

## QUARTERLY ACTIVITIES REPORT

### Quarter Ended 31<sup>st</sup> December 2022

**Lotus Resources Limited (ASX: LOT, OTCQB: LTSRF) (Lotus or the Company)** is pleased to provide its quarterly activities report for the quarter ended 31<sup>st</sup> December 2022. During the period, the Company's activities were focused on negotiations around the Mine Development Agreement (MDA), uranium offtake, scoping for the Front-end Engineering and Design (FEED) study as well as exploration activities, all in preparation for a re-start of production at the Company's Kayelekera Uranium Project (**Kayelekera** or the **Project**) once all related matters are successfully finalised.

#### HIGHLIGHTS

- The Company has received proposals from the various consultants who will undertake one of the final stages of technical work, the Front-end Engineering and Design (FEED), prior to the re-start.
- The Company met with a number of potential North American offtake partners at the NEI International Uranium Fuel Seminar in Las Vegas with interest shown by multiple parties.
  - The Company has also progressed its association with several Non-North American utilities and has now been included on an additional six Request for Proposal (RFP) lists.
- A non-binding Term Sheet has now been progressed with the Government of Malawi (GoM) and UK based lawyers have been appointed by GoM to complete the legal process for the MDA on behalf of GoM.
- A continuing positive thematic in the clean energy space has kept the uranium term market active with current term pricing at its highest in 9 years. The encouraging developments in the sector are expected to provide continuing long term structural support for uranium developers as we move into 2023.
- The Company released its Annual Sustainability Report. Access to the Report is available on the Company's website: <https://lotusresources.com.au/environmental-social-governance/>.
- Greenfield exploration drilling was completed at the Chilumba Uranium Prospect, 8km from the Livingstonia deposit. Results, in addition to the nearby Livingstonia deposit, highlight the potential for additional uranium discoveries in this under explored region.
- Exploration activities were completed at the Milenje Hills Rare Earth Prospect, with work including trench sampling, RC program and preliminary mineralogy studies.
  - The Company is considering undertaking an exploration program at Milenje during 2023 to better understand the potential for rare earth mineralisation at the prospect.
- As at 31<sup>st</sup> December 2022, Lotus had cash of \$23.6 million (unaudited), exclusive of the restricted cash holding of \$14.7 million (US\$10 million) which forms collateral for the Environmental Bond



## 2023 OUTLOOK

Post the completion of the Definitive Feasibility Study (DFS) in August 2022, the Company has been focusing on completing the negotiations with the Government of Malawi (GoM) on the Mine Development Agreement that will set the fiscal regime in which the project will operate and will be required before the final investment decision (FID) can be made.

A non-binding Term Sheet covering many of the material terms has been progressed to that meets both the requirements of the Company and the government and people of Malawi. The Company is currently engaged with the lawyers appointed by the GoM to assist them in finalising the MDA. At the same time the Company has engaged with multiple utilities with regard to offtake agreements, taking into account the impact these have on the ongoing financing discussions.

The Company has also commenced preparation of an agreement with ESCOM (the Malawian national electricity supplier) for connecting the project site to the national grid and allowing the Company access to cheaper power, a critical component of the lower operating costs reported in the DFS.

The activities around the restart requirements of the mine have also been progressed with proposal from all the consultants that would form the Front-end Engineering and Design (FEED) team having been received and planning for an updated operational readiness review underway.

The focus for the Company during early 2023 will be:

- The finalisation and sign-off of the MDA agreement with the GoM and its lawyers.
- Continued discussions with utilities including participation in Request for Proposals (RFPs) along with increased activity regarding off-market offtake contracts.
- The Company also intends to build its relationship with various Non-North American utilities and other potential buyers who may offer higher pricing mechanisms (due to the origin of product from Kayelekera).
- Financing options for the project are being discussed, but will be ramped-up on the back of the MDA, ESCOM agreement and offtake negotiations.
- Assuming successful outcomes on the MDA, ESCOM agreement and offtake, an FID will be assessed.

The Company is also looking at its long-term options and has recognised the importance of building a long-term strategy that will provide a level of certainty to utilities that Lotus can become a multi-decade supplier in the industry. Consolidation opportunities along with increased regional exploration opportunities are currently being considered by the Company.

