



TAITON RESOURCES
LIMITED

QUARTERLY ACTIVITIES REPORT

ASX: T88

31st January 2023

Highlights

- **Taiton Resources Limited (ASX: T88) Commences Trading on the ASX.**
- **Completed Heritage Agreements for the Highway and Challenger West projects.**
- **Selected contractor to conduct initial IP Survey at the Highway Project.**
- **A request to conduct the heritage survey over the IP survey area has been submitted.**

Taiton Resources Limited (ASX: T88, Taiton or “the Company”) is pleased to provide a summary of activities completed during the Quarter ended 31st December 2022.

Taiton’s Managing Director, Mr Noel Ong, said the Quarter had been all about completing the IPO process which resulted in the listing of Taiton on the Australian Securities Exchange on the 19th December 2022.

Noel Ong commented that,

“The Taiton team has done an excellent job in completing the task in what is a very challenging equity market. The task of sharing our optimism for our projects in the Company is now completed. The hard work now begins in repaying the faith our shareholders have entrusted in management.

We have hit the ground at a fast pace as we are looking to get drilling happening in the first quarter of 2023.

Our Heritage agreements have been agreed and we are now organising heritage surveys.

As we mentioned in our previous announcement, we have selected our consultants to conduct and complete an IP Survey at the Highway Project. The purpose of the IP Survey is to give the company a greater definition of drill targets.”

Highway Project

The Highway Project (containing the Merino Prospect - Figure 1) is situated approximately 590 km from the state capital of Adelaide and 186 km north of Port Augusta and is bisected by the Stuart Highway (A87).

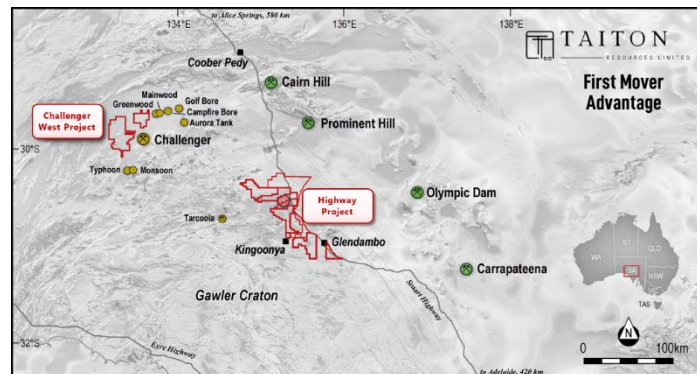


Figure 1: Tenement location of the Highway and Challenger West Projects in South Australia.

The nearest town is Glendambo which is an important stopping point on the Stuart Highway as there are no further facilities until Coober Pedy 254 km to the north. Access to site is via tracks off the main Stuart Highway. An all-weather airstrip is situated at Glendambo.

Target evaluation finds that the Merino Prospect has hallmarks of a large-scale Mo-enriched polymetallic porphyry overlooked by prior explorers. The target style of Mo Porphyry further supports interpretation of the area for extensional rifting.

Magnetic lineaments east of Lake Labyrinth, Gawler Craton, S.A. are interpreted as basin structures relating to intra-cratonic rifting coeval with the Olympic Metallogenic Event.

Historical drill logs indicate that Lower Gawler Range Volcanics (LGRV) are interlayered with sediments currently classified to older stratigraphic units.

The results from zircon analyses from drillholes samples at the South Australia Drill Core Reference Library, suggest historic logging incorrectly assigned various stratigraphic horizons to older formations such as the Tarcoola Formation (BB 2, SARIG 9610, 536717E, 6608898 N).

During the quarter, the South Australian Department for Energy and Mining informed the Company that it has granted the Company the Exploration Licence (EL) 6857. This licence relates to the Company's 2022 Exploration Licence Application (ELA) 2022/00039, located approximately 90km east-northeast of Tarcoola.

Lake Barlee Project

The Lake Barlee Project (Figure 2) is situated on the Yilgarn block and lies approximately 65 km southeast of Youanmi and 293 km north of the mining town of Southern Cross.

The project tenements lie predominantly on an intermittent playa salt lake, the second largest in Western Australia. The nearest village to Lake Barlee is Mount Magnet, some 163 km to the northwest (cf. Figure 2).

The lake fills with water approximately every ten years. The water may persist for 6 months thereafter. Access to Lake Barlee is via the Evanston-Menzies Road and the Lake Barlee – Youanmi Road.

