

ASX Announcement

27 April 2023

QUARTERLY REPORT**ASX Code:** MAN**For the period ended 31 March 2023****Capital Structure**

Ordinary Shares: 598,759,920
Current Share Price: 3.8c
Market Capitalisation: \$23M
Cash: \$18.3M (at 31/3/23)
Debt: Nil

Directors

Lloyd Flint
Chairman/Company Secretary

James Allchurch
Managing Director

Roger Fitzhardinge
Non-Executive Director

Contact Details

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mandrakeresources.com.au**Highlights****Mandrake secures Large-Scale Lithium Project in the United States**

- **The Utah Lithium Project comprises a land position of over 76,850 acres (~311 Km²) in the prolific 'lithium four corners' Paradox Basin southeast Utah, USA – includes a Binding Agreement with the Utah State Govt for over 34,000 acres**
- **Located proximal to Anson Resources' (ASX: ASN; MC: AUD\$207M) Paradox Lithium Project in the pro-mining jurisdiction of Utah, with access to Tier 1 infrastructure including power and water**
- **ASX-listed lithium developer Galan Lithium Limited (ASX: GLN) becomes a substantial holder in Mandrake through the investment of \$1.5M for a ~5% stake; Galan to also provide technical support**
- **Project generated internally – no payments to third parties**
- **Approx cash position of \$18.3M**

Utah Lithium Project

Mandrake Resources Limited (ASX: MAN) (Mandrake or the Company) has secured over 76,850 acres (approximately 311 km²) of lithium brine prospective ground in the Paradox Basin in southeast Utah. The lithium brine land tenure comprises:

1. 34,670 acres of leases pursuant to an Other Business Agreement (OBA) with the Utah School and Institutional Trust Lands Administration (SITLA), the organization which manages the Utah State Government's trust lands and mineral rights.
2. Over 2,100 claims have been acquired on Bureau of Land Management (BLM) land which totals over 42,180 acres. Claim staking has targeted the most prospective lithium brine areas in the Paradox Basin.

A global review undertaken by Mandrake of several lithium assets and numerous lithium hard-rock, clay and brine prospective areas throughout the world identified the Paradox Basin in the United States as the most attractive opportunity for the Company to successfully develop a world-class lithium project.

The Utah Lithium Project was generated by Mandrake internally meaning there is no vend or acquisition cost to reduce Mandrake's cash position or dilute its existing shareholders.

The Paradox Basin in the south-eastern Utah 'lithium four corners' area hosts hypersaline brine historically documented to contain significant concentrations of lithium, boron, potassium salts (potash) and other elements. The United States' biggest potash producer, Intrepid Potash (NYSE: IPI MC: US\$333M) operates the Cane Creek potash mine which is located approximately 50km

to the north west of the Utah Lithium Project whilst mid-tier ASX-listed lithium developer Anson Resources (ASX: ASN MC: AUD\$207M) is located approximately 60km north west (Figure 1).