As part of the long-term commitment to be a leader in Environmental, Social and Governance (ESG) performance the Company has also prepared a comprehensive roadmap and strategy for 2023 and beyond that will allow it to build on the successful work already carried out to date in this area.



## SUSTAINABILITY REPORT SHOWS SIGNIFICANT PROGRESS WITH ESG TARGETS

Lotus released its Sustainability Development Report (**Sustainability Report**) during the quarter (refer ASX Announcement dated 23 November 2022).

The Sustainability Report provides an assessment and an overview of the Company's approach to delivering its ESG program at both its Kayelekera Uranium Project in Malawi and head office in Perth, Australia. The Company has used the UN Sustainable Development Goals as a mechanism by which to report its performance and measure its progress towards those goals.

Major achievement by the Company during the course of the past 12 months include:

- Significant support for local Malawian suppliers – US\$1.4 million was spent on local suppliers (82% of Lotus' procurement budget).
- Kayelekera's energy study identified the opportunity to reduce carbon emissions by 70% by transitioning to hybrid power sources when restarting mining operations.
- The draft Community Development Agreement was agreed with the qualified communities and documentation completed. This achievement reinforces the community's support for restarting operations at Kayelekera.

The Sustainability Report reinforces the Company's target of becoming a recognised industry leader, regarding ESG performance as it continues to advance the development of the Kayelekera Uranium Project, while at the same time having a lasting positive impact on all our stakeholders.

Access to the Sustainability Report is available on the Company's website: <https://lotusresources.com.au/esg-overview/>.



Image 1 – Kayelekera Mine



## MILENJE RARE EARTH PROJECT CONTINUES TO SHOW POTENTIAL

The Milenje Hills prospect is located 2km to the north of Lotus's Kayelekera deposit. The Milenje Hills prospect was first identified through ground surveys and mapping in 2014 whilst the previous owners of the asset were undertaking an exploration program for uranium mineralisation adjacent to the Kayelekera uranium resource.

The 2022 exploration program follow up on the promising early trenching work carried out at Milenje by the Company in 2020/21.

Several of the samples from this new program returning TREO's grades greater than 15%, which is consider exceptionally high (full results shown in Table 1 below). The mineralogy work (petrographic and scanning electron microscopy) showed that the rare earths were contained in the mineral allanite, a not uncommon source of REE.

**Table 1: Trench Rock Sample Analyses**

Sample ID	Trench ID	TREO % (+Y)	HREO %	LREO%	Critical REO% (+Y)	NdPr Oxide %	NdPr/TREO ratio
2124	MTR002	5.89	0.11	5.78	1.21	1.16	0.20
2125	MTR003*	15.59	0.30	15.29	3.13	2.99	0.19
2126	MTR004	17.13	0.39	16.74	3.74	3.56	0.21
2127	MTR12	12.11	0.21	11.90	2.51	2.42	0.20
2128	MTR005	5.97	0.11	5.86	1.22	1.17	0.20
2129	MTR006*	25.53	0.58	24.95	5.64	5.39	0.21
2130	MTR007*	9.81	0.19	9.62	2.02	1.94	0.20
2131	MTR016	9.22	0.20	9.02	1.92	1.83	0.20
2132	MTR023	13.14	0.24	12.90	2.80	2.70	0.21
2133	MTR008	5.98	0.11	5.87	1.32	1.27	0.21
2134	MTR012*	7.66	0.18	7.48	1.72	1.64	0.21
<b>Average</b>		<b>11.64</b>	<b>0.24</b>	<b>11.40</b>	<b>2.48</b>	<b>2.37</b>	<b>0.20</b>
Note: 'Critical' REO have been defined here as Neodymium (Nd), Europium (Eu), Terbium (Tb), Dysprosium (Dy) and Yttrium (Y), and Praseodymium (Pr)							
*petrographic and SEM study sample							

An RC drill program consisting of a total of 15 RC holes for 2,035 metres was also completed. The drilling was initially planned to intersect mineralisation directly below the respective trench targets. However, due to very mountainous terrain it was not possible to place the drilling safely in the optimum locations. Thus, the initial drilling was re-designed to test for down-dip extensions to the nearest point at which a rig could be placed.

