

ASX Announcement

31 July 2020

ASX Code: MAN

Capital Structure

Ordinary Shares: 266,966,510
Unlisted Options: 206,050,077
(3c exercise)
Current Share Price: 3.5c
Market Capitalisation: \$9.3M
Cash: \$3.3M
Debt: Nil

Directors

Patrick Burke
Non-Executive Chairman

James Allchurch
Managing Director

Ben Phillips
Non-Executive Director

Lloyd Flint
Company Secretary

Contact Details

Ground Floor
24 Outram Street
West Perth WA 6005
Australia

Tel: +61 8 9200 3743

mandrakeresources.com.au

QUARTERLY REPORT

For the period ended 30 June 2020

Highlights

Newleyine Prospect

- Newleyine, located 30km from Chalice's exciting Julimar discovery, continues to develop into a highly prospective Ni-Cu-PGE target
- Surface rock chip results up to 0.36g/t palladium, 0.27g/t platinum, 0.65% nickel and 0.19% copper confirm Newleyine is highly fertile for Julimar-style mineralisation
- Surface geochemistry has also enlarged the footprint of Ni-Cu-PGE mineralisation at Newleyine
- Ground magnetics confirm the ovoid-shaped Newleyine anomaly contains distinct internal structure, highlighting the prospectivity of the ultramafic intrusive(s)
- Ground electromagnetic survey to commence

Berinka Pine Creek Gold Prospect

- Drilling at the Berinka Pine Creek Gold Project in the Northern Territory to commence next week

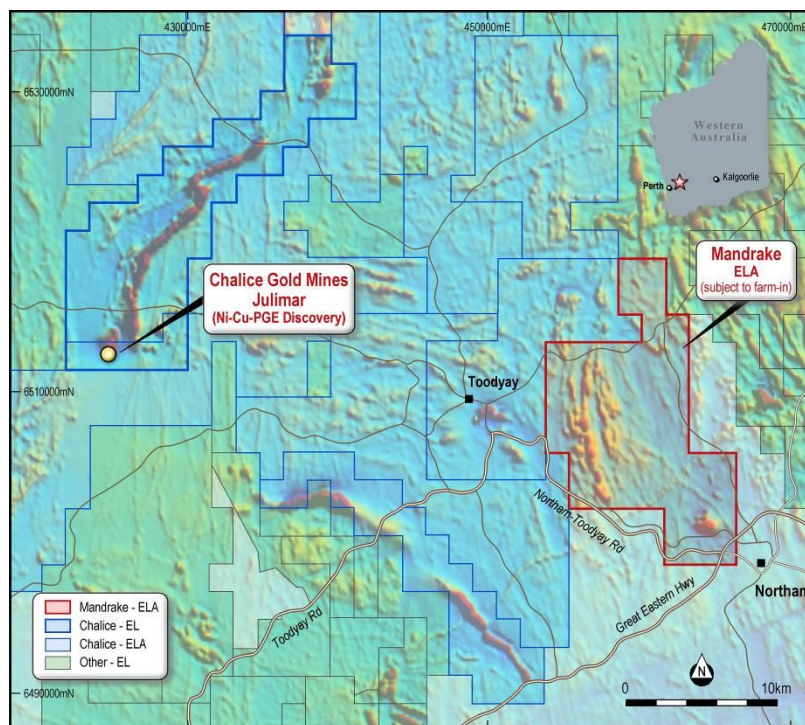


Figure 1 - Regional Aeromagnetics – Jimperding Project

Exploration Activity

Jimperding Project

During the June 2020 quarter Mandrake Resources Limited (ASX: MAN) (Mandrake or the Company) completed due diligence and satisfied the conditions precedent relating to the conditional binding Heads of Agreement with Andean Energy Resources Pty Ltd (AER) to farm-in to exploration licence application (ELA) 70/5345 (Jimperding Project), in the Jimperding Metamorphic Belt located 70km north east of Perth, Western Australia.

The Jimperding Project lies approximately 30km east of Chalice Gold Mines Limited's (Chalice) Julimar nickel, copper, platinum group elements (Ni-Cu-PGE) discovery announced on 23 March 2020. The 140km² ELA comprising the Jimperding Project was applied for on 4 March 2020, prior to the Julimar discovery hole announcement and prior to Chalice pegging over 2,000km² of ELAs contiguous to the Jimperding Project.

