
Quarterly Activities Report – December 2023

Highlights:

- **Successfully completed maiden drilling program at the Webb Project**
- **Highly successful heritage clearance survey - all 2024 programs cleared.**
- **Appointment of high-calibre Exploration Manager.**
- **Locked in geophysical contractors for the upcoming 2024 exploration campaign commencing late February.**
- **Drilling intersected ultramafic rocks providing strong support for the Shep target concept.**
- **Ultramafic rocks enriched in nickel, vanadium, chromium, and titanium.**
- **Received first tranche of EIS grant funding (\$158k).**
- **Additional prospective exploration license pegged at the southern margin of the Webb project.**

CGN Resources Ltd (ASX: CGR) (“CGNR” or “the Company”) is pleased to present our Activities Report and Appendix 5B for the period ending 31st December 2023. The past three months have been an incredibly busy and productive time for CGNR. The focus for the December quarter was to complete the maiden drilling program at the Webb Project and a wide-ranging heritage clearance survey for the 2024 exploration programs.

In early October, CGN Resources mobilised a diamond coring rig to site to test our Tantor gravity target. The hole was completed to a depth of 555.5m using HQ and NQ diameter core. The hole intersected a sequence of Neoproterozoic aged carbonate rich rocks of the Bitter Springs Fm and finished in Heavitree Quartzite. The Bitter Springs has been intruded by a series of ultramafic sills ranging in thickness from 2m up to 25m. The results of geochemical testwork unequivocally confirm the presence of the newly discovered ultramafic sills. These previously unknown rocks will be the subject of further exploration to assess if they have economic potential. The results are in line with what had been reported previously and contain elevated nickel, vanadium, and titanium results (see announcement 10/01/24).

In conjunction with the Kiwirrkurra community, CGN Resources completed a wide-ranging heritage clearance survey. The survey was highly successful with all the proposed programs cleared for the 2024 exploration campaign. The success of the survey paves the way for CGNR to complete wide ranging exploration activity over the course of 2024. We were able to clear areas for ground-based geophysics (Gravity, IP, and EM) as well as 73 drill sites covering our six priority target areas (Surus, Tantor, Snorky, Horton Shep and Hathi see Figure 1). The cleared holes have been planned to allow us to scale up programs this year should we have early success in drilling at any of our six priority targets.

In addition to the on-ground work, CGNR has been fortunate to secure the services of James Potter as Exploration Manager for the Company. James is a highly regarded and experienced exploration geologist with a strong track record of discovery. James will be responsible for running the technical aspects of the exploration at Webb and assisting with overall management of the company as we implement our ambitious exploration activities in 2024 and beyond.

ASX ANNOUNCEMENT 29th January 2024



The Tantor drilling was partly funded by the WA Government Exploration Incentive Scheme grant funding. We have secured the first tranche of the funding agreement of \$158k with the remaining \$40k expected in February when we finalise our agreement requirements.

December Quarter Exploration Activities

During the December Quarter, CGNR completed the maiden drilling program, testing the Tantor gravity target. The drilling program commenced on 9 October and was completed in mid-November. The hole was drilled using diamond coring from surface and was angled at -70° towards 270°. The hole was drilled using HQ and NQ diameter core and completed to a total depth of 555.5m.

