

ASX ANNOUNCEMENT

31 October 2022
ASX Code: MYL

BOARD OF DIRECTORS

Mr Jeff Moore
Non-Executive Chairman

Mr John Lamb
Managing Director

Mr Rowan Caren
Executive Director

Mr Paul Arndt
Non-Executive Director

ISSUED CAPITAL

Shares	360 m.
Performance Rights	5 m.
Unlisted Options	1 m.

Mallee Resources Limited

Suite 1, Ground Floor,
9 Havelock Street
West Perth 6005
Western Australia

info@malleeresources.com.au
P +61 (0)8 6147 8100
malleeresources.com.au

ABN: 48 124 943 728

September Quarterly Activities Report

Highlights

- **Avebury Project acquisition finalised**
- **Commissioning of Avebury mine and processing plant progressing to plan**
- **First nickel concentrate produced at Avebury**
- **Concentrate transported to warehouse in Burnie awaiting shipment**
- **\$19 million capital raising completed**
- **Completion of acquisition of Melba exploration licence**



Figure 1. First concentrate being loaded out from the Avebury mine



Avebury Acquisition and Operations

Following shareholder approval in June 2022, Mallee Resources Limited (“MYL” or “the Company”) completed the acquisition of the Avebury Nickel Project in Tasmania in early July. Mallee acquired 100% of the shares in Allegiance Mining Pty Ltd, owner of the Avebury Project, which in turn owns:

- Substantial nickel sulphide Mineral Resources of 29.3 Mt at 0.9% Ni (264 Kt contained Ni) (of which 8.7Mt is in the Indicated category and 20.7Mt is in the Inferred category) (JORC 2012)¹;
- A well developed, production-ready underground mine;
- A fully built and operations-ready processing facility with nameplate capacity of 900 ktpa and a permitted tailings storage facility; and
- Two mining leases and one exploration licence at Avebury, one exploration lease and one retention licence at Melba.

Since then, Mallee has substantially de-risked the previously suspended Avebury Nickel Project with the recommencement of mining and processing operations, making a successful start to the commissioning and production of the first nickel concentrate product from Avebury in over 13 years.

Managing Director, John Lamb, commented:

“This has been an historic quarter for Mallee which now joins the ranks of Australian nickel sulphide miners and producers. The Avebury Mine is distinguished within this peer group by having a majority of its power needs met by renewable energy sources. It is also Tasmania’s first new nickel project in many decades. We are pleased to have employed over 150 people in permanent roles on site which has seen an influx of people to the west coast region – in many cases the region that they hail from”.

The excellent condition of the mine and processing plant infrastructure after 13 years under care and maintenance is a tribute to the efforts of previous owners and employees but also to the remarkably stable underground rock conditions and non-acid forming ground water which meant that almost all of the underground geotechnical support was determined to be sound and little in the way of remedial works were required.

An underground mining fleet has been assembled on site through the support of several mining equipment providers who have shown faith in the future of the operations at Avebury. This includes two new Sandvik underground mine loaders configured with tele-remote technology to enable safe underground loading.



Figure 2. New underground mine loaders.



Ore production from the first stope in the underground mine was achieved on schedule in September, producing well fragmented material. Following this production milestone, mining is now being undertaken on a continuous 24 hour a day, 7 day a week basis.

Mr Lamb noted “Everyone on site must be congratulated for their efforts. Our mining team has managed a restart of mining operations, withstanding the challenges of equipment procurement and staff recruitment and integration. To do this with safety as a core focus is a credit to our west coast miners.

Similarly, our processing and fixed plant maintenance teams have performed an amazing job to get the plant up and running on schedule. The fact we have been able to turn on the mill and operate without any significant delay is testament to the rigorous analysis and preparation done by the team. Furthermore, adjustments and improvements in the mine and mill, and the introduction of new technology, has already seen the site perform better than it did when it last operated.

At the same time, our technical, planning and administration staff have established systems to design, control and administer the operation. We have installed safety and risk management systems, environmental controls, and we have established an enviable community liaison capability. All of this was achieved within a bare six months since Mallee first arrived on site in March”.



Figure 3. Mine production leaving Viking decline.