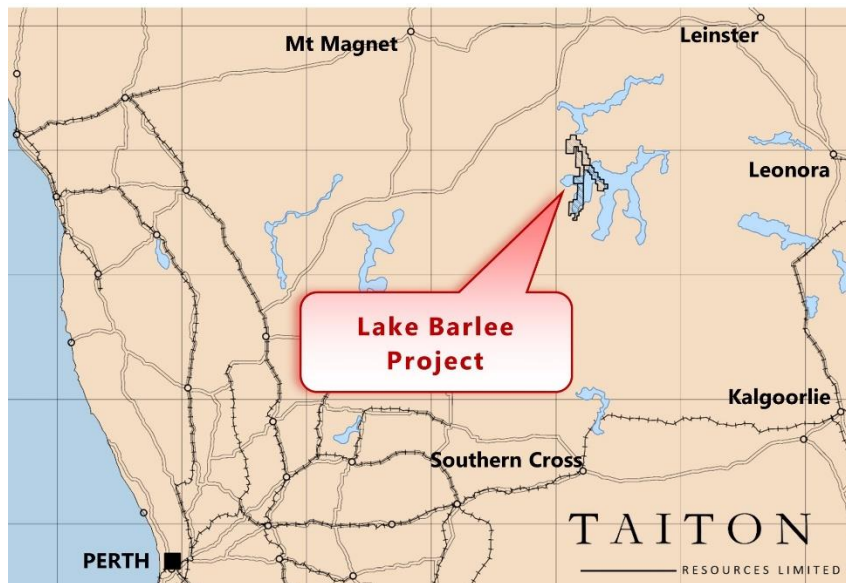


Figure 2: Tenement location of the Lake Barlee project in Western Australia.

The most conspicuous physiographic element in the area is Lake Barlee, which is part of an endorheic salt lake chain that drains south-easterly through the Raeside Palaeoriver. The tectonic evolution of the highly mineralised Yilgarn Craton exposes upper-crustal, Meso- to Neoproterozoic volcanosedimentary sequences (greenstones) associated with 2960–2600 Ma granites and granite gneisses.

During the quarter, the Company made a field trip to look at the potential drill sites. The purpose of the trip was to locate access for the siting of drill rigs.

Challenger West Project

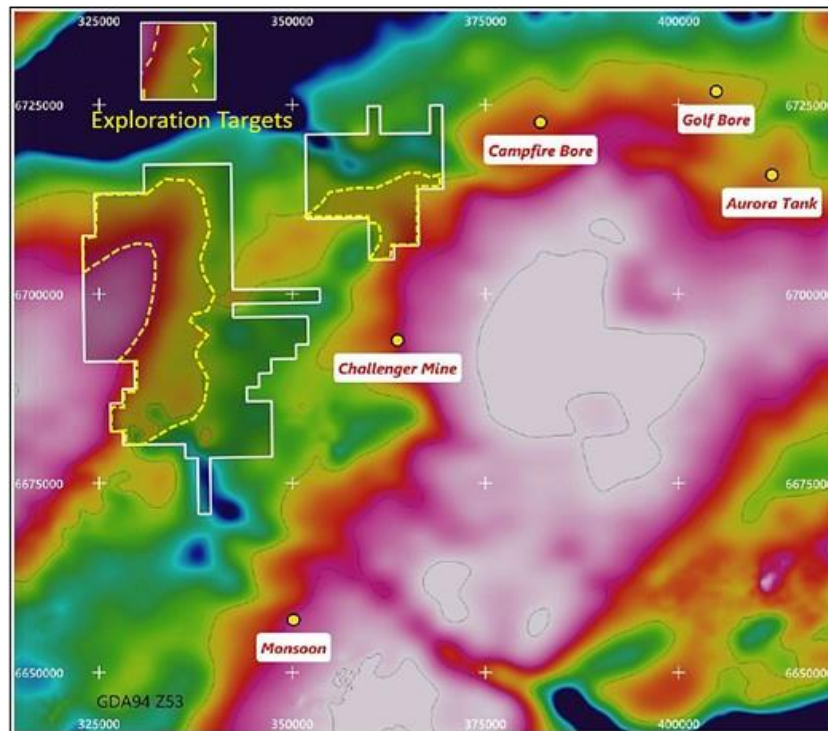


Figure 3: Bouguer anomaly map (isocontours along the 10mGal band) showing locality of the Challenger West Prospect, in relation to the Challenger Gold Mine. The presence of additional gold occurrences and mines along a gravity high boundary and a mirrored gravity ridge to the west, attests to the high prospectivity of this ground (dashed yellow lines). Major gold mines highlighted.

The Challenger West Project is located west of the Challenger Mine, (Figure 3) and lies c.190 km northwest of the Highway Prospect and approximately 135 km southwest of Coober Pedy. The tenements are accessible from the Commonwealth Hill Road, off the Stuart Highway to the east. The Commonwealth Hill airport lies centrally between the two prospects and is 78 km east of the Challenger West properties.

Taiton is a new entrant to the area. The Company's primary source of confidence in being situated in the Challenger region, besides its proximity

to an existing mining district, is due to the presence of gravity highs (isocontours in the 10Mgal Band) found in the same basement terrane setting as the Challenger deposit (Figure 3).