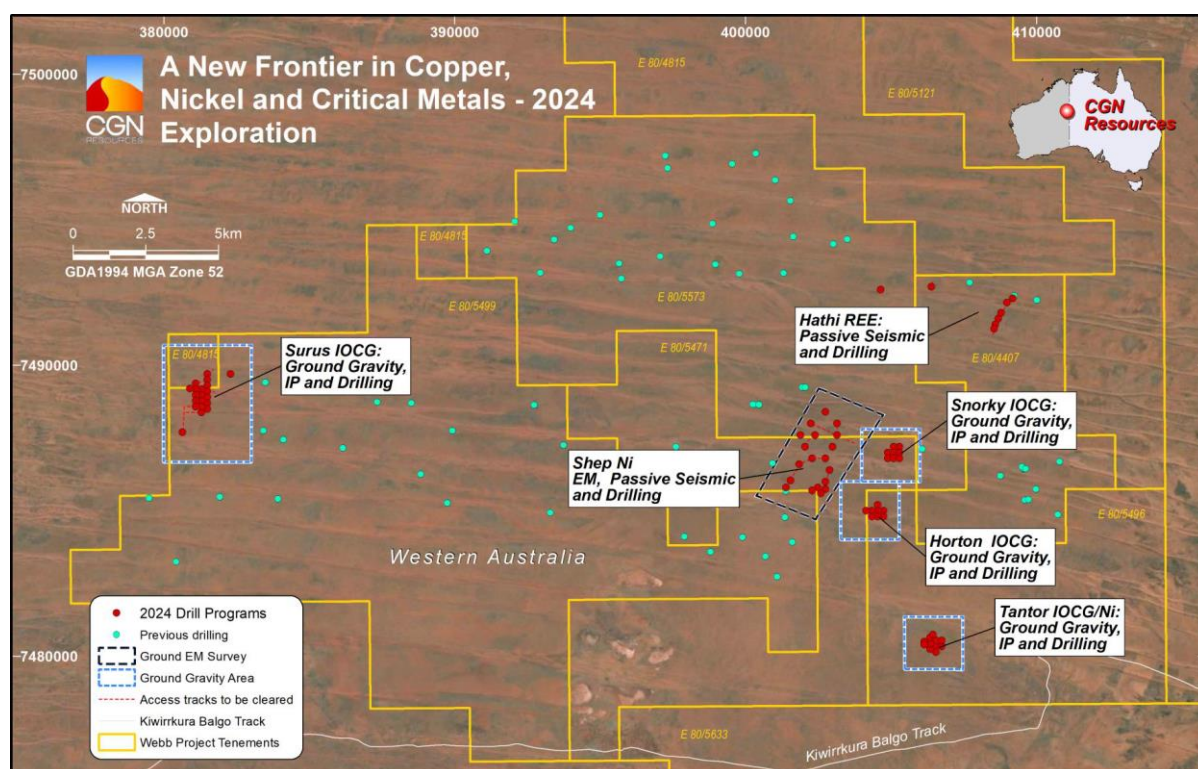


Figure 1. Target location pan and heritage clearance areas.

The hole has provided valuable insights into the geology, geochemistry, and structure of the Tantor target and has wider ranging and positive implications for the project. The most notable feature of the drilling was the discovery of previously unknown intrusive ultramafic rocks. CGNR interpreted that ultramafic sills may be present at the Shep target and a potential source of the highly anomalous (1.18% Ni) nickel values intersected there by the previous company. To now have intersected ultramafic rocks at Tantor is strong empirical evidence that our interpretation of the Shep target may be correct.

The first batch of geochemical results from the upper half of the Tantor hole TNTDD001 were received in early January. Eighty-Four (84) samples were submitted in this first batch with the majority targeting two ultramafic sills with additional samples taken above, below, and in between.

ASX ANNOUNCEMENT
29th January 2024



All the samples were tested using a four-acid digest and with a mass spectrometer finish for a 61-element suite (incl. REE) and for platinum group elements and gold using 50g fire assay.

The results of the main constituents (Mg, Ca, Fe, Ni, Cr) unequivocally confirm these rocks are ultramafic. Confirming the initial work at the time of drilling with the field portable XRF the rocks have elevated nickel values in the 500-1000 ppm range with both sills having a similar average Ni grade of 700 ppm Ni (all results presented in announcement 10/01/24). An interesting feature is the very high titanium content 3.74% TiO_2 over 28m (from 205m) in the lower sill and slightly lower in the upper sill at 1.72% TiO_2 over 20.8m from 158.5m (see Figure 2). A similar trend occurs with Chromium and Vanadium values suggesting multiple phases of ultramafic magmatism has occurred which is an important characteristic to generate economic deposits.

