

30 January 2020

Quarterly Activities Report – Three months to 31 December 2019

Highlights

- Detailed ground magnetic surveys were completed at the Simesvallen East, Spannarslatten and Svedasen prospects on the Simesvallen vanadium project in central Sweden
- Modelling of the ground magnetic data indicates that the magnetic body mineralised with vanadium at the Simesvallen prospect, extends at least 340m further east to the Simesvallen East prospect and the thickness of the vanadium mineralised body increases to 50m
- At the Spannarslatten prospect an intensive magnetic anomaly, striking east-west and in excess of 1000m strike length, is interpreted to be due to two magnetic bodies dipping 35° to the north and of thickness 40m and 30m respectively
- At the Svedasen prospect the ground magnetic data indicates that the source of the magnetic anomaly is a flat lying intrusion folded about an east-west axis and varying in thickness from 18m to a maximum of 96m
- Pursuit continued discussions with several potential partners who have the technical and financial capability to assist Pursuit to advance its vanadium projects in Sweden and Finland
- Pursuit continues to assess acquisition and joint venture opportunities in relation to other mineral resource projects

Sweden and Finland Vanadium Projects

Pursuit has previously announced its intention to seek a strategic partner with the technical and financial resources to assist with progressing the Airijoki and Koitelainen Projects to their next stages of development. During the quarter, Pursuit continued to hold discussions with a number of companies possessing the capabilities which Pursuit is seeking in a partner to assist in advancing the projects. Pursuit will advise the market if those discussions lead to Pursuit securing a partner for the projects.

To assist in attracting a partner for the vanadium portfolio, Pursuit has reviewed each vanadium project and defined the work programs which are required to progress each project to its next technical key decision point. Priority is intended to be given to work programs which most cost effectively progress the overall vanadium portfolio towards achieving the Company's previously stated objective of developing projects within the vanadium portfolio via a two-phase development strategy as follows:

- **Phase One** – Produce high-grade vanadium magnetite concentrates from the Airijoki and Koitelainen Projects for sale into the European or global steel industries, or to global vanadium smelters, hence reducing pre-production capital expenditure requirements and timeframes to production.
- **Phase Two** – Process high-grade vanadium magnetite concentrates from multiple mineral resources into products, via a centralised downstream processing plant, for sale into the emerging European vanadium battery industry.

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Since commencing its vanadium strategy, Pursuit has focussed on assessing its projects to deliver the Phase One objective stated above and has made rapid progress, with the completion of the Scoping Studies for the Airijoki and Koitelainen Projects in less than 12 months following initiation of the vanadium strategy.

During the quarter, Pursuit completed three detailed ground magnetic surveys on the Simesvallen Project in Central Sweden. The objective of completing the detailed ground magnetic surveys was to map the distribution of magnetite in mafic intrusions, as it is the magnetite which hosts the vanadium mineralisation. Furthermore, detailed ground magnetic data was shown to be highly effective on Pursuit's Airijoki Project in northern Sweden, at generating drill targets which delivered significant new vanadium intersections¹. At Simesvallen, vanadium mineralisation has been intersected in historical drill holes over 560m of strike length. The ground magnetic data will assist in assessing the potential to extend this mineralisation further along strike and whether drill testing is warranted.