Newleyine Ni-Cu-PGE Prospect

Exploration activity during the June 2020 quarter focused on the Newleyine Ni-Cu-PGE prospect located in the south of the Jimperding Project.

Geophysics

A distinct bullseye total magnetic intensity anomaly was identified at the Newleyine Prospect from aeromagnetic data corresponding with confirmed ultramafic layered intrusive units and banded iron formation (BIF).

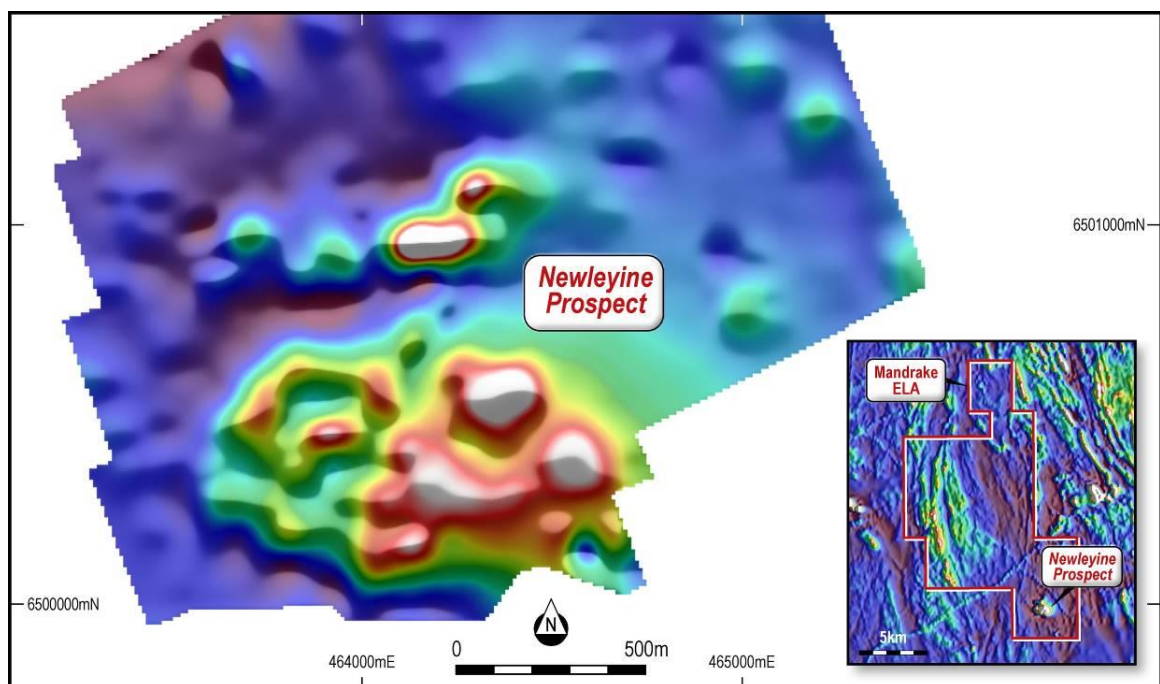


Figure 2 – High resolution RTP ground magnetic image - Newleyine Prospect (inset RTP aeromagnetic image)

A ground magnetic survey conducted in 2016 was re-processed by Mandrake (Figure 2) which demonstrated the distinct internal character of the magnetic anomaly at Newleyine. Rather than a homogenous ovoid-shaped magnetic anomaly, Newleyine appears to comprise a series of magnetic high lenses and potential structural offsets. These internal features are encouraging as they may be attributable to layering in the BIF and/or magmatic differentiation in the ultramafic intrusive(s), structural features and localized weathering.

Geochemistry

Concentrations of platinum and palladium in rock chip samples collected from two field mapping events have exceeded expectations with rock chip samples up to 0.36g/t Pd and 0.27g/t Pt confirming the ultramafic intrusive at Newleyine is highly fertile for PGEs.

This is an exciting development for the Company and has elevated Newleyine's prospectivity for PGEs given it is hosted in the same geological setting as Chalice's Julimar discovery.