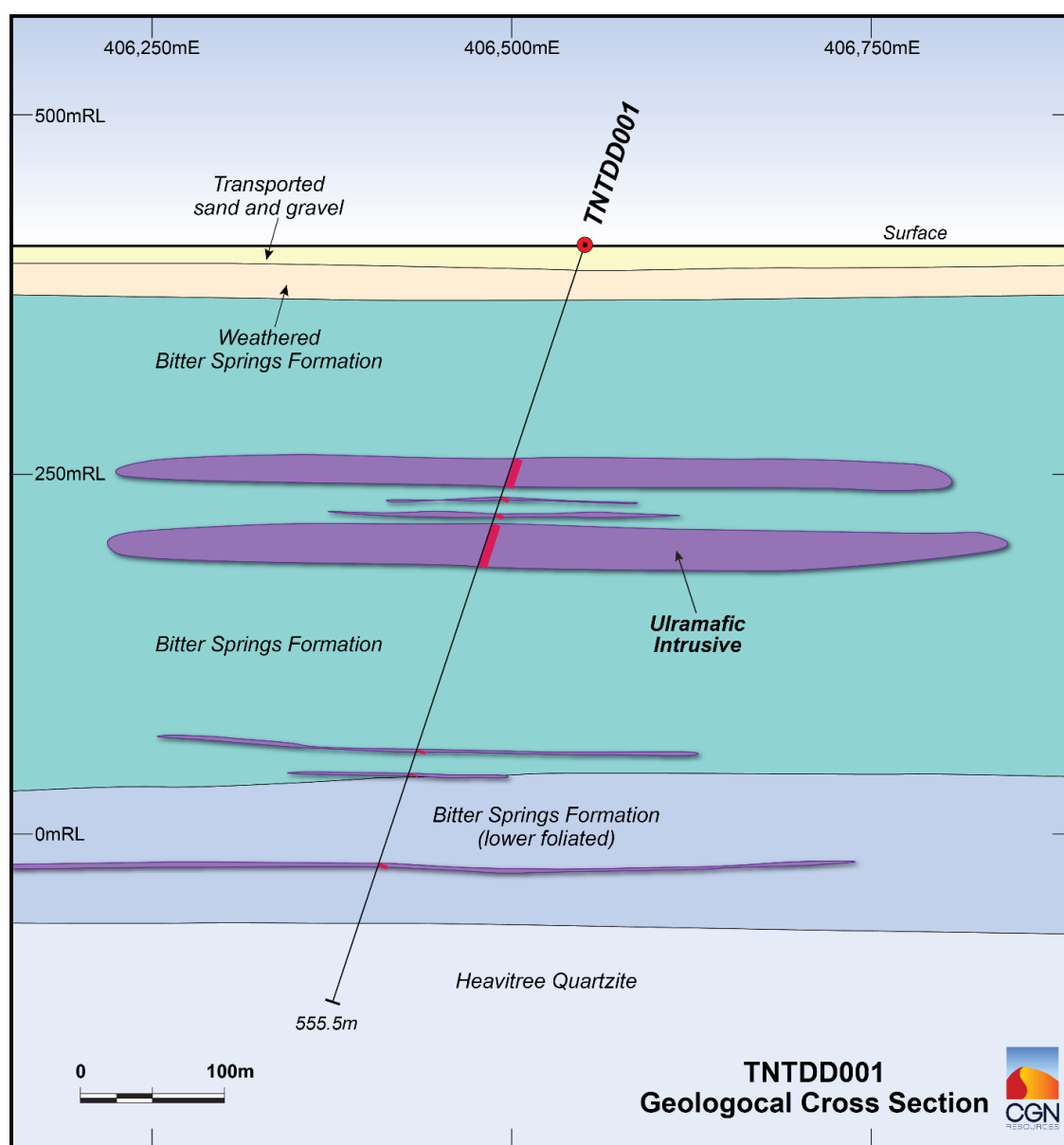


Figure 2. Cross section 7400350 mN Tantor target showing summary geology.

ASX ANNOUNCEMENT 29th January 2024



Planning for 2024 was also a focus during the December Quarter. Completing the heritage clearance survey has enabled us to get plans in place to commence our exploration programs as early as possible in 2024. To that end we have already contracted ground geophysics companies to commence in late February and are well advanced on contracting our preferred drilling contractors.

CGNR has made an application for an exploration licence (E80/5986) comprising four graticular blocks on the southern margin of the Webb Project tenure (Figure 3). This increases our land holding from 948 sq km to 960.64 sq km. The tenement directly abuts the current project area and contains some interesting magnetic features which will be reviewed in more detail as we develop a plan to explore this region.