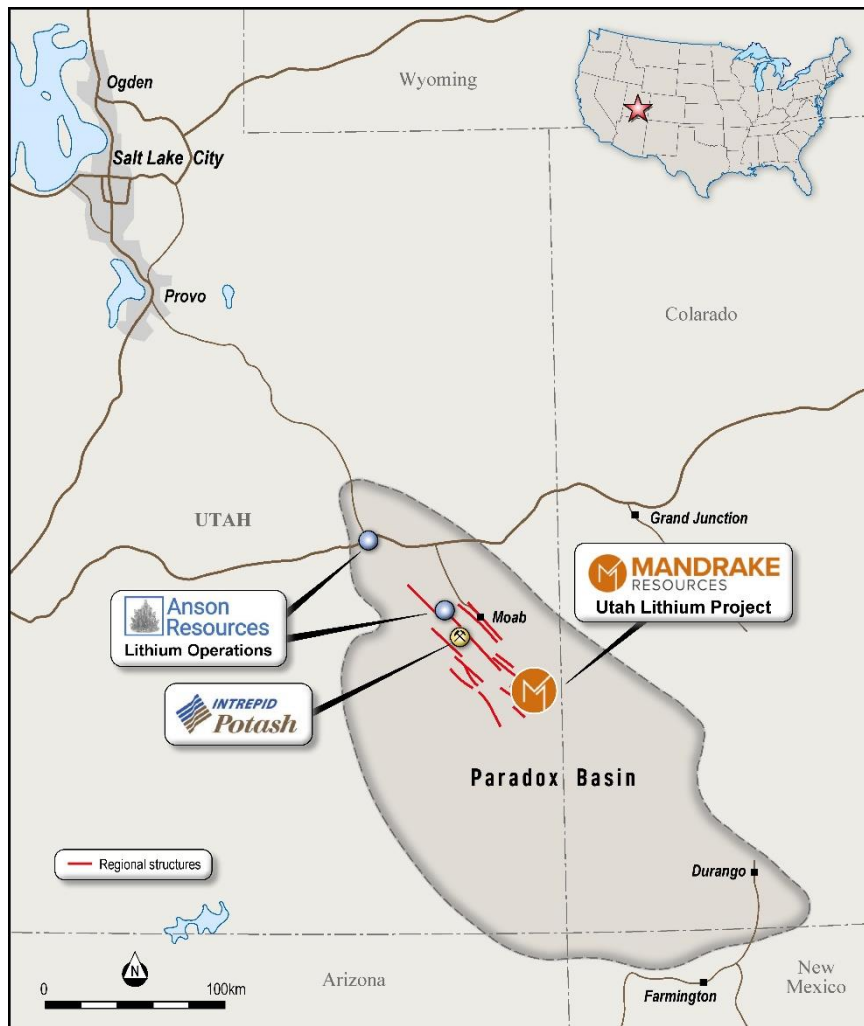


Figure 1: Location of the Utah Lithium Project

Utah Lithium Forward Work Programme

Having compiled detailed datasets relating to historic well logs, petrophysics, stratigraphy and local geology, Mandrake is well placed to rapidly advance the Utah Lithium Project. Going forward, Mandrake will undertake the following:

- Ongoing strategic expansion of land position.
- Sampling of existing wells (and potential drilling of new well(s)) to obtain brine to verify historical lithium-brine geochemical results and conduct initial mineral processing test work to validate the potential extraction of lithium from Paradox Basin brine.
- Development of lithium Exploration Target(s) in accordance with JORC 2012.
- Development of a Mineral Resource in accordance with JORC 2012.
- Investigation of suitable Direct Lithium Extraction (DLE) and DLE/evaporative pond hybrid technologies with potential development partners.

- Assessment of grant/loan/support options available through US government and industry groups/programmes.

Strategic Alignment with Galan Lithium

In a strong vote of confidence for the Utah Lithium Project, ASX-listed Galan Lithium Limited (market capitalization of \$322M) invested \$1.5M for an approximate 5% stake in Mandrake through the subscription of 30M ordinary shares at 5c (escrowed for 12 months) and also nominated strategic advisors who subscribed for a further 14M shares in Mandrake at 5c (\$700,000).

Mandrake notes that Galan also purchased a further 5M shares on market subsequent to the placement.

Mandrake is excited to attract an advanced lithium developer of the ilk of Galan Lithium who are anticipated to provide invaluable assistance in a commercial and technical advisory capacity. Galan is a highly regarded lithium company with Resources of over 6.5Mt LCE (Lithium Carbonate Equivalent) across the Hombre Muerto salar in Argentina and are advancing rapidly towards production (refer Galan ASX announcement dated 24 October 2022).

USA – An Outstanding Location for a Lithium Player

The US has recently introduced extensive measures to secure strategic and critical materials, particularly lithium, from what the US government terms 'non-adversarial' sources, that is, sourcing these materials domestically from the US and close allies.

This stated US strategy has culminated in the Inflation Reduction Act 2022 (IRA) which is the largest piece of US federal legislation ever to address climate change. It will invest US\$391 billion in provisions relating to energy security and climate change.

Within the IRA framework is the Department of Energy's (DoE) American Battery Materials Initiative, a new effort to mobilize the entire US government in securing a reliable and sustainable supply of critical minerals used for power, electricity, and electric vehicles (EVs). President Biden has set an ambitious goal to make half of all new vehicles sold in 2030 electric.

Australian company Ioneer (ASX: INR) recently secured a US\$700 million (AUD\$1 billion) loan from the US DoE to develop its lithium-boron project at Rhyolite Ridge in Nevada¹ whilst Piedmont Lithium (ASX: PLL) secured a grant of US\$141.7M from the DoE to assist building its lithium plant in Tennessee².

The US Department of Defense has also released a significant funding and grants package for critical materials under the Defense Production Act (DPA), with the DOD stating, '*U.S. adversaries have a demonstrated pattern of using their economic power in critical materials markets to harm the U.S. / allied industrial base, and the possible exertion of that strength against the defense industrial base and domestic critical infrastructure poses a risk to the United States*'.

