

MARCH 2019 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Sale of non core Victory Bore Project to Surefire Resources NL (ASX:SRN) Completed**
- **Broad review of all Austrian projects underway to ensure those with the most achievable path to development are prioritised**
- **Austrian office relocated to be proximate to the Company's portfolio of gold projects**
- **Experienced exploration geologist appointed Executive Director**

High Grade Metals Ltd (ASX: HGM) ("**HGM**" or the "**Company**") is pleased to provide its March 2019 Quarterly report.

Victory Bore Sale Completed

On 29 April 2019, HGM announced it had completed the sale of its Victory Bore Project to Surefire Resources NL (ASX:SRN) consistent with the terms announced on 21 August 2018.

Austrian Projects

A technical workshop was held in Austria in mid-April 2019 to consider the Company's approach to its Austrian gold and cobalt projects. As a result of this workshop, a broad review is underway to ensure projects with the most achievable path to development are prioritised.

Drilling will not occur in the current Quarter as the Company considers its entire package and identifies exploration priorities across the portfolio.

Following the workshop, the Company determined, as a result of ongoing data compilation and interpretation of recently completed drilling (refer ASX announcements of 22 February 2019 and 25 March 2019), that the Exploration Targets released for the Leogang and Schellgaden Projects (refer ASX announcement 5 April 2018 and 25 May 2018 respectively) no longer reflect the nature of the targeted mineralisation and cannot be relied upon.

Corporate

On 12 February 2019, the resignation of the CEO and Managing Director, Mr Torey Marshall was accepted by the Board. At the same time, Mr Anthony Hall was appointed as Executive Chairman.

Mr Hall was previously based in Europe as the CEO and Managing Director of an ASX listed Spanish potash developer. During his tenure the Company's market capitalisation grew from A\$10m to over A\$800m fully diluted; over A\$140m was raised to progress the Company's projects; and the projects were transitioned from exploration to completion of Definitive Feasibility Studies. Mr Hall is a qualified lawyer with over 20 years of commercial experience in venture capital, risk management, strategy and business development. He holds a Bachelor of Laws (Hons), Bachelor of Business, a Graduate Diploma of Applied Finance and Investment, and is an Associate of the Governance Institute of Australia.

High Grade Metals Ltd

ACN: 062 879 583

ASX: HGM

Issued Capital

452,937,867 Shares

97,500,000 Options

240,000,000 Perf Shares

Australian Registered Office

Level 17, 500 Collins Street

Melbourne VIC 3000

Directors

Anthony Hall – Executive Chairman

Brad Drabsch – Executive Director

Steve Formica – Non-Executive Director

Adrien Wing – Non-Executive Director / Company Secretary

As part of the Board changes, the number of directors was reduced to three with Mr Simon Francis and Mr Hayden Locke both resigning to facilitate the reduction in directors.

On 3 April 2019, Mr Bradley Drabsch was appointed an Executive Director of the Company. Mr Drabsch has over 20 years of industry experience focussed primarily on the exploration for gold and base metal deposits in Australia, Asia and Africa. He graduated with a BSc (hons) Economic Geology in 1998 and has worked as an Exploration Geologist, Project Geologist and Exploration Manager for companies such as St Barbara, Ivanhoe Mines, Independence Group, Doray Minerals and BHP Billiton.

Mr Drabsch was a founding director of Centrepeak Resources Group and was intimately involved in the very successful Capricorn Metals (ASX:CMM) acquisition of the 1.4Moz Karlawinda Gold Project in Western Australia. Most recently, he has been the Managing Director of the ASX listed Trek Metals (ASX:TKM).

Under the revised operating structure Mr Drabsch has taken over responsibility for the Company's nine exploration projects in Austria with Mr Hall continuing in an executive role responsible for broader corporate strategy and global financial markets stakeholder engagement. It is expected that both executive directors will actively support each other in their respective roles.

During the Quarter the Company also relocated its European office to Austria to be proximate to the Company's portfolio of gold projects. It also appointed an experienced Austrian geologist to act as the Company's in country exploration manager.

ENDS

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About High Grade Metals Ltd

High Grade Metals (ASX: HGM) is an ASX listed mineral exploration company with a portfolio of brownfields gold and cobalt projects located in Austria.

The assets comprise nine exploration areas that are considered prospective for gold and cobalt.

The Company is currently completing a review of its nine projects to determine a holistic approach to exploration activities focused on prospectivity and scale.



Figure 1. Location of High Grade Metals' Projects within Austria

Appendix 1 | Schedule of Tenements

Project	Country	Tenement / Freischürfe	Last Quarter Interest	Current Quarter Interest
Schellgaden	Austria	01/18/SN – 54/18/SN 02/05/S – 37/05/S 15/05/K – 135/05/K	100%	100%
Schwarzleo	Austria	38/17/S – 67/17/S	100%	100%
Seekar	Austria	68/17/S – 76/17/S	100%	100%
Zinkwand	Austria	77/17/S – 78/17/S	100%	100%
Gratlspitz	Austria	01/GR/18 – 81/GR/18 01/17/T – 37/17/T	100% 100%	100% 100%
Leogang East	Austria	LE/01 – LE/33	100%	100%
Kreuzeck West / Carinthia	Austria	136/05/K – 179/05/K	100%	100%
Kreuzeck East / Carinthia	Austria	180/05/K – 221/05/K	100%	100%
Goldeck – Siflitz / Carinthia	Austria	222/05/K – 278/05/K	100%	100%
Victory Bore	Australia (WA)	EL57/1036	100%	0% (Project Divested)

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

HIGH GRADE METALS LIMITED

ABN

55 062 879 583

Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(497)	(497)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(340)	(340)
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 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(834)	(834)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on acquisition of legal parent	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	Less than marketable parcel share buy-back	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,802	1,802
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(834)	(834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	969	969

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	939	939
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Other – Held in trust account	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	969	969

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
232
-

6.1 includes directors' fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
14
-

7.1 Company Secretary fees

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other – Converting loans	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	80
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	160
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	240

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to quarterly activities report		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to quarterly activities report		

There are 120,000,000 Class A and 120,000,000 Class B Performance Shares on issue as at 31 March 2018.

(Conversion on achievement of Class A Milestone): Each Class A Performance Share will convert into a Share on a one for one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (**Class A Milestone**).

(Conversion on achievement of Class B Milestone): Each Class B Performance Share will convert into a Share on a one for one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**Class B Milestone**).

The Performance Shares expire on 26 February 2023. The Performance Shares are not transferable, and do not confer voting or dividend rights on their holders. The full terms and conditions of the Performance Shares are set out in the Company's Prospectus dated 30 January 2018. No Performance Shares converted and no Milestone was met, during the quarter.

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.



Sign here

Company Secretary

Date: 30 April 2019

Print name: Adrien Wing

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.