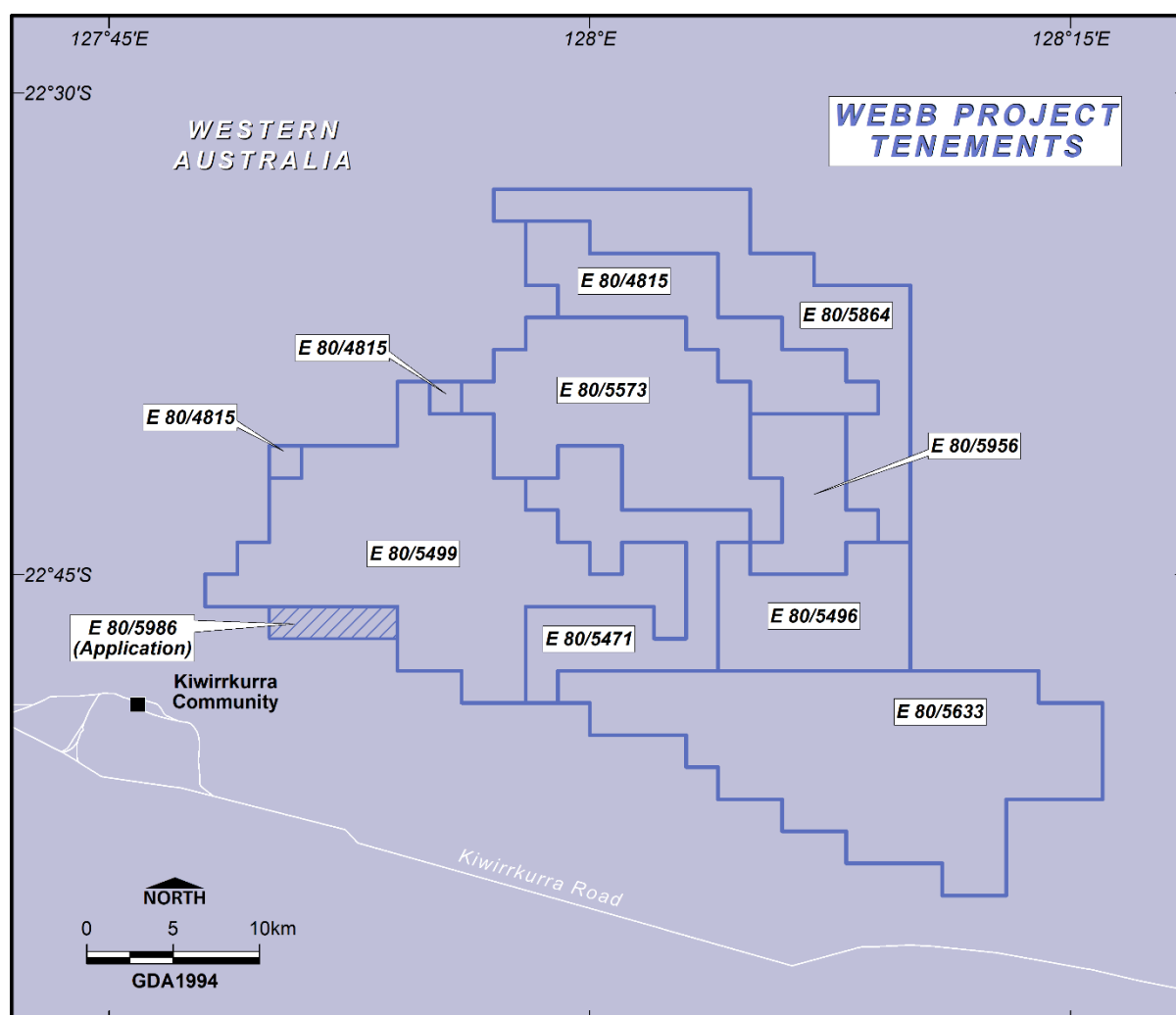


Figure 3. Tenement Plan showing location of Application E80/5986

Corporate Activities

CGN Resources announced the appointment of James Potter as Exploration Manager in November 2023. James is a passionate and engaging leader in mineral exploration and mineral resource development, with more than 20 years' experience in the mining industry. He is an economic geology generalist, with multicommodity exposure but a focus on orogenic gold, base metals, iron ore and specialty metals and has a track record of building teams to deliver success through new discoveries and incremental growth.

The Managing Director in conjunction with NWR Communications completed a successful marketing trip to Melbourne. The Company presented to a room of 80-100 investors and brokers with very strong engagement during questions and a subsequent networking event. While in Melbourne, a series of additional meetings were held new potential investor groups.

December Quarter Cashflow (including note to Section 6 of Appendix 5B)

Attached below is the Appendix 5B company cash flow statement. During the quarter CGNR spent approximately \$1.4m on operating expenses. Significant expenses for the quarter related drilling services, contractor costs to support the field programs, heritage clearance survey, residual ASX listing expenses, stakeholder engagement and marketing. Payments to related parties of the entity and their associates totalled \$162k which included Chairman fees, Managing Director salary, Non-executive director fees, rent and company secretarial costs.

Table 1. Summary of use of Funds

Use of Funds Year 1 (from Prospectus)	Prospectus Estimated Use of Funds (\$'000)	Actual Use of Funds (YTD \$'000)
Exploration and evaluation programs at the Webb Project	2,996	1,204
Costs of the Offer	850	677
General administration costs	550	97
Working capital	1,362	14
Sub-total (Year 1)	5,758	1,992

Activities for the Current Period

For the 3 months ending 31st March 2024 the Company will undertake the following activities:

- Recommence exploration at the Webb Project.
- Mobilise ground geophysics crews to site to complete Gravity, IP, and EM surveys.