The rapid restart to the production of nickel concentrate at Avebury has been greatly assisted by the fact that key ore delivery and processing plant equipment was subjected to an effective maintenance program whilst under care and maintenance and critical plant was well protected from the elements by substantial under cover structures, as can be seen in figure 4.

Commissioning of the crushing circuit, including the recently constructed dust extraction system, has been outstanding. The crushing circuit is consistently producing a product appropriately sized for the grinding circuit and is producing enough daily feed for the grinding circuit after approximately 14 hours of crushing per day, demonstrating capacity for crushing at expanded rates of throughput.



Figure 4. Dust Extraction System at the Crusher House



Figure 5. Stockpile of crushed ore adjacent to the fine ore bin from the crushing circuit.

The grinding and flotation circuits have also been performing well. After resolving early commissioning challenges MYL's team has shifted its focus to process control and preventative maintenance operations. The retreatment circuits have not yet been commissioned but are expected to further improve performance.



Figure 6. Concentrate produced from the flotation circuit.

The concentrate filter press has been performing well after a significant refurbishment program. The flotation circuit has been tested at rates above nameplate and work will be undertaken to de-bottleneck the filtration circuit with the aim to achieve similar rates.



Figure 7. Stockpiled concentrate in the concentrate storage shed

Final concentrate is transported to Burnie where it awaits shipment to customers of Hartree Metals LLC, the Company's offtake partner. Under the terms of the offtake agreement, the Company may elect to receive partial advance payment for interim concentrate stored, pending shipment to Hartree's customers, with the balance to be paid on completion of each shipment. In accordance with the terms of the offtake agreement, the Company has received its first partial advance payment for concentrates from Hartree. In this way, the Company is able to receive part-payment for interim production, prior to the completion and dispatch of a shipment.

Shipments are expected to commence once sufficient concentrate has been stockpiled. The size of each shipment depends on the destination and the nature of the arrangement between Hartree and its customer, but typically comprises many thousands of tonnes of concentrate. Once each shipment is compiled, it is closed off and the quality of product in the shipment is determined under the terms of the offtake agreement.

Concentrate is bagged on arrival in the Burnie warehouse and assayed pending its inclusion in the shipment. Once sufficient concentrate has been stockpiled and the shipment has been closed, interim specifications will be determined prior to dispatch on a weighted average basis. This process yields a statistically valid specification of the product in the composite shipment, honouring the individual samples from which it is derived. Final assays are taken post-shipment in order to determine the agreed specifications and final payment terms of concentrate delivered.

The first concentrate stockpiled reflects the commissioning phase of operations. Work is ongoing to optimise recoveries and concentrate grades consistent with Avebury's commissioning plans and the currently stockpiled concentrate is intended to be blended with future concentrates prior to shipment occurring.



September Quarterly Physicals

Detail	Units	Sept Quarter 2022
Tonnes mined	dmt	35,255
Nickel grade	%	0.97
Cobalt grade	%	0.035
Tonnes processed	dmt	21,603
Nickel grade	%	0.75
Cobalt grade	%	0.022
Concentrate produced	wmt	629

Notes:

1. The reported physicals relate to the start of commissioning 16 September 2022 to 30 September 2022.
2. No concentrate was sold during the September quarter.
3. Processed nickel grade is influenced by low grade initial commissioning ore.

Chairman, Jeff Moore, commented:

“This is yet another outstanding achievement by John and his team. Commissioning began on schedule and has gone very well to date. Our team has been equal to any challenge presented and we now have final concentrate produced. Mallee’s future looks very bright”.

Exploration

The Company successfully completed the acquisition of the highly prospective exploration licence EL5 / 2020, adjacent to the MYL’s Melba exploration licences. This area hosts high grade nickel-copper-cobalt-PGE mineralisation and was the main source of Australia’s nickel production prior to the discovery of major nickel sulphide deposits in Western Australia in the 1960’s.

Little exploration has been completed at Melba since the small-scale historic mines closed.

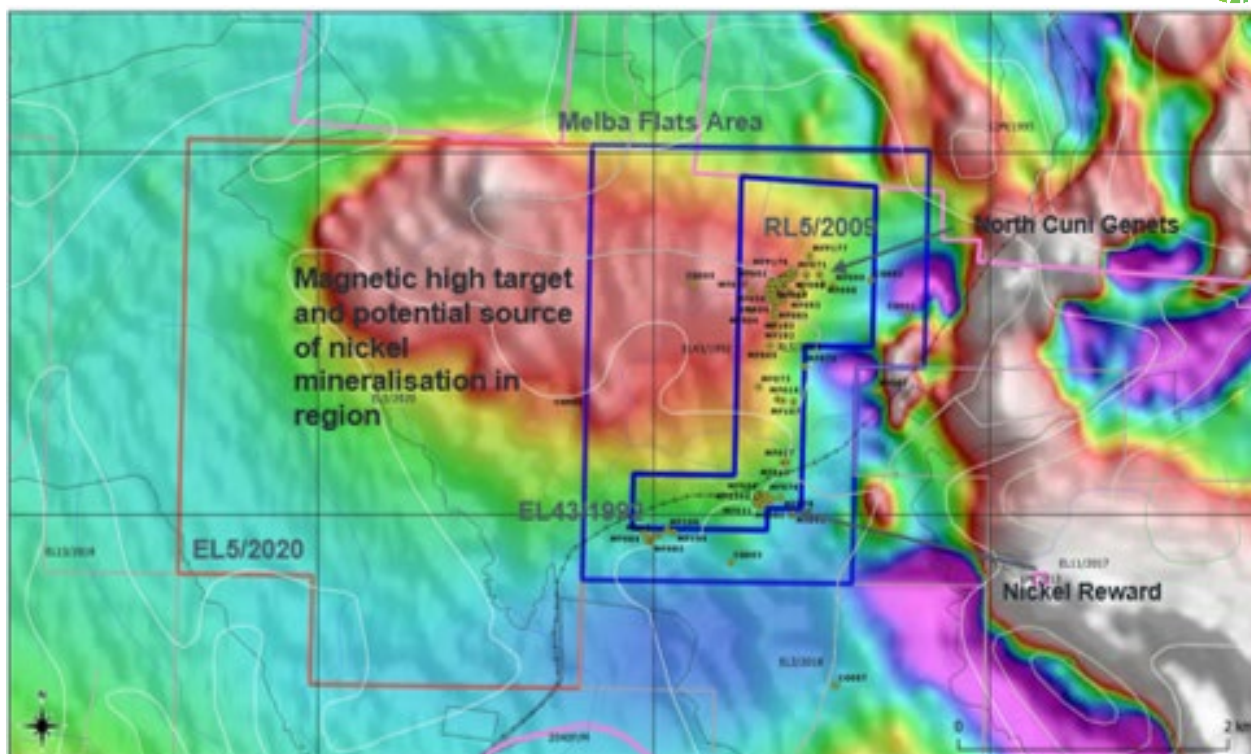


Figure 8. Map of Melba Exploration Licences on Airborne Electromagnetic Survey

Safety, Environment, Community and Employment

During the period there were two lost time injuries, both in the underground mine. These individuals have now returned to work. The site safety focus has been on work area standards and task design to reduce manual handling and the potential for injuries.

The Company has established a Mine Rescue Team which has shown great dedication in preparing for the Tasmanian Mine Rescue competition in October. In August, this team conducted live fire training, using a controlled fire rig, in the underground mine. This was the first such training conducted in Tasmania in 20 years and allows the team to learn how to effectively and safely manage fire and smoke in the mine environs.

Mallee has also joined the Tasmanian Minerals and Energy Council, and is a full mutual aid member of TMERC, the Tasmanian Minerals Emergency Response Committee. Member mines offer one another mutual support and assistance, including mobilising emergency response personnel and equipment, in an emergency situation.



Figure 9. Underground live fire training at Avebury

The Company's mining operations maintained compliance with regulatory and operating license requirements during the period.

Since Mallee became involved with Avebury, a total of approximately 150 workers have been recruited across mining, processing, geology, engineering, maintenance, safety, environmental and administration fields. This has been achieved in a period of well publicised shortages of workers, particularly for mining start-ups. This enviable result is partly attributable to the fact that the Company has targeted qualified and experienced Tasmanians working elsewhere, who have swapped a FIFO role for a residential or DIDO role at Avebury. Recruitment is ongoing but key roles have now been filled across all departments.

Financial Position

Payments totalling \$38.7 million were made for the completion of the acquisition of Allegiance Mining Pty Ltd, via a Deed of Company Arrangement ("DOCA"). \$20.0 million (including \$13.3 million which related to the period prior to acquisition) was expended in relation to Avebury development costs during the Quarter, together with a bond of \$7.9 million lodged with Mineral Resources Tasmania.



On the date of the DOCA effectuation, the Company drew down on the secured US\$30 million lending facilities provided by Hartree, comprising a US\$20 million term facility and a short term US\$10 million Bridging Loan. On 30 September, an amount of US\$6 million of the Hartree Bridging Loan was repaid by MYL, leaving an overall balance owed to Hartree of US\$24 million. After the end of the period, Hartree and the Company agreed to extend the term of the Bridging Loan to 15 December 2022 to allow time to advance negotiations and gain any approvals required, to put a US\$10 million line of credit in place with Hartree.

The Company lodged a prospectus to raise a minimum of \$20 million in August. This prospectus was withdrawn by the Company in early September, after the sustained downturn in global equity markets made raising money at a price set in May impossible. Instead, the Company completed a \$19 million equity raise to sophisticated investors in two placement tranches using its ASX Listing Rule 7.1 placement capacity. The equity raising was priced at \$0.42 per share and provided short term capital which was needed to fund Avebury during commissioning. The Company was appreciative of the continued support from one of its major shareholders, Mr Mark Creasy at Yandal Investments.

The Company finished the September Quarter with \$7.0 million in cash and with \$41.8 million of debt. No revenues were received during the Quarter, but revenue has been generated since early October.

Corporate

Mr Ross Dinsdale, who has worked with the Company over the past four years in the capacity as General Manager – Corporate has been appointed to the CFO role. Mr Rowan Caren, who also serves as Executive Director and Company Secretary will relinquish the CFO role.

Mr Steve Hendel who joined the Board in July as Hartree's nominee director, resigned as a director in September. Mr Hendel resigned in view of the weight of competing commitments, including potential conflicts due to his role as Managing Director of Hartree. Mr Hendel offered his support and that of Hartree as a shareholder and business partner and he expressed a desire to re-join the Board in the future if the opportunity presents.

During the Quarter, the Company sold its subsidiary BMR to MAI for US\$10.2 million. Settlement of the sale proceeds is to occur in tranches over a six month period with completion due by 17 January 2023. The first three tranches of sale proceeds (each of not less than US\$1 million) were not received by MYL by the respective due dates, however, MAI is continuing to work through the regulatory approvals process. The Company does not believe that the delay represents an event of default by MAI as the delay is due to events beyond the reasonable control of MAI.

The Company's Annual General Meeting will be held virtually for the first time and is scheduled to be held on 28 November 2022. All relevant documentation including Notices of Meeting have been despatched to shareholders.



Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

Prior to the Company being reinstated to trading, the Company will need to re-submit an application for in-principle advice to ASX with respect to its suitability for re-admission to the official list of the ASX. In the event the Company receives favourable advice on its suitability, it is not a guarantee that the Company will be successful with its reinstatement to trading. The Company must still meet all of the requirements for admission and quotation set out in Chapters 1 and 2 of the ASX Listing Rules. Further, regardless of any view expressed in ASX's in-principle advice, ASX will retain its absolute discretion under listing rule 1.19 to re-admit (or not re-admit) the Company to the official list, which it can exercise at any time.

The Company intends to re-submit an application for in-principle advice to ASX with respect to its suitability for re-admission to the official list of the ASX, which it anticipates will be made by the end of the calendar year. The Company will continue to update the market with respect to the re-compliance process. Refer to the Company's announcement dated 8 September 2022 for further detail with respect to the Company's reinstatement to trading on the Official List of ASX, with further detail provided in the Company's announcements dated 27 September 2022 and 30 September 2022.

Managing Director, John Lamb, commented:

"The highlight from this period is unquestionably seeing Avebury brought back into production. Where we faced challenges during the period, the team was quick to adapt, put a new plan in place and execute. Experience and resilience have got us to where we are today and from this foundation, we can drive business improvement across our operations to enhance the long-term value to be realