

29 January 2019

ASX RELEASE

QUARTERLY ACTIVITIES REPORT DECEMBER 2018

TAO Commodities Limited (“TAO” or “the company”) (ASX: TAO) is pleased to release the Quarterly Activities Report for December 2018.

Highlights

- **The Phase 2 exploration program was expected to commence during the quarter with six holes identified and staked, and all necessary permitting procedures submitted for approval during October 2018. Due to unforeseen delays from the Bureau of Land Management (BLM) the Company was not able to commence its drilling program as expected. The Company has recently received confirmation from the BLM that it has approved the works program submitted subject to final bond acceptance.**
- **The Company is currently awaiting the final bond amounts and final comments from the State of Utah, which is expected in the coming weeks. The maiden Phase 2 exploration program is therefore expected to commence towards the end of Q1 2019.**
- **Harrison drilling has confirmed that a drill rig is available for the maiden 1000m program. Confirmation also that limited road works will be required to gain access to drill locations.**
- **The Company also reviewed a number of complimentary projects with the view of expanding the Company’s current single project focus. During the quarter two opportunities moved to a formal Due Diligence (DD) stage, however during that process both did not meet the requirements of the Company to advance further to a more formal stage. The Company will continue to advance discussions on several other projects, in addition to reviewing new opportunities with the assistance of its advisors.**
- **The Company held its Annual General Meeting on November 28, 2018 and all resolutions were passed on a show of hands.**

Phase 2 Exploration

During the quarter the Company announced that six drill sites have been staked on the Silver Bear prospect at the 100% owned Milford Project located in Beaver County, Utah, USA. This will represent the maiden drill program for TAO’s Milford Project.

The Phase 2 exploration program was expected to commence during the quarter with all the necessary permitting procedures submitted for approval during October 2018. Due to unforeseen delays from the BLM and State of Utah, the Company was not able to commence its drilling program as expected. The Company has now received confirmation from the BLM that it has approved the works program submitted, subject to final bond acceptance.

The Company is currently awaiting the final bond amounts and final comments from the State of Utah, which is expected in the coming weeks. The maiden Phase 2 exploration program is therefore expected to commence during this quarter.

Silver Bear is the most promising of several prospect areas included in the extensive Milford land holdings. Six drill sites, from which seven or more holes may be drilled, were staked on the Silver Bear prospect, two on either side of the vein (Figure 1). The main vein is exposed in two adits (now mostly inaccessible) and an open trench. The vein has a known strike length of at least 150 meters and is approximately 2 metres wide where it is exposed.