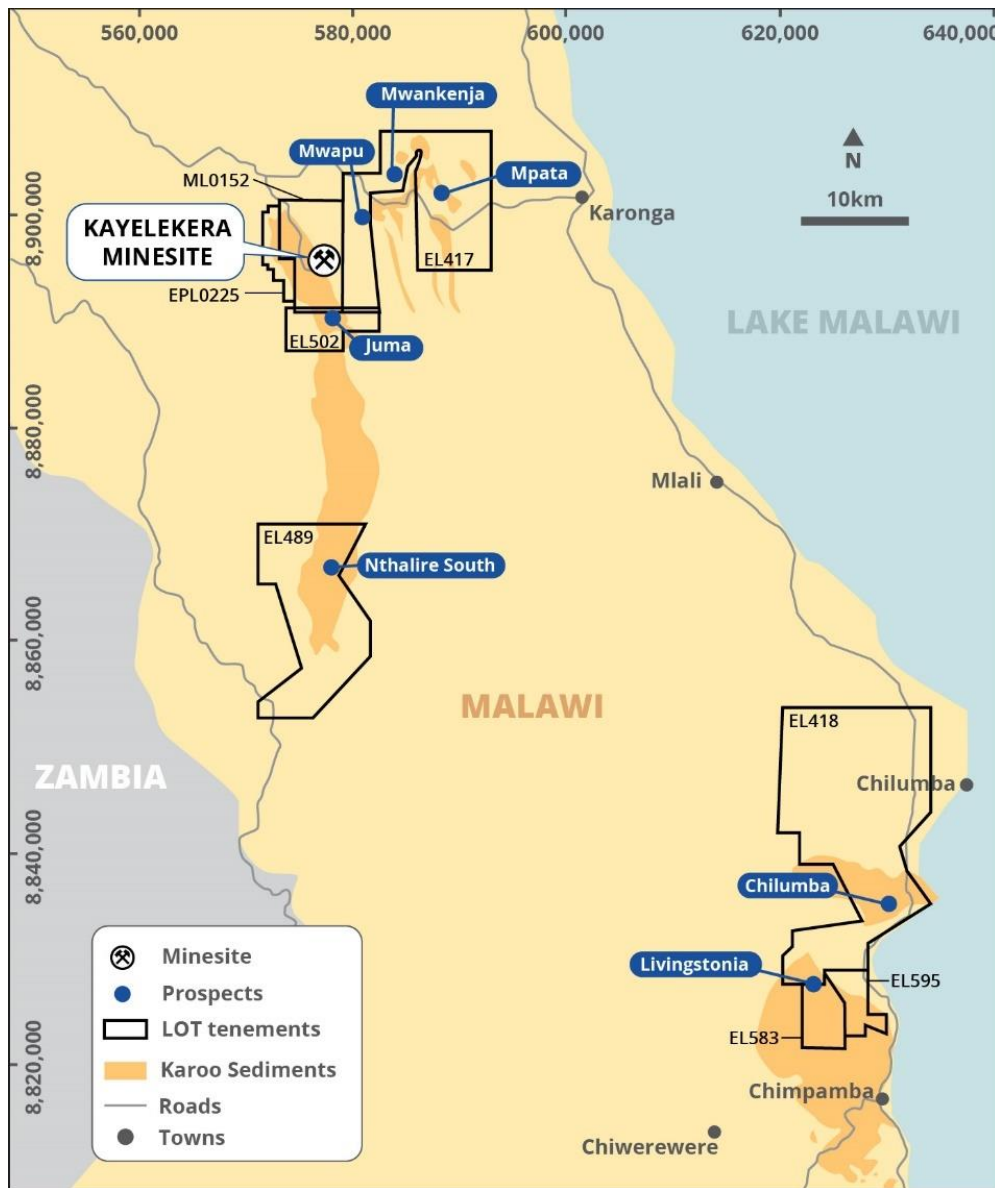
Following a review of the program, we believe the structures are more complex than originally anticipated, however the program has provided valuable information on lithologies and structures that can be used to better understand what is controlling the mineralisation. The Company believe more fundamental work is required to better understand the controls, formation and extent of the mineralisation prior to any new drill program. The Company is therefore considering undertaking further programs of work to better define the potential of these rare earths.



