillips River Mineral Field	100%
Loudens Patch	E47/4281	Live	Pilbara	100%
Whim Creek	L47/0036	Live	Pilbara	80%
Whim Creek	M 47/236	Live	Pilbara	80%
Whim Creek	M 47/237	Live	Pilbara	80%
Whim Creek	M 47/238	Live	Pilbara	80%
Whim Creek	M 47/323	Live	Pilbara	80%
Whim Creek	M 47/324	Live	Pilbara	80%
Whim Creek	M 47/443	Live	Pilbara	80%
Whim Creek	E 47/3495	Live	Pilbara	80%
Liberty Indee	M 47/1455	Live	Pilbara	80%

2. Tenements acquired during the Quarter and their location: None

3. Tenements disposed of during the Quarter and their location: N/A

Appendix 5B

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

Name of entity

ANAX METALS LIMITED

ABN

46 106 304 787

Quarter ended ("current quarter")

30 SEPTEMBER 2021

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	(5)	(5)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(381)	(381)
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 (provide details if material)	(33)	(33)
1.9 Net cash from / (used in) operating activities	(419)	(419)

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	(1,636)	(1,636)
(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	1,890	1,890
	(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) ¹	(135)	(135)
2.6	Net cash from / (used in) investing activities	119	119

¹Success fee paid on sale of royalty in prior quarter.

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,701	6,701
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(419)	419)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	119	119
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	3	3
4.6	Cash and cash equivalents at end of period	6,404	6,404

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	5,215	5,215
5.2	Call deposits	1,125	1,125
5.3	Bank overdrafts	-	-
5.4	Other (Credit card and Office lease bond)	64	64
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,404	6,404

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	250
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Item 6.1 includes directors' fees, salaries and superannuation of \$100,057 (net of GST) and a further \$149,957 (net of GST) in consulting fees to related entities. Total GST on these amounts was \$22,159.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(419)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,636)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,055)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,404
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,404
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.1
<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	
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	

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

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

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.

27 October 2021

Date:

The 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.