As mentioned, the regolith of the area is extremely prospected, based on the discovery of Challenger by sampling calcrete carapaces and regolith. This approach led to a flurry of district-scale calcrete sampling for over a decade. More recently, limitations have been identified in that approach.

The Challenger gold camp is well understood, and Taiton is well-placed to capitalise on the vast amount of historic data available in the public domain and on SARIG.

Taiton has only recently acquired its ground holdings at Challenger West and has not acquired any new data in the interim, other than to reprocess the gravity data to produce higher resolution Bouger anomaly maps that clearly highlight the relationship of the mineralisation to the gravity gradients (Figure 3).

The Company believes that the existing data, which has a good historical indicator of district-scale mineralisation, supports a strategy for a new discovery at Challenger West. The Bouger gravity model supporting gold deposits developing marginal to a metamorphosed gravity ridge, is a compelling concept. The mirror-imaged gravity ridge boundary located in the west of the tenement EL 6785 bodes well for similar mineralisation to other significant and neighbouring gold deposits (Figure 3).

CORPORATE

On 19 December 2022, Taiton commenced trading on the ASX after a successful completion of its IPO which raised \$7,004,000 (before costs).

At 31 December 2022, Taiton has 73,009,544 shares on issue, 12,261,168 unlisted options and 6,000,000 unlisted performance rights. Cash at bank totalled \$6.45M.

ASX Additional Information

Summary of expenditure items within Appendix 5B

A summary of the expenditure and related party payments is set out below:

- 1.2(e) Administration and corporate costs relate to costs for and associated with compliance costs (ASIC, ASX and share registry), director salaries, consulting fees, investor relations, office costs, rental, IT and travel.
- 2.1(b) Tenements relate to costs of tenement rents and rates.
- 2.1(c) Property, plant and equipment relates to a computer purchase.
- 2.1(d) Exploration & evaluation relates to payments to geologists for work activities.
- 3.1 Proceeds from issues of securities relate to the capital raising from the IPO.
- 3.3 Transaction costs relate to costs of the Offer.
- 6.1 Payments to related parties relate to director salaries (\$16.7k) and rental of property from the managing director (\$9.8K).

Use of Funds (Listing Rule 5.3.4)

The Table below sets out a comparison of actual expenditure in the Use of Funds against estimated expenditure in the prospectus and explanation of any material variances.

Use of funds – Year 1	Proposed \$ in IPO prospectus	Actual expenditure \$ to 31 December 2022	Variance under/(over) \$'000
Exploration activities	\$1,900,000	\$75,755	\$1,824
Administration costs	\$799,000	\$178,473	\$621
Estimated expenses of the Offer	\$1,142,000	\$600,976	\$541
Working Capital	\$315,000	-	\$315
Total Funds allocated – Year 1	\$4,156,000	\$855,204	\$3,301

The Company confirms that its use of funds has been consistent with the proposed use of funds in the Prospectus dated 23 September 2022 and any variances to the proposed expenditure are due to timing differences given the short time it has been listed (on 19 December 2022) during the quarter. It should be noted that as with any budget, the allocation and timing of the use of funds set out in the Table above may change depending on a number of factors, including market conditions, the progress of the Company's exploration and evaluation programs, economic conditions and regulatory approvals.

Tenements

Registered Holder	Tenement No.	Location	Project	Area (Sq km)	Total (Sq km)	Interest at the end of Quarter
Lake Barlee Gold Pty Ltd	E77/2700	WA	Lake Barlee	191.54		100%
Lake Barlee Gold Pty Ltd	E57/1158	WA	Lake Barlee	204.26		100%
Lake Barlee Gold Pty Ltd	E77/2715	WA	Lake Barlee	131.93		100%
Lake Barlee Gold Pty Ltd	E57/1168	WA	Lake Barlee	<u>141.00</u>		100%
					668.7	
Taiton Resources Limited	EL6658	SA	Highway	972.00		100%
Taiton Resources Limited	EL6706	SA	Highway	160.00		100%
Taiton Resources Limited	EL6784	SA	Highway	884.00		100%
Taiton Resources Limited	EL6857	SA	Highway	<u>914.00</u>		100%
					2,930.0	
Taiton Resources Limited	EL6785	SA	Challenger West	<u>997.00</u>		100%
					997.0	
					<u>4,595.7</u>	

There were no mining tenements acquired or disposed of during the quarter. During the quarter, EL 6857 was granted in South Australia following an application made in May 2022.

This Report has been approved by the Board of Directors of the Company.