Figure 1 - Pursuit Project Locations in Finland and Sweden



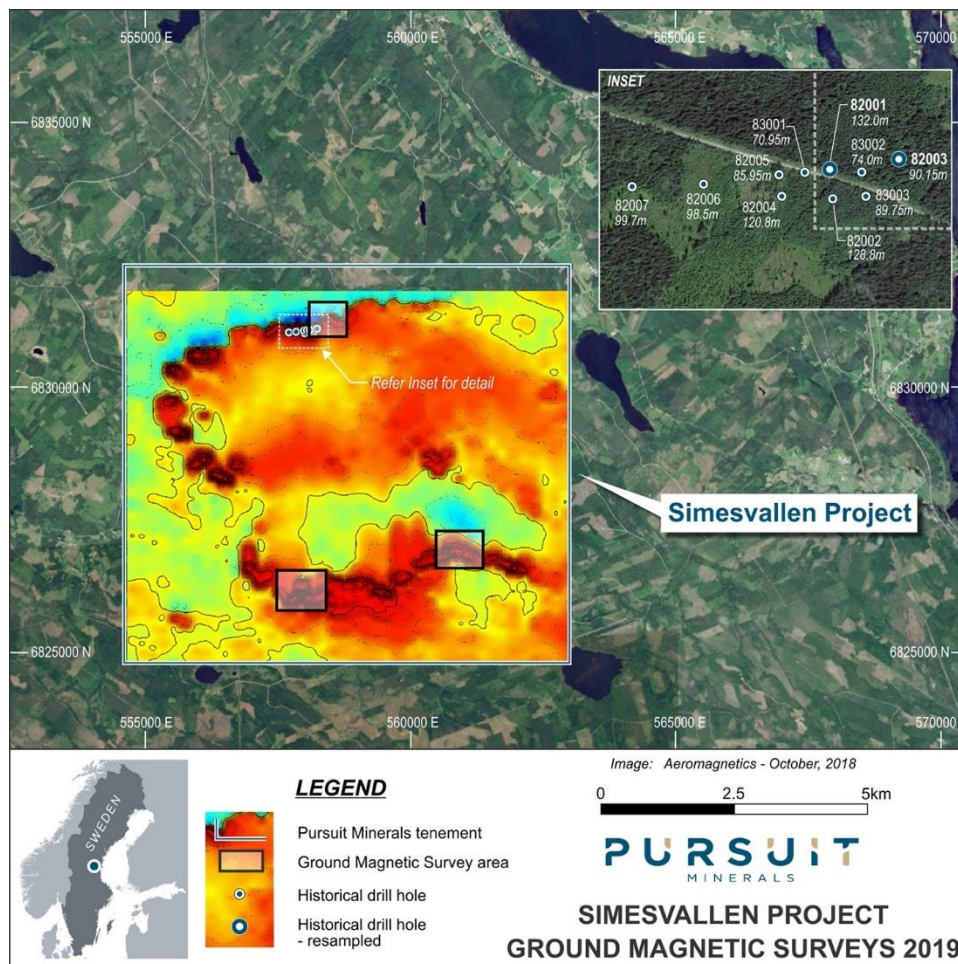
¹ See Pursuit Minerals ASX Announcement 29 October 2018. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Historical drilling at the Simesvallen prospect previously intersected vanadium mineralisation over a strike length of 560m, which is open to both the east and west, and includes the following historical intersections²:

- 8.75m @ 0.41% V₂O₅ (whole rock), in hole SIM82001 from 40.00m
- 13.9m @ 0.44% V₂O₅ (whole rock), in hole SIM82003 from 28.15m