As such, sustainable and responsible domestic mining, beneficiation, and valued-added processing of strategic and critical materials used in the production of large capacity batteries is critical to national defense and the preservation of domestic critical infrastructure".

¹ INR ASX release dated 16 January 2023

² PLL ASX release dated 20 October 2022

US industry is also participating heavily in the quest to sharply increase US domestic sources of critical materials, illustrated by the investment by General Motors (GM) of US\$650M in equity into Lithium America's Thacker Pass Lithium Project in Nevada³.

Appointment of US-based Exploration Manager

During the March 2023 quarter, Mandrake appointed US-based Geochemist Jake Cammack as exploration manager for the Utah Lithium Project.

Jake Cammack has an MSc (Geochemistry) from the University of Wisconsin having graduated with a BSc from Fort Lewis College in Durango, Colorado.

Mr Cammack has worked as an underground ore control geologist at the Barrick Goldstrike mine in Nevada and the Kinross Buckhorn mine. Mr Cammack's MSc thesis in geochemistry centred on carbon/oxygen isotopes to study 3.4-billion-year-old fossilized stromatolites from north western Australia. Mr Cammack's BSc thesis focused on the Navajo Volcanic Field in Northwestern New Mexico and Northeastern Arizona. His BSc thesis used petrography, chlorine isotopes and fluorine trends to unravel the magma's gas and fluid origins.

Mr Cammack has been instrumental in developing a lithium brine geochemistry database by analyzing well brines and gathering existing data from private and public sources. He is currently using this database to further understand lithium resources in relation to the subsurface morphology, and the geologic history of the region.

Australian Projects

At the Jimperding PGE-nickel-copper project, multiple ultramafic bodies located at Tolarno North and Tolarno South remain untested as well as the unresolved conductive down-hole EM plate proximal to MNEWRC004 at the Newleyne Prospect.

A further drilling programme is planned at the Company's 100%-owned Berinka Pine Creek Gold-Copper Project in the Northern Territory to more adequately define the controls and extent of Au/Cu mineralization. Further work is also warranted to investigate Ni/PGE anomalism identified within the Sandy Creek mafic unit (see release of 15 November 2022).

Corporate

During the March 2023 quarter, Mandrake issued 45,760,000 ordinary fully paid shares and 5.0m options associated with the Galan raising outlined above. The Company also issued 9.5m performance rights to Jake Cammack of which 500,000 were converted to shares on achievement of the relevant hurdle.

As at 31 March 2023, Mandrake had approx. \$18.3M in cash.

Additional ASX Disclosure Information

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

³ LAC NYSE release dated 31 January 2023

ASX Listing Rule 5.3.3 - Schedule of Mineral Tenements as at 31 March 2023

Location	Project	Status	Tenement	Interest -start of quarter	Interest -end quarter
Utah, USA	Utah Lithium	Staked	MANBLM-1 to MANBLM-2146	0%	100%
Utah, USA	Utah Lithium	Pursuant to OBA	MANOBA	0%	100%
NT, Australia	Berinka	Granted	EL31710	100%	100%
WA, Australia	Jimperding	Granted	EL70/5345	100%	100%

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 \$113,000, comprised of Directors' fees, salaries and secretarial and accounting services performed by directors.

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

About Mandrake Resources

Mandrake is a junior exploration company established with the purpose of exploring and developing lithium, gold, nickel, copper and PGE opportunities. The Company controls 100% of over 76,850 acres of lithium prospective ground in Utah, USA; a 140km² exploration licence prospective for PGE-Ni-Cu in the exciting Jimperding Metamorphic Belt, 70km NE of Perth and 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

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")

31 March 2023

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	(1,066)	(1,664)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(74)	(382)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	109	238
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	(1,031)	(1,808)

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,200	2,200
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1,716
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(31)	(41)
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	2,169	3,875

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,192	16,262
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,031)	(1,807)
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)	2,169	3,875

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 (..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	18,330	18,330

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	3,330	7,192
5.2	Call deposits	15,000	10,000
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)	18,330	17,192

6.	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	113
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(1,030)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,030)
8.4	Cash and cash equivalents at quarter end (item 4.6)	18,330
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	18,330
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	17.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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: n/a		
8.8.2	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		
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a		
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

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:27 April 2023.....

Authorised by:Board of Directors.....
(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.