

31 January 2023

## Quarterly Activities Report

For the period ending 31 December  
2022

### Summary

- Acquisition of the Salazar REE Project approved by shareholders at a General Meeting on 28<sup>th</sup> of October 2022
- 83 holes and 2,781 meters of a proposed 9,000-meter air core drilling program completed at the Salazar REE Project during the month of December 2022
- Engaged The ARC Centre of Excellence for Enabling Eco-Efficient Beneficiation of Minerals (COEMinerals) to undertake beneficiation studies on the Newmont Deposit to support project economics studies
- Binding agreement signed to acquire Lanthanos Resources, owner of tenement application E69/3982 (575km<sup>2</sup>) located 150km north-east of Esperance, Western Australia. The acquisition provides a strategic increase in landholding to the Salazar REE Project
- EL 33208 (Hermit Hill Project) in the Northern Territory granted for an initial period of six years. The tenement comprises a significant landholding of 667km<sup>2</sup> within an emerging, underexplored lithium province in the Northern Territory

### Salazar Project

During the previous quarter, West Cobar Metals Limited (ASX: WC1) (“West Cobar” or “the Company”) entered into binding agreements to acquire Salazar Minerals Pty Ltd and indirectly its wholly owned subsidiary Salazar Gold Pty Ltd (“Salazar”), owner of the Salazar Rare Earth Element (REE) Clay Project (“Salazar Project”).

The Salazar Project comprises granted tenements E63/1469 and E63/1496 located on non-agricultural undeveloped state land approximately 120km north-east of the township of Esperance, Western Australia (Figure 1). The Newmont deposit within the Salazar Project contains an Inferred Mineral Resource<sup>1</sup> of 43.5Mt at 1192ppm total rare earth oxide (TREO) at a 500ppm TREO<sup>2</sup> cut-off.

The Salazar acquisition was approved by shareholders at a General Meeting on the 28<sup>th</sup> of October 2022.

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<sup>1</sup> West Cobar Metals ASX announcement 8 September 2022

<sup>2</sup> TREO = La<sub>2</sub>O<sub>3</sub> + Ce<sub>2</sub>O<sub>3</sub> + Pr<sub>6</sub>O<sub>11</sub> + Nd<sub>2</sub>O<sub>3</sub> + Sm<sub>2</sub>O<sub>3</sub> + Eu<sub>2</sub>O<sub>3</sub> + Gd<sub>2</sub>O<sub>3</sub> + Tb<sub>4</sub>O<sub>7</sub> + Dy<sub>2</sub>O<sub>3</sub> + Ho<sub>2</sub>O<sub>3</sub> + Er<sub>2</sub>O<sub>3</sub> + Tm<sub>2</sub>O<sub>3</sub> + Yb<sub>2</sub>O<sub>3</sub> + Lu<sub>2</sub>O<sub>3</sub> + Y<sub>2</sub>O<sub>3</sub>



*Figure 1: Location of the Salazar REE project tenements*

## Aircore Drilling

During the December 2022 quarter, West Cobar completed 2,781m of its phase 1 air core program. The program is designed to extend the existing Inferred Resource at the Newmont deposit, explore the southern part of E63/1496 south of the Newmont deposit, and to explore the O'Connor licence area (E63/1469).

Five (5) infill aircore holes were drilled at O'Connor in December before the program was suspended and completed in January 2023.

Drill samples from this initial stage have been dispatched to a laboratory for assay with results expected to be received during Q1 2023.

For further information on the Salazar Project refer to ASX Announcements of 8 September 2022, 31 October 2022, 7 November 2022, 5 December 2022 and 19 December 2022.

## Beneficiation Studies

During the December 2022 quarter, West Cobar engaged The ARC Centre of Excellence for Enabling Eco-Efficient Beneficiation of Minerals to undertake beneficiation studies for its Newmont Deposit. The studies will be administered through the University of Newcastle. The aim of the beneficiation studies is to optimise the front end processing of rare earths and support project economic studies.

The team, led by Laureate Professor Kevin Galvin from the University of Newcastle, involves COEMinerals researchers from nine Australian universities, CSIRO, industry partner organisations, as well as leading international researchers.

Nagrom was also engaged during the month of December 2022 to undertake scouting beneficiation testwork on historic samples from the O'Connor prospect.

## Lanthanos Resources Tenement (E69/3982) Acquisition

A binding agreement was signed to acquire Lanthanos Resources, owner of tenement application E69/3982, which is located 150km north-east of Esperance, Western Australia (Figure 1). The acquisition provides a strategic increase in landholding with the addition of 575km<sup>2</sup> and over 70km strike of untested saprolitic clays.

## Porphyry North Gold Project

No work was done on this project during the quarter.