## DRILLING AT CHILUMBA HIGHLIGHTS THE POTENTIAL FOR A SATELITE REGION

The Chilumba Prospect lies within the Chilumba exploration tenement (EL418) which is located approximately 80km southeast of the Company's Kayelekera Uranium Mine (Image 2). Combined with the Company's Livingstonia tenements, this area covers 300km<sup>2</sup>.

The Company undertook an inaugural exploration program at Chilumba consisting of 1,140 metres of drilling in 7 reverse circulation (RC) holes (3 vertical and 4 angled) that were designed to test surface radiometric anomalism that had been identified by previous explorers.



**Image 2: Lotus Tenement Areas**

Drillholes CH001 and CH003, which both intersected anomalous uranium mineralisation, appear to be located peripheral to an interpreted north-westerly tending channel or NE-SW Fault zone.





**Table 1: Chilumba Significant Drill Intersections**

Hole ID	Easting	Northing	Elevation	Depth (m)	From (m)	To (m)	Interval (m)	U (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)
CH001	628838	8836213	775	172	170	171	1.0	104	123
CH002	628759	8835635	767	172	33	34	1.0	170	200
CH002					38	41	3.0	117	138
CH002					43	46	3.0	324	382
CH002					128	129	1.0	169	199
CH003	628187	8835836	727	172	5	6	1.0	108	127
CH003					27	28	1.0	114	134
CH004	628288	8834594	681	157				nsr	
CH005	629459	8834081	681	142				nsr	
CH006	630105	8834502	681	153				nsr	
CH007	630678	8834871	633	172	62	63	1.0	131	154

Note: combined reporting criteria of minimum thickness 1m at 100ppmU cut off

The Company is currently reviewing the opportunity to undertake additional drilling at Livingstonia to follow up on high grade trends identified in that earlier program. At the same time a program to further delineate the Chilumba mineralisation by following up on the interpreted north-westerly trending channel will be considered

## URANIUM MARKET UPDATE

2022 was a mixed year for uranium developers and explorers with both the spot and term uranium prices increasing over the year, but uranium equities in general declining over the same period. The term market remains strong having contracted more than 110Mlbs during the year, the highest volume in more than 10 years. In fact, the current term price of ~US\$51/lb is the highest in 9 years and has increased 26% in 2022.

The uranium spot prices, whilst off the recent high in April of ~US\$65/lb, has increased by 14% during 2022 and has held at around US\$50/lb for most of the second half of the year despite the global challenges, indicating a strong level of support for this as a base from which to launch to new highs. It is also important to note that during the same period the spot SWU and conversion prices have increased by ~120% and ~150% respectively as utilities look to move away from Russian supply. With the focus of the utilities now moving away from enrichment and conversion contracting there is an expectation of further uplift in uranium pricing, specifically in term contracts, as the utilities also look to fill their U<sub>3</sub>O<sub>8</sub> demand against a backdrop of tight primary supply, declining inventories and dwindling secondary supply.

Looking forward for 2023 the positive sentiment shown in the uranium and nuclear power industries should continue to provide long term structural support for uranium explorers, developers and operators. Key trends for 2023 that are expected to influence pricing include:

Positive attitude from governments on nuclear power: 2022 saw significant positive news flow concerning the nuclear industry with Japan continuing its policy reversal on nuclear power, India announcing 21 new reactor builds along with France, UK, Sweden, Finland and multiple eastern European countries also announcing or investigating new nuclear builds. China's impressive construction plan also continues to be met with 50 new reactors already in the planning stage.



The US Federal Strategic Reserve also awarded its first contracts to US companies to supply domestically produced uranium as part of the initial US\$75 million commitment to the fund. It is interesting to note that prices paid by the government were up to US\$70/lb indicating the scarcity and growing concerns from the US on future supply.

Clean energy transition: There is growing recognition that nuclear power is critical for decarbonising energy supplies in the future. The European Union, Japan and South Korea have all launched green taxonomies allowing green investments into nuclear activities that will increase demand for uranium. The US has also implemented the Inflation Reduction Act, Civil Nuclear Credit Program and the Federal Strategic Uranium Reserve. All of these should promote increasing numbers of nuclear power plant restarts, life extensions and new builds which will create increased demand for uranium and over the long term will incentivise new uranium production which requires higher pricing and should therefore support a sustained bull market.