The eastern paddock area to the east and north east of the vegetated laterite hill is underlain by a series of distinct magnetic highs as outlined by a recent ground magnetic survey. Ultramafic float, sub-crop and limited outcrop was observed during recent sampling with results confirming the presence of Ni-Cu-PGE mineralisation coinciding with magnetic highs.

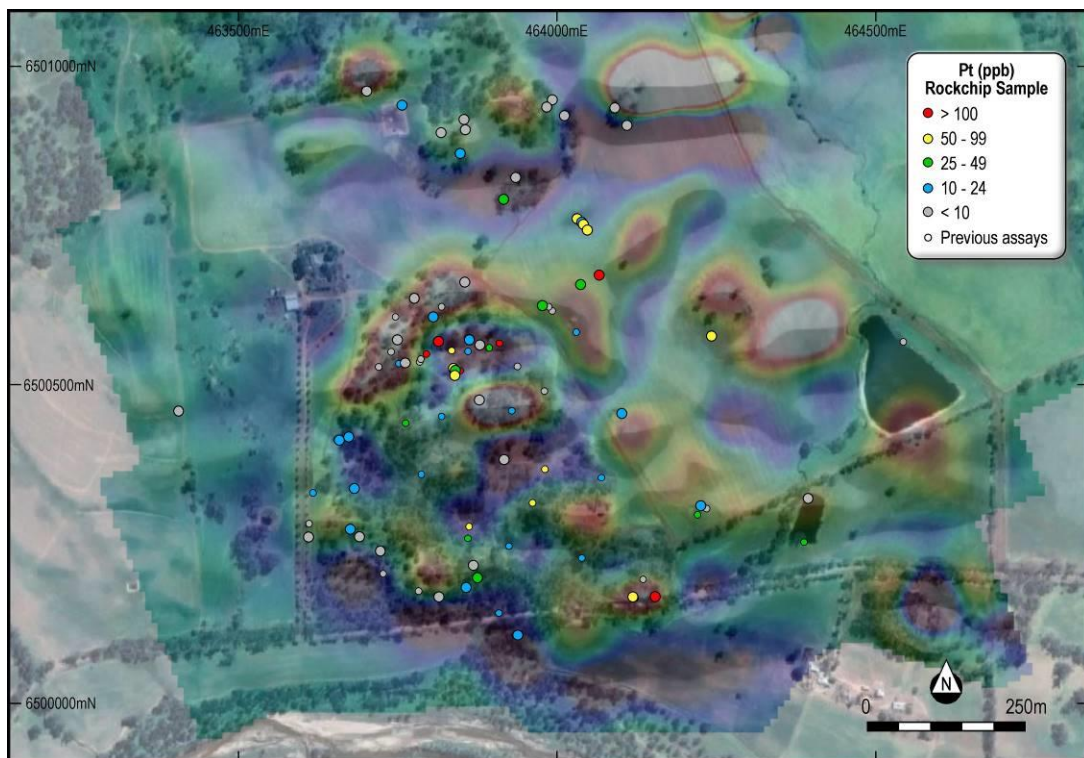


Figure 3 – Newleyine rock chip results on ground magnetics (RTP) - Platinum

The confirmation of PGE mineralisation across the eastern paddock area has greatly increased the footprint of the intrusive(s) system and indicates that the magnetic highs are related to deeply weathered “blind” ultramafic units, never previously tested.