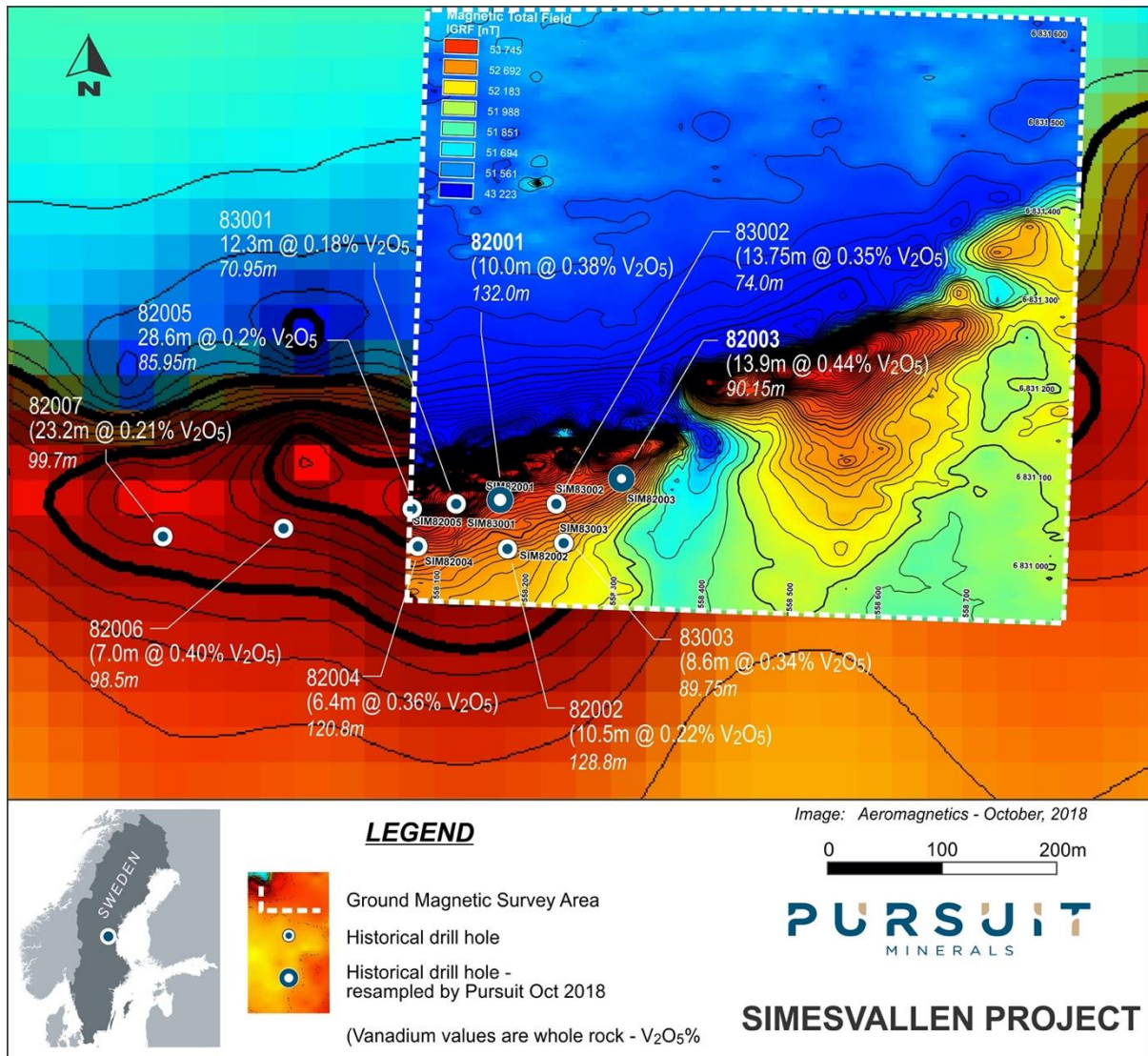
Three areas were covered with detailed ground magnetic surveys, with data collected on lines spaced 25m apart (Figure 2). The northern survey area was designed to investigate the potential extension of the known vanadium mineralisation in holes SIM82001 and SIM82003 (Figure 3). The survey areas in the southeast and southwest of the Simesvallen project area were designed to investigate high intensity magnetic features whose causative sources are likely to be abundant magnetite.

**Figure 2 – Simesvallen Project
Detailed Ground Magnetic Survey Locations**



² See Pursuit Minerals ASX Announcement 29 October 2018. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**Figure 3 – Simesvallen Project
Northern Detailed Ground Magnetic Survey**



Modelling of the ground magnetic data indicates that the magnetic body mineralised with vanadium at the Simesvallen prospect, extends at least 340m further east to the Simesvallen East prospect and the thickness of the vanadium mineralised body increases to 50m.³

At the Spannarslatten prospect an intensive magnetic anomaly, striking east-west and in excess of 1000m strike length, is interpreted to be due to two magnetic bodies dipping 35o to the north and of thickness 40m and 30m respectively.³

At the Svedasen prospect the ground magnetic data indicates that the source of the magnetic anomaly is a flat lying intrusion folded about an east-west axis and varying in thickness from 18m to a maximum of 96m.³

³ See Pursuit Minerals ASX Announcement 20 January 2020. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement.