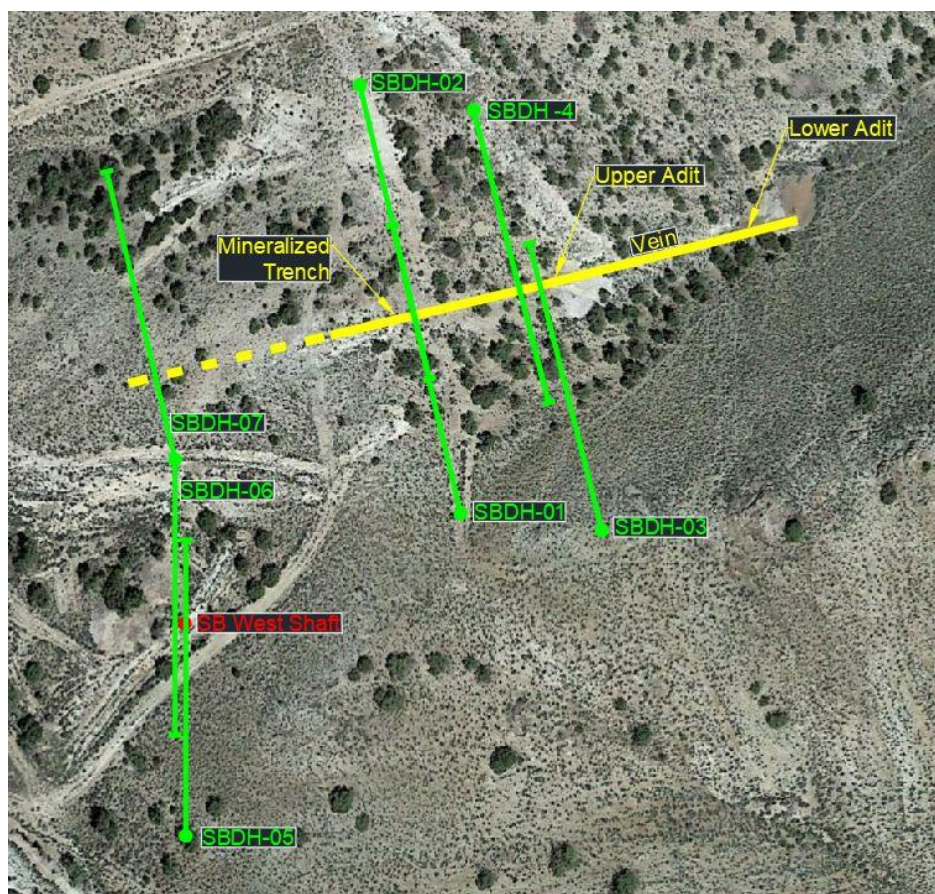


Figure 1 – Staked drill hole locations and mineralised features of the Silver Bear prospect.

Each hole is expected to be core drilled to approximately 150 metres (± 500 feet) and will reach beyond the structures with the intent of intersecting other parallel veins. Several structures with significant assay values are scattered along the hillside north of the main structure indicating the likelihood of veins parallel to the main vein. The holes are all designed to be drilled at a -60° but can be drilled at a lesser angle if priorities change.

Additional holes can be drilled from the same drill pad locations, if deemed advantageous. The holes are designed to intersect the vein structures from opposite directions to provide a sense of the structure's attitude, as well as gauge its width and grade. It is anticipated that some road work will be required to construct the drill pads for some of the recommended holes. Table 1 is a summary of the drill hole calculations for the Silver Bear prospect.

Table 1 - Silver Bear Proposed Drill Hole Calculations. (UTM locations are based on NAD83, Zone 12.

Proposed Drill Hole	Easting UTM	Northing UTM	Google Elev (m)	Direction	Horizontal Distance to Vein (m)	Drill Distance to Vein -60° (m)	Drill Distance to Vein -60° (ft)	Proposed Hole Length (m)	Proposed Hole Length (ft)
SBDH-01	315121	4250884	1915	N15°W	50	100	328	150	500
SBDH-02	315099	4250986	1910	S15°E	60	120	394	150	500
SBDH-03	315126	4250981	1909	N15°W	65	130	427	150	500
SBDH-04	315052	4250895	1903	S15°E	50	100	328	150	500
SBDH-05	315056	4250812	1922	Due N	54	108	354	150	500
SBDH-06	315154	4250878	1910	Due S	42	84	276	150	500
SBDH-07	315154	4250878	1910	N15°W	21	42	138	150	500
Total								1050	3500

New Project Opportunities

As outlined in the Company's IPO Prospectus and use of funds allocation, the Company intends to continually review and assess complimentary assets, which will add shareholder value. The Company's main focus continues to be the exciting and highly prospective Milford Zinc, Lead & Copper project, however given the current single asset focus, the Company believes it is prudent to add new assets in due course. As part of this process the Company has increased its activities in identifying additional projects.

During the quarter, two opportunities moved to a formal DD stage, however during that process, both did not meet the requirements of the Company to advance to a more formal stage. The Company will continue to advance discussions on several other projects in addition to reviewing new opportunities with the assistance of its advisors.