Russian Sanctions: To date governments have avoided uranium sanctions against Russia, however there is some support to suggest that the EU may sanction Rosatom (Russia's nuclear company) as part of the proposed 10<sup>th</sup> round of sanctions given Rosatom supply to Russian weapons manufacturers. This would create significant challenges for governments and utilities to secure sufficient uranium supplies. The self-sanctioning by some western utilities along with the threat of this risk have already driven up conversion and enrichment prices and along with the switch to overfeeding (i.e. higher enrichment tail assays) can only mean more demand for "friendly" suppliers such as Lotus.

Bifurcation of the market: In line with the sanction issues described above, there is not enough western conversion or enrichment capacity to meet the required demands and as such this has led to the increases in the respective spot prices with a resultant difference in prices between western and non-western suppliers (i.e. a bifurcated market). This combined with the move to overfeeding creating additional UF<sub>6</sub> and uranium demand has some analysts predicting a western suppliers premium of up to US\$10/lb moving forward.

Supply chain issues and a potential recession: On the negative side the continuing issues with supply chains and logistics which are still under pressure have resulted in increased operating costs for current and future suppliers. The threat of a recession also continues to impact global markets which if it does occur would impact the ability of companies to raise funds for restarts or new builds.

## CORPORATE

### Cash at the end of the Quarter

As at 31<sup>st</sup> December 2022, Lotus had cash of \$23.6 million (unaudited), exclusive of restricted cash of \$14.7 million (US\$10 million) which forms cash collateral for the Kayelekera environmental bond. The cash balance decreased by \$1.9 million compared to the 31 September 2022 quarter (\$25.5 million).

During the quarter, the Company spent approximately \$0.44 million on exploration and study expenses and \$0.75 million on site care and maintenance. No mining or development activities were carried out during the quarter.



## Payments to Related Parties

Mr Grant Davey, who is a Non-Executive Director of the Company, is a Director and shareholder of Matador Capital Pty Ltd (**Matador Capital**).

The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, general office services, bookkeeping services, company secretarial services, ESG consulting services and technical exploration and geological staff to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis (December quarter \$117,000).

The Company's Non-Executive Chairman, Mr Michael Bowen, is a partner of law firm, Thomson Geer. During the December quarter, the Company paid legal fees of \$17,000 to Thomson Geer for legal services.

Payments to all directors for executive and non-executive directors' fees in the quarter were \$181,000.

## TENEMENT INTERESTS

The Company's tenement interests as at 31 December 2022 are shown in Table 4.

**Table 4. Tenement interests as at 31 December 2022**

Tenement	Ownership	Registered Holder	Location
ML0152 - Kayelekera	85%	Lotus Africa Limited	Malawi
EL418 - Chilumba	85%	Lotus Africa Limited	Malawi
EL489 - Nthaliire	85%	Lotus Africa Limited	Malawi
EL502 - Juma-Miwanga	85%	Lotus Africa Limited	Malawi
EL417 - Rukuru	85%	Lotus Africa Limited	Malawi
EL595 - Livingstonia	85%	Lotus Africa Limited	Malawi
EL583 - Livingstonia West	85%	Lotus Africa Limited	Malawi

This Quarterly Report has been authorised for release by the Lotus board of directors.

For more information, visit [www.lotusresources.com.au](http://www.lotusresources.com.au)

## REFERENCE TO PREVIOUS ASX ANNOUNCEMENTS

In relation to information in this announcement that relates to previously reported exploration results, the dates of which are referenced, Lotus confirms that that it is not aware of any new information or data that materially affects the information included in that announcement.

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## ABOUT LOTUS

Lotus Resources Limited (**ASX: LOT, OTCQB: LTSRF**) owns an 85% interest in the Kayelekera Uranium Project in Malawi. The Project hosts a current resource of 51.1Mlbs U<sub>3</sub>O<sub>8</sub> (see table below), and historically produced ~11Mlb of uranium between 2009 and 2014. The Company completed a positive Restart Study<sup>1</sup> which has determined an Ore Reserve of 23Mlbs U<sub>3</sub>O<sub>8</sub> and demonstrated that Kayelekera can support a viable long-term operation and has the potential to be one of the first uranium projects to recommence production in the future.