Interpretation of the ground magnetic data achieved Pursuit's objective of mapping the distribution of magnetite within the mafic intrusions which host vanadium mineralisation and determining the orientation and thickness of the mafic intrusions.

To further develop the vanadium projects in a cost-effective manner and to assist in securing a partner, Pursuit is considering undertaking the following:

- Additional metallurgical test work on vanadium magnetite concentrates from the Airijoki Project with the objective of further increasing the mass recovery of vanadium into the magnetite concentrate.
- Discussions with its local Swedish consultants to determine the next steps for advancing testing of the Simesvallen East, Spannarslatten and Svedasen prospects on the Simesvallen vanadium project
- Detailed planning for an initial drill program on the Koitelainen Project subject to the granting of an Exploration Licence within the current Koitelainen Mineral Reservation. On 1st April 2019, Pursuit submitted a Natura2000 impact assessment document to the Finnish government. The outcome of this assessment will determine the terms and conditions attached to the granting of any Exploration Licence with the Koitelainen Mineral Reservation. Granting of an Exploration Licence is required before a first round of drilling can be undertaken, as on the current Koitelainen Mineral Reservation, only non-ground disturbing activities can be undertaken.

Pursuit considers that the above work programs will most cost effectively advance the vanadium project portfolio and enhance the probability of attracting a partner with the capabilities to assist with the development of the overall vanadium portfolio and achieving Pursuit's initial Phase One strategic goal.

Queensland Exploration Projects

Paperbark Project

The Paperbark Project is located approximately 215km north-northwest of Mount Isa and 25km southeast of the Century Mine in north-west Queensland. It occurs within the Lawn Hill Platform of the Western Succession of the Mt Isa Province (Figure 4).

No work was conducted on the Paperbark Project during the quarter.