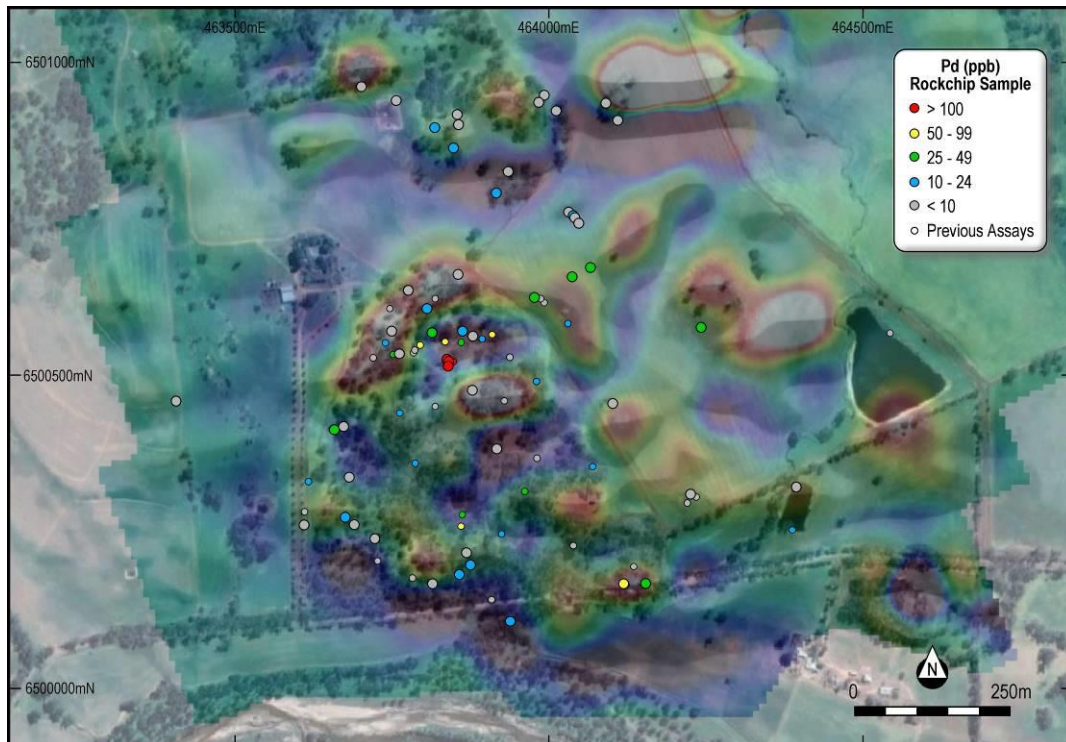


Figure 4 - Newleyine rock chip results on ground magnetics (RTP) – Palladium

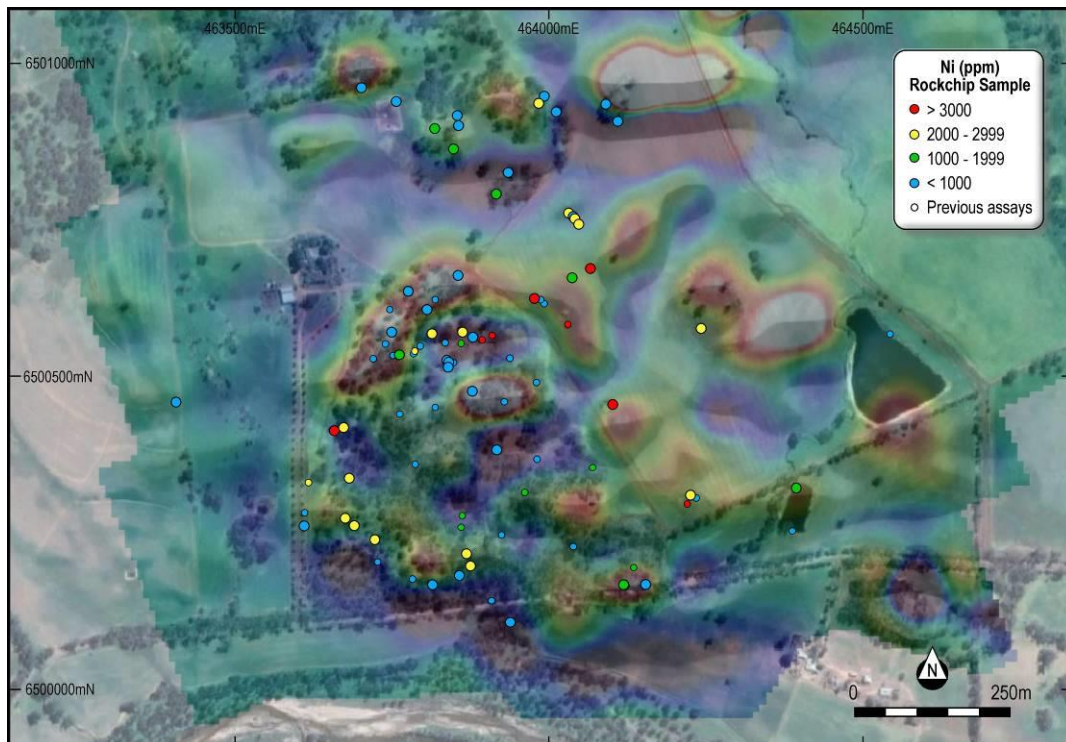


Figure 5 - Newleyine rock chip results on ground magnetics (RTP) – Nickel

Forthcoming Work

Surface concentrations of nickel and PGEs across the broad Newleyine prospect area have provided impetus to fast-track exploration.