Tenure Map

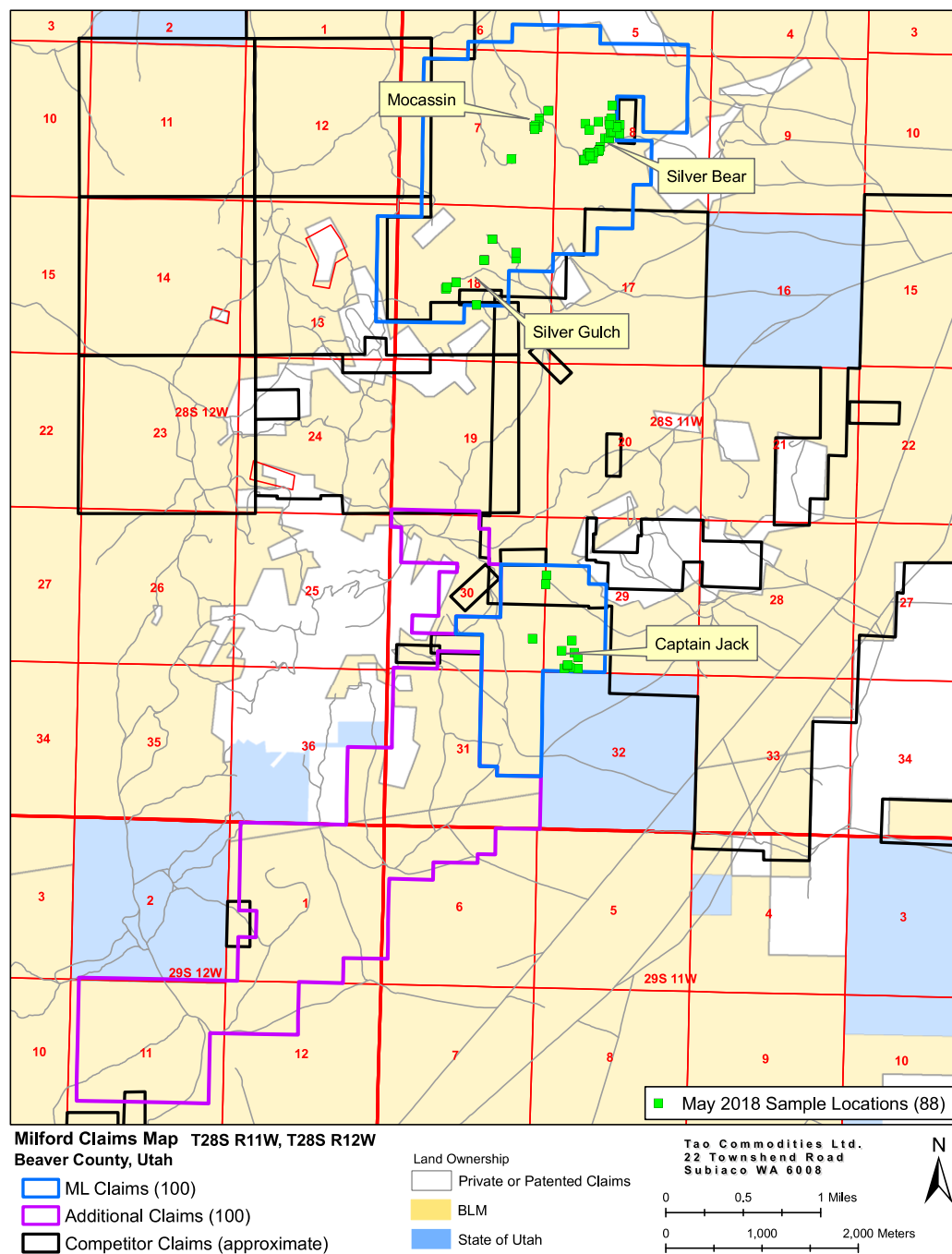


Figure 2 – Milford Project with staked claims

Milford Project - High Grade Zinc, Lead and Gold

Located near the town of Milford, Utah the company has secured 200 claims prospective for replacement or manto/pipe-style base and precious metals. The project area has numerous old workings, which were exploited for precious and base metals in the 1800s. Very little systematic modern day exploration has been completed, with little if any drilling data known to exist despite the evidence of extensive historical mining activity. The Project is considered prospective for epithermal and replacement style precious and base metal mineralisation along structural corridors in reactive host rocks. Of primary interest are three areas prospective for replacement or manto/pipe-style base and precious metals.

Tenement Schedule (Disclosure per ASX Listing Rule 5.3.3)

Tenements held at end of the quarter by TAO Commodities Ltd and subsidiary companies.

TENEMENT	LOCATION	INTEREST
ML-001 to ML-200	Utah USA	100%
Total Number of Claims	200	

END

For further information, please contact

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