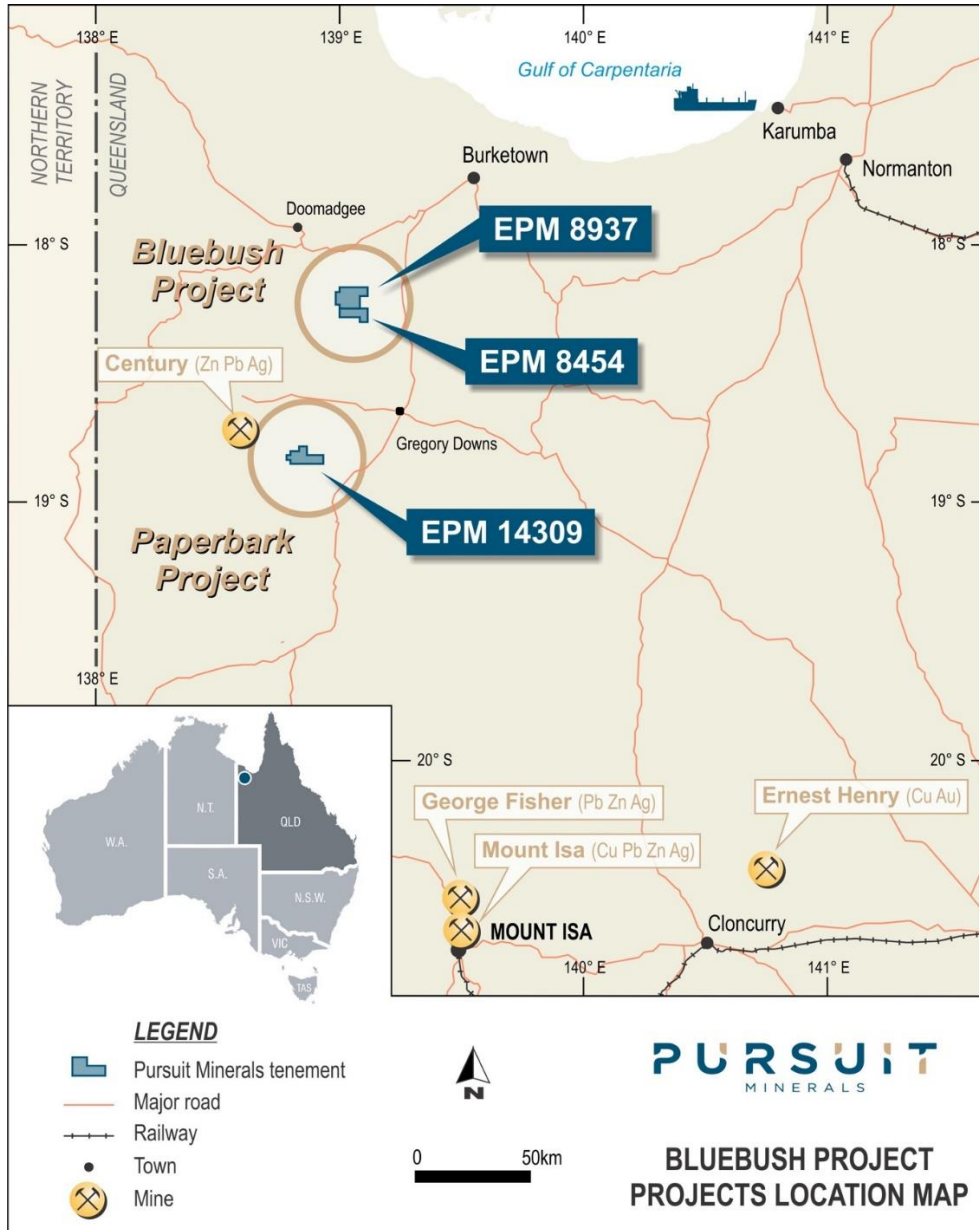
Bluebush Project

The Bluebush Project is located approximately 280km north-northwest of Mount Isa and 72km northeast of the Century Mine in northwest Queensland and occurs within the Lawn Hill Platform of the Western Succession of the Mt. Isa Province (Figure 4).

The project consists of two exploration permits (EPM's 8454 and 8937) covering an area of approximately 214km². Previous drilling has intersected zinc mineralisation over an area of 120km² making Bluebush one of the largest areas of zinc mineralisation in Australia.

Rehabilitation of two drill holes from the 2017 and 2018 drilling program was completed on the project during the quarter.

Figure 4 – Queensland Zinc Project Locations



Corporate

Cash position and financing activities

As at 31 December 2019, Pursuit had cash reserves of \$953,000. During the quarter, the Company undertook the following financing activities:

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- On 15 October 2019, raised \$248,500 the issue of 24,850,000 shares on the completion of Tranche 2 of the capital raising announced on 3 July 2019 following shareholder approval which was obtained at a general meeting of shareholders held on 1 October 2019.

Payments to Related Parties and their associates

During the quarter, the Company made payments totalling \$87,000 to related parties and their associates including:

- \$12,000 paid to Directors during the quarter as payment for Directors fees.
- Amounts totalling \$51,000 paid to Steinepreis Paganin for legal services. Peter Wall, the Non-Executive Chairman of the Company is a partner of Steinepreis Paganin.
- Amounts totalling \$24,000 were paid to Jeremy Read, a Director, for consulting services.

Outlook

The Company is continuing discussions with potential strategic partners who have the capability to provide technical and financial capability to progress the Airijoki and Koitelainen projects through their next stages of development. At the same time, Pursuit is advancing cost effective work programs to enhance the probability of attracting a strategic partner for these projects.

The Company is also considering acquisition and joint venture opportunities in relation to other mineral resource projects and will provide further updates in due course.

Tenement Listing

As at 31 December 2019, the Company had a 100% ownership interest in tenements shown in Table 1.