Mandrake is well advanced in planning a series of fixed loop ground electromagnetic surveys (EM) with a view to identifying EM conductors for drill testing.

Berinka Pine Creek Gold Project

Drilling Programme

In June 2020 Mandrake received approval from the Northern Territory Department of Primary Industry and Resources (DPIR) to undertake drilling at the Berinka Pine Creek Gold Project.

The drilling contract has been awarded and all roadworks and drilling pad preparations have been completed with drilling to commence next week. Mandrake will be completing approximately 1,350m of reverse circulation (RC) drilling targeting four gold prospects.

Detailed targeting work has been undertaken over the past year at Mandrake's 100%-owned 289km² Berinka Pine Creek gold project utilizing existing geophysical, geochemical and drillhole datasets. Detailed assay of existing drill core and extensive surface rock chip sampling has also been undertaken.

Previous drilling at the Terrys prospect has intersected gold mineralisation associated with sulphide-rich veins with a best intersection of 4m @ 6.56g/t from 32m (TRP-018).

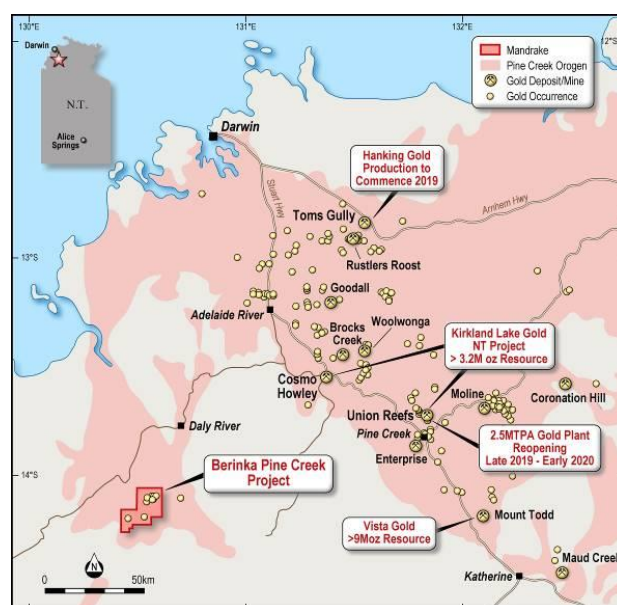


Figure 6 - Location of Berinka Pine Creek Project

Reconnaissance Field Work

In April 2020 Mandrake reported the successful location of all high priority prospects as well as identification of several previously undocumented prospects warranting further investigation.

A total of 9 rock chip samples were collected across the Silver Strike prospect and RGC Creek anomaly with a further 3 rock chip samples collected from the Specky Creek and Bubbles East prospects.