### Lotus Mineral Resource Inventory – June 2022<sup>2</sup>

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile <sup>3</sup>	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	<b>Total</b>	<b>40.1</b>	<b>510</b>	<b>20.4</b>	<b>44.8</b>
Kayelekera	Inferred – LG Stockpiles <sup>4</sup>	2.4	290	0.7	1.5
Kayelekera	<b>Total All Materials</b>	<b>42.5</b>	<b>500</b>	<b>21.1</b>	<b>46.3</b>
Livingstonia	Inferred	6.9	320	2.2	4.8
<b>Total</b>		<b>49.4</b>	<b>475</b>	<b>23.3</b>	<b>51.1</b>

### Lotus Ore Reserve Inventory – July 2022<sup>5</sup>

Project	Category	Mt	Grade (U <sub>3</sub> O <sub>8</sub> ppm)	U <sub>3</sub> O <sub>8</sub> (M kg)	U <sub>3</sub> O <sub>8</sub> (M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile – Proved	1.6	760	1.2	2.6
Kayelekera	<b>Total</b>	<b>15.9</b>	<b>660</b>	<b>10.4</b>	<b>23.0</b>

<sup>1</sup> See ASX announcement dated 11 August 2002 for information on the Definitive Feasibility Study

<sup>2</sup> See ASX announcement dated 15 February 2022 for information on the Kayelekera mineral resource estimate. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 15 February 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed.

<sup>3</sup> RoM stockpile has been mined and is located near mill facility

<sup>4</sup> Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.

<sup>5</sup> Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.



# 1. APPENDIX 5B

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

1.2 Name of entity

Lotus Resources Limited

1.3 ABN

38 119 992 175

1.4 1.5 Quarter ended ("current quarter")

31 December 2022

1.6	Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(439)	(1,259)
	(b) care & maintenance	(756)	(1,567)
	(c) development	-	-
	(d) production	-	-
	(e) staff costs	(349)	(647)
	(f) administration and corporate costs	(391)	(1,456)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	101	164
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and incentives	-	-
1.8	Other (Business development activities)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,834)</b>	<b>(4,765)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(64)	(525)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>1.6</b>	<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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>(64)</b>	<b>(525)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	25,000
3.2	Proceeds from issue of convertible debt securities	-	
3.3	Proceeds from exercise of options	9	333
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,348)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>9</b>	<b>23,985</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	25,485	4,876
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,834)	(4,765)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(64)	(525)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9	23,985

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

<b>1.6</b>	<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	3	28
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>23,599</b>	<b>23,599</b>

<b>5.</b>	<b>1.7</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances		312	222
5.2	Call deposits		1,287	25,263
5.3	Bank overdrafts		-	-
5.4	Other (Term Deposits < 3 Months)		22,000	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>		<b>23,599</b>	<b>25,485</b>

**6. 1.8 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

<b>Current quarter \$A'000</b>
315
-

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

Payments to all Directors for Directors' fees (December quarter: \$181,000).

Mr Grant Davey, who is a Non-Executive Director of the Company is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, general office services, bookkeeping services, company secretarial services, ESG consulting services and technical exploration and geological staff to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis (December quarter \$117,000). The Company's Non-executive Chairman, Mr Michael Bowen, is a partner of law firm, Thomson Geer. During the December quarter, the Company paid legal fees of \$17,000 to Thomson Geer for legal services.

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

<b>7.</b>	<b>1.9</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<b>1.10</b>	<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	<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.			

8.	1.11	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)		(1,834)
8.2	Capitalised exploration & evaluation (Item 2.1(d))		-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)		(1,834)
8.4	Cash and cash equivalents at quarter end (Item 4.6)		23,599
8.5	Unused finance facilities available at quarter end (Item 7.5)		-
8.6	Total available funding (Item 8.4 + Item 8.5)		23,599
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>		12.9

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?

N/A

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?

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A



**1.12 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: 31 January 2023.....

Authorised by: By the Board.....

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

**1.13 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 **7sound** system of risk management and internal control which is operating effectively.