## Cobar West Projects (NSW)

### Bulla Park Project (ELs 8642, 9195, 9260 and 9281)

No work was done on this project during the quarter.

### Cawkers Well Project (ELs 9197 and 9278)

Inter-party negotiations with the property owners at West Cobar's Cawkers Well project (ELs 9197 and 9278) in New South Wales have to date been unsuccessful in concluding access agreements.

The mediation – arbitration process, as set out in the arbitration framework within the *Mining Act 1992* (NSW), has been initiated in an attempt to substantiate West Cobar's access rights.

### Nantilla Project (EL 9179)

No work was done on this project during the quarter.

## Hermit Hill Project (NT)

West Cobar has received notification from the Northern Territory's Mineral Titles Office that the Company's 100% owned tenement EL33208, known as the Hermit Hill Project, has been granted for an initial period of six years.

The Hermit Hill Project is located approximately 130km south-southwest of Darwin in the Northern Territory. The licence area covers 667km<sup>2</sup> in the Litchfield Province, roughly 100km south-southwest of Core Lithium's Finnis Lithium Project and 30km west of Ragusa Minerals' Tank Hill lithium discovery (Figure 2).

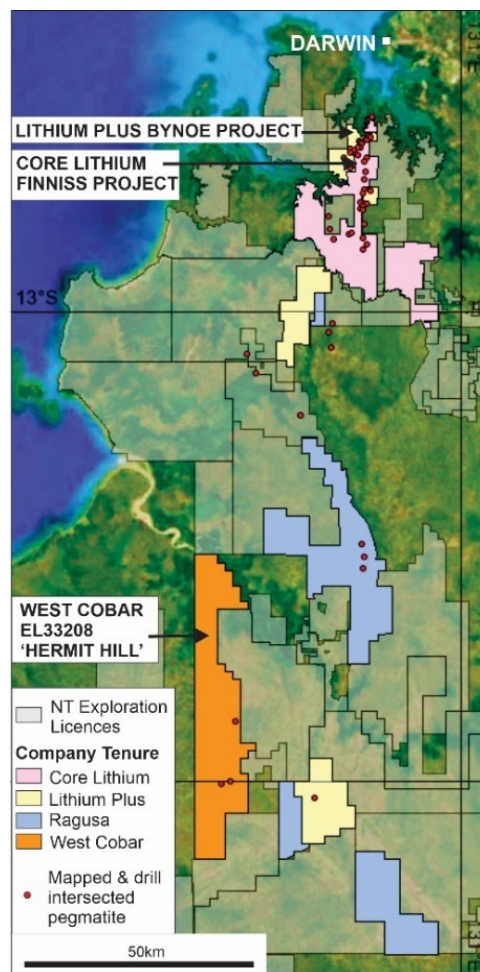


Figure 2: Location of EL33208, Northern Territory<sup>3,4,5,6</sup>

<sup>3</sup> Core Lithium ASX Announcement 8 November 2022

<sup>4</sup> Lithium Plus investor presentation 19 October 2022

<sup>5</sup> Historic EL1965, Mobil Energy Minerals Australia Inc. 1981 NT Dept of Mines and Energy (DITT) open file annual report CR19810073

<sup>6</sup> Historic EL25176, Territory Uranium 2007 NT Dept of Mines and Energy (DITT) open file annual report CR20070643

## Corporate

### Placement

The Company completed a Placement during the quarter, of 15,033,664 fully paid ordinary shares at an issue price of \$0.15 per share to raise gross proceeds of \$2,255,050 before costs. The Placement was lead managed by Xcel Capital Pty Ltd who received a fee of 6% of the gross proceeds raised under the Placement and 2,300,000 unlisted options (exercisable at \$0.225 and expiring three years from the date of issue).

### Financial & Related Party Payments

West Cobar had a cash position of approximately \$3.97 million at the end of the quarter. ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the Quarter totalled \$123k. The Company advises that this relates to directors' fees, consulting fees and superannuation.

### Use of funds

In line with obligations under ASX Listing Rule 5.3.4, the Company provides the following information with respect to its Use of Funds Statement set out in its Prospectus dated 6 August 2021 and its actual expenditure since ASX admission on 1 October 2021.