ASX ANNOUNCEMENT

29th January 2024



- Finalise drilling contracts for this year's reverse circulation and diamond core drilling.
- Finalise data review from Tantor Drilling and remodel target.
- Finalise grant funding requirements for tranche 2 of the Tantor EIS grant.
- Marketing and conference attendance in Perth and Singapore.
- Target generation and planning for the 2024 exploration campaign.

ENDS

This announcement has been authorised by the Board of Directors of the Company.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning CGN Resources Limited's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although CGN Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Competent Person's Statement

The information in this announcement that relates to Exploration Results for the Webb Project is based on, and fairly represents, information compiled by Mr Daniel Wholley, a Competent Person who is a Member of the Australian Institute Geoscientists (MAIG). Mr Wholley is a fulltime employee of CGN Resources Limited. Mr Wholley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Wholley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For Further Information, Please Contact:

Mr Stan Wholley
Managing Director
Tel: +61 0421 109 664
Info@cgnresources.com.au

Mr Grant Mooney
Non-Executive Director / Company Secretary
Tel: +61 8 9226 0085
info@cgnresources.com.au

ASX ANNOUNCEMENT
29th January 2024



About the Webb Project

The Webb Project is in the Eastern Kimberly region of Western Australia approximately 20km east of the Kiwirrkurra aboriginal community. The Project comprises seven granted exploration licences and two exploration licence applications (see Appendix 1). The tenements cover 960.64 sq km of the highly prospective West Arunta Orogen, a package of Proterozoic to Archean aged rocks considered highly prospective for large magmatic base metal, precious metal, and kimberlitic diamond deposits. The project has been the subject of detailed exploration for diamonds resulting in the discovery of Australia's largest kimberlite field comprising at least 280 kimberlite pipes. Although microdiamonds have been discovered in in surface loam samples no diamonds have been discovered in the 50 kimberlite pipes tested to date. During exploration for diamonds multiple holes returned highly anomalous base metal intersections for copper, nickel, and rare earth elements. Based on these results CGNR has changed focus from diamonds exploration to base metal and specialty metal exploration which will be the focus of work over the coming years.

Appendix 1 – Interests in Tenements

Tenement Id	Status	Project	Jurisdiction	Interest ant Start of Quarter	Interest at end of Quarter
E80/4815	LIVE	WEBB	LAKE MACKAY	86%	86%
E80/5471	LIVE	WEBB	WANMAN	86%	86%
E80/5496	LIVE	WEBB	ELIZABETH HILLS	86%	86%
E80/5499	LIVE	WEBB	ELIZABETH HILLS	86%	86%
E80/5573	LIVE	WEBB	WANMAN	86%	86%
E80/5633	LIVE	WEBB	WEBB	86%	86%
E80/5864	LIVE	WEBB	WANMAN	86%	86%
E80/5956	PENDING	WEBB	WANMAN	86%	86%
E80/5986	PENDING	WEBB	WANMAN	86%	86%

Appendix 5B

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

Name of entity

CGN Resources Limited

ABN

51 122 958 810

Quarter ended ("current quarter")

31 December 2023

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 (if expensed)	(1,222)	(1,287)
	(b) development		
	(c) production		
	(d) staff costs	(139)	(187)
	(e) administration and corporate costs	(208)	(437)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	158	158
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(1,408)	(1,750)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant, and equipment	(18)	(18)
	(d) exploration & evaluation (if capitalised)		
	(e) investments		

ASX ANNOUNCEMENT
29th January 2024



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(f) other non-current assets 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	(18)	(18)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,000	10,800
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	(566)	(566)
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		
3.10	Net cash from / (used in) financing activities	9,434	10,234

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	674	215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,408)	(1,750)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,434	10,234
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period (See note 1 below)	8,682	8,682

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	188	674
5.2	Call deposits	8,493	
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)	8,682	674

6. 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

**Current quarter
\$A'000**

162

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

ASX ANNOUNCEMENT
29th January 2024



7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

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)	(1,408)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,408)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	8,682
8.5 Unused finance facilities available at quarter end (Item 7.5)	
8.6 Total available funding (Item 8.4 + Item 8.5)	8,682
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6.17 quarters

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?

Answer:

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:

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:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2024

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 – e.g. 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.