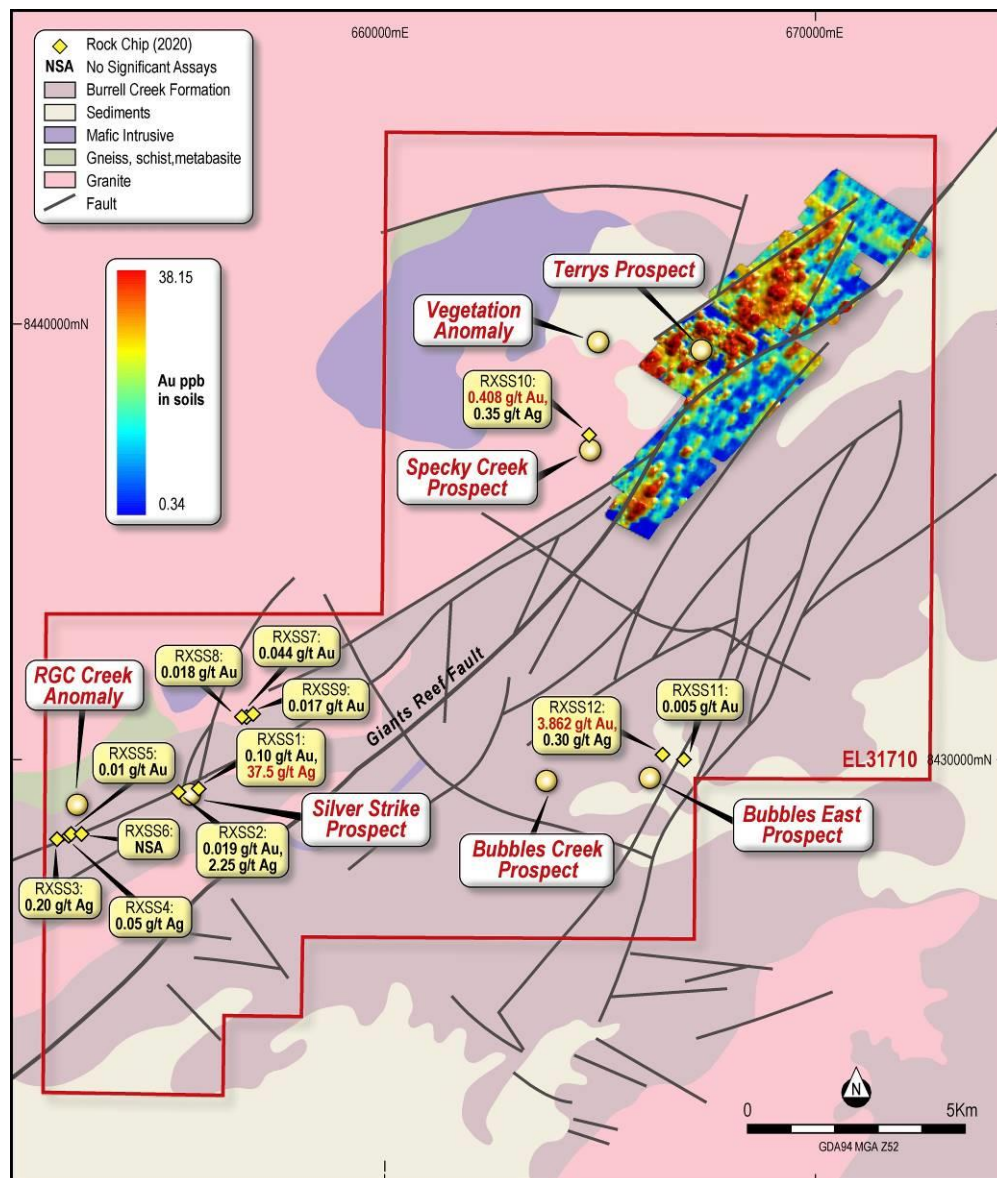


Figure 7 - Berinka Pine Creek – Reconnaissance Rock Chip Results

Silver Strike is situated on a SW-NE trending structural corridor sub-parallel with the regionally important Giants Reef Fault. The structural corridor is associated with a series of flexure faults and splays and was previously explored for base and precious metals.

Two samples (RXSS1 and RXSS2) were collected from veins associated with the Silver Strike prospect, with RXSS1 returning 37.5g/t Ag.

The RGC Creek prospect is located approximately 2km along strike to the west of Silver Strike and is characterized by a highly anomalous gold zone approximately 3,000m x 700m in area as demonstrated by historic high density stream geochemistry data. Rock chip sampling within this catchment failed to identify the source of historic stream sediment anomalism.



Plate 1 - RXSS12 – Quartz vein in ferruginous siltstone grading 3.8g/t Au

Specky Creek was discovered by Carpentaria Exploration Company (CEC) in the mid-1980s. Carpentaria located anomalous float to 180g/t Au and 142g/t Ag in Specky Creek and followed this up with costeaning, which revealed minor gold bearing veining¹.

A float sample was taken from the costean spoil of a weathered narrow silica-sulphide-tourmaline lode. Float sample RXSS010 returned 0.41g/t.