Expenditure	Funds allocated under Prospectus (\$'000)	Actual 1 Oct 2021 to 31 Dec 2022 (\$'000)	Variance (\$'000)	Note
Exploration <sup>1</sup>	(3,211)	(1,500)	1,711	1
Corporate Administration	(1,328)	(930)	398	1
Working Capital	(371)	(95)	276	2
Costs of offer	(590)	(463)	127	3
<b>Total</b>	<b>(5,500)</b>	<b>(2,988)</b>	<b>2,512</b>	
Funds raised post IPO (net)	-	2,112	2,112	4
Exploration - Salazar	-	(625)	(625)	4
Corporate Admin - Salazar	-	(69)	(69)	4
Existing cash reserves			41	
<b>Closing cash balance</b>			<b>3,971</b>	

<sup>1</sup> For the purposes of the Use of Funds the Company has grouped Exploration

Notes:

<sup>1</sup> Fifth quarter of operations as an ASX-listed entity. Exploration on the Cobar West projects was limited this quarter with the focus on the newly acquired Salazar project. Cawkers Well and Nantilla prospects remain underspent due to delays caused by ongoing negotiations with landholders for access, refer to ASX announcement dated 23 December 2022. The Administration spend is materially as expected.

<sup>2</sup> The working capital relates to legal costs and consulting fees involved with the acquisition of Salazar Minerals Pty Ltd and other potential new assets.

<sup>3</sup> Expenses of the Offer paid prior to 1 October 2021 were \$153k giving a total of \$616k. Actual expenses of the Offer are materially consistent with the use of funds budget.

<sup>4</sup> The Company completed a Placement during the quarter, of 15,033,664 fully paid ordinary shares at an issue price of \$0.15 per share to raise net proceeds of \$2,112k. As announced on 11 November 2022, the Placement proceeds will primarily be used for resource expansion, exploration and continuing metallurgical testwork at the company's flagship Salazar REE project.

-ENDS-

This ASX announcement has been approved by the Board of West Cobar Metals Limited.

**Further information:**

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### **Forward looking statement**

Certain information in this document refers to the intentions of West Cobar, but these are not intended to be forecasts, forward looking statements or statements about the future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of the events in the future are subject to risk, uncertainties and other actions that may cause West Cobar's actual results, performance or achievements to differ from those referred to in this document. Accordingly, West Cobar and its affiliates and their directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of these events referred to in the document will actually occur as contemplated.

Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, revenue, exchange rates, potential growth of West Cobar, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of West Cobar. Actual results, performance, actions and developments of West Cobar may differ materially from those expressed or implied by the forward-looking statements in this document.

Such forward-looking statements speak only as of the date of this document. There can be no assurance that actual outcomes will not differ materially from these statements. To the maximum extent permitted by law, West Cobar and any of its affiliates and their directors, officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

### **Competent Person Statement and JORC Information**

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The Information contained in this announcement is an accurate representation of the available data and studies for West Cobar's projects.

The information contained in this announcement that relates to the exploration information at West Cobar's projects fairly reflects information compiled by Mr David Pascoe, who is CEO of West Cobar Metals Limited and a Member of the Australian Institute of Geoscientists. Mr Pascoe has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pascoe consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Ore Resources provided by the Competent Person in the announcement to the ASX of 8 September 2022 and that all material assumptions and technical parameters underpinning the Ore Resources, continue to apply and have not materially changed.

### Appendix 1 – Tenement Information

Project	State	Tenement	Tenure type	Change in Interest	WC1 Current Interest
Bulla Park	NSW	EL 8642	Exploration Licence	-	100%
		EL 9195	Exploration Licence	-	100%
		EL 9260	Exploration Licence	-	100%
		EL 9281	Exploration Licence	-	100%
Cawkers Well	NSW	EL 9197	Exploration Licence	-	100%
		EL 9278	Exploration Licence	-	100%
Nantilla	NSW	EL 9179	Exploration Licence	-	100%
Newmont	WA	E63/1469	Exploration Licence	+100%	100%
O'Connor	WA	E63/1496	Exploration Licence	+100%	100%
Porphyry North	WA	E31/910-I	Exploration Licence	+100%	100%
Porphyry North	WA	E31/942-I	Exploration Licence	+100%	100%
Porphyry North	WA	E31/1978	Exploration Licence	+100%	100%
Hermit Hill	NT	EL 33208	Exploration Licence	+100%	100%



## Appendix 5B

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

**Name of entity**

West Cobar Metals Limited

**ABN**

26 649 994 669

**Quarter ended ("current quarter")**

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(281)	(511)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	20
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(272)</b>	<b>(471)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(681)	(837)
(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 (6 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(681)</b>	<b>(837)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,255	2,255
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	(143)	(143)
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>2,112</b>	<b>2,112</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	2,812	3,167
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(272)	(471)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(681)	(837)

## 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 (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,112	2,112
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>3,971</b>	<b>3,971</b>

<b>5.</b>	<b>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	3,971	1,812
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit – 90 days maturity)	-	1,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,971</b>	<b>2,812</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	84
6.2	Aggregate amount of payments to related parties and their associates included in item 2	39
<i>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.</i>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(272)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(681)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(953)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,971
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,971
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.2
<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.

Date: 31 January 2023

Authorised by: By the Board  
(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.