Table 1 – Tenement listing at 31 December 2019

Project	Tenement	Location	Area (km ²)	Expiry Date
Paperbark	EPM 14309	Queensland	75	12/9/2022
Bluebush	EPM 8937	Queensland	144	6/9/2019
Bluebush	EPM 8454	Queensland	70	11/11/2019
Karhujupukka	Karhujupukka - Reservation	Finland	399	29/3/2020
Karhujupukka	Karhujupukka North – Exploration Licence ML2018:0068	Finland	1	10/7/2022
Karhujupukka	Karhujupukka South – Exploration Licence ML2018:0069	Finland	5.5	10/7/2022
Koitelainen	Koitelainen A	Finland	44	29/3/2020
Koitelainen	Koitelainen B	Finland	86	29/3/2020
Ala Postojoki	Ala Postojoki - Reservation	Finland	50	7/8/2020
Simesvallen	Simesvallen nr 100	Sweden	63	20/6/2021
Kullberget	Kullberget nr 100	Sweden	81	20/6/2021
Kramsta	Kramsta nr 100	Sweden	16	20/6/2021
Sumåsjön	Sumåsjön nr 1	Sweden	37	21/6/2021
Airijoki	Airijoki nr 100	Sweden	9.6	27/6/2021

Project	Tenement	Location	Area (km ²)	Expiry Date
Airijoki	Airijoki nr 101	Sweden	4.8	25/11/2021
Airijoki	Airijoki nr 102	Sweden	13.5	25/11/2021
Airijoki	Airijoki nr 103	Sweden	4.1	26/11/2021

Authorisation

This quarterly activity report was authorised for release by the Board of Directors of Pursuit Minerals Limited.

For more information about Pursuit Minerals and its projects, visit:

www.pursuitminerals.com.au

– ENDS –

Competent Person's Statement

Statements contained in this announcement relating to historical exploration results, historical estimates of mineralisation and Exploration targets are based on, and fairly represents, information and supporting documentation prepared by Mr. Jeremy Read, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 224610.

Mr. Read is a Non-Executive Director of the Company and has sufficient relevant experience in relation to the mineralisation style being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Read consents to the use of this information in this announcement in the form and context in which it appears.

Statements contained in this announcement relating to the Koitelainen Vosa Prospect Inferred Mineral Resource, are based on, and fairly represents, information and supporting documentation prepared by Mr. Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by Pursuit Minerals Limited to prepare an estimate of the Inferred Mineral Resource at the Koitelainen Vosa Prospect. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

Statements contained in this announcement relating to the Airijoki Project Inferred Mineral Resource, are based on, and fairly represents, information and supporting documentation prepared by Mr. Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by Pursuit Minerals Limited to prepare an estimate of the Inferred Mineral Resource at Airijoki. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

Forward looking statements

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Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Pursuit Minerals Limited's planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

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APPENDIX 5B

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

Name of entity
PURSUIT MINERALS LIMITED
ABN
27 128 806 977
Quarter ended ("current quarter")
31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Six months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(43)	(179)
(e) administration and corporate costs	(145)	(378)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
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	(189)	(559)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Six months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(148)	(272)
	(e) investments	-	-
	(f) other non-current assets	-	-
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	(148)	(272)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	249	1,437
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	(19)	(118)
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)	-	-
3.10	Net cash from / (used in) financing activities	230	1,319

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Six months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,086	531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(189)	(559)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(148)	(272)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	230	1,319
4.5	Effect of movement in exchange rates on cash held	(26)	(66)
4.6	Cash and cash equivalents at end of period	953	953

5.	1.1 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	953	1,086
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)	953	1,086

(a)

6.	1.2 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	87
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.	1.3	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	1.4	<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.		
Not applicable				

8.	1.5	Estimated cash available for future operating activities	\$A'000
8.1		Net cash from / (used in) operating activities (Item 1.9)	(189)
8.2		Capitalised exploration & evaluation (Item 2.1(d))	(148)
8.3		Total relevant outgoings (Item 8.1 + Item 8.2)	(337)
8.4		Cash and cash equivalents at quarter end (Item 4.6)	953
8.5		Unused finance facilities available at quarter end (Item 7.5)	-
8.6		Total available funding (Item 8.4 + Item 8.5)	953
8.7		Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.83

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:

Not applicable

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:

Not applicable

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:

Not applicable

1.6 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: **30 January 2020**

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

1.7 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.