For further information, please contact:

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David Low

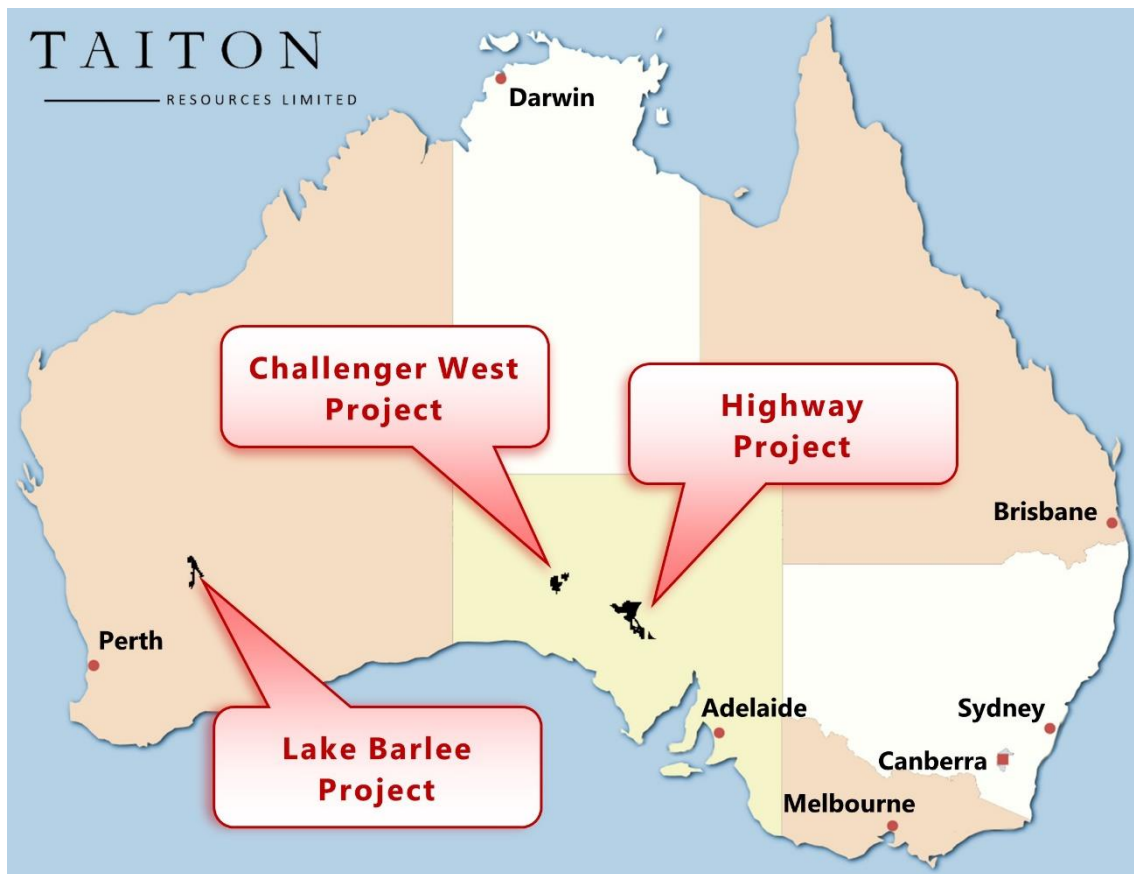
Executive Director

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About Taiton Resources Limited

Taiton Resources Limited (ASX: T88) is an early-stage mineral exploration and development company that has a Shallow Mineral System within the Olympic Dam Mineralising Event.



Project location of Taiton Resources Limited.

Our dominant land holding at the Highway Project will allow us to potentially uncover the Next Elephant Deposit in Australia.

The Company has assembled a portfolio of projects across both South Australia and Western Australia comprising the following:

(a) Highway Project – total land holding of 2,980 sq km, located in South Australia,



(b) Lake Barlee Project – total land holding of 668.7 sq km, located in Western Australia; and

(c) Challenger West Project – total land holding of 997 sq km, located in South Australia.

The projects have a range of exploration activities planned. The company will be undergoing a series of grassroots exploration and also several walk-up drilling targets.

Appendix 5B

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

Name of entity

Taiton Resources Limited

ABN

41 062 284 084

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(167)	(257)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
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)	-	-
1.9 Net cash from / (used in) operating activities	(163)	(253)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(21)	(75)
(c) property, plant and equipment	(5)	(12)
(d) exploration & evaluation	(55)	(89)
(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)	-	-
2.6	Net cash from / (used in) investing activities	(81)	(176)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,004	7,004
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	(339)	(497)
3.5	Proceeds from borrowings	50	100
3.6	Repayment of borrowings	(50)	(50)
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	6,665	6,557

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29	322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(163)	(253)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(81)	(176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,665	6,557

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
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,450	6,450

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	6,450	29
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)	6,450	29

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	27
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.

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)	(163)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(55)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(218)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,450
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,450
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	29.6
<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.