A major, multi drainage area anomalous for Au, As and Bi was identified at the Bubbles Creek East prospect. During the traverse down an adjacent creek within the broader catchment a strongly ferruginous quartz vein hosted by ferruginous siltstone was located, 15cm wide with trace remnant pyrite, exposed over 5m of strike. Sample RXSS12 collected from this vein assayed 3.8g/t Au.

Travel restrictions enforced by the Northern Territory and Western Australian state governments pursuant to the Covid-19 pandemic prevented any field work at Berinka during the June 2020 quarter.

¹ CEC Final Report (1990) Exploration Licence 4650 – Open File NT Mines Dept CR 1991/024

Berinka Pine Creek Project - Background

Gold mineralisation at the project is associated with >10km strike of poorly tested structurally controlled igneous units of the Proterozoic Pine Creek Orogen. Previous reverse circulation (RC) drilling has intersected gold mineralisation associated with sulphide rich veins and is open at depth and along strike at the Terrys prospect with a best intersection of 4m @ 6.56g/t from 32m (TRP-018). A complete list of all historic drill intercepts is contained in the Mandrake Resources prospectus lodged with the ASX on 24 May 2019.

This announcement has been authorized by the board of directors of Mandrake.

About Mandrake Resources

Mandrake is a junior exploration company established with the purpose of exploring and developing gold, nickel, copper and PGE opportunities. The Company recently entered into an agreement to earn-in to exploration tenure prospective for Ni/Cu/PGEs in the exciting Jimperding Metamorphic Belt, 70km NE of Perth.

Mandrake also owns a mineral exploration project located in the prolific Pine Creek Orogen of the Northern Territory prospective for gold, silver and base metals.

For further information visit www.mandrakeresources.com.au

Additional ASX Disclosure Information

ASX Listing Rule 5.3.2: There was no substantive mining production and development activities during the quarter.

ASX Listing Rule 5.3.3 - Schedule of Mineral Tenements as at 31 March 2020

Location	Project	Status	Tenement	Interest start quarter	Interest end quarter
NT, Aust	Berinka	Granted	EL31710	100%	100%
WA, Aust	Jimperding	Application	EL70/5345	n/a	0% (Earning-in)

ASX Listing Rule 5.3.4: Actual expenditure, since admission to the ASX, versus estimated expenditure on items within the use of funds statement in the Prospectus:

Funds Available	Use of Funds Statement \$000's	Actual \$000's	Variance \$000,s Favourable/ (Unfavourable)
Existing cash reserves	222	84	(138)
Funds raised from the Offer	4,500	4,794	294
Total	4,722	4,878	156
Allocation of Funds	For Two Year Period commencing August 2019	Actual Expenditure August 2019 to June 2020	Variance
Land access and mapping	(225)	(166)	59
Geochemistry and geophysics	(550)	(236)	314
Drilling	(1,200)	-	1,200
Corporate administration costs	(800)	(378)	422
Costs of the Offer	(417)	(267)	150
Working Capital	(1,530)	(564)	966
Total expenditure	(4,722)	(1,611)	3,111
Interest received	-	39	39
Closing cash on hand	-	3,306	3,306

ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the quarter per Section 6.1 of the Appendix 5B total \$78,000. This is comprised of Directors' fees and salaries of \$64,000 and corporate advisory fees of \$14,000.

Competent Persons Statement

The technical information in this announcement complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr James Allchurch, Managing Director of Mandrake Resources. Mr Allchurch is a Member of the Australian Institute of Geoscientists. He 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 Allchurch consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Appendix 5B

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

Name of entity

MANDRAKE RESOURCES LIMITED

ABN

60 006 569 124

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..12.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	-	-
	(e) administration and corporate costs	(60)	(942)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	39
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	(49)	(903)

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)	(125)	(402)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..12.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	(125)	(402)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4	4,794
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	(2)	(267)
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	2	4,527

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,478	84
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(49)	(903)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(125)	(402)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	4,527

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 (..12.months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,306	3,306

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	306	478
5.2	Call deposits	3,000	3,000
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)	3,306	3,478

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**

78

-

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. 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)	(49)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(125)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(174)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,306
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,132
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	18
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: Item 8.7 is greater than 2 quarters	
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	
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: Yes	

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 July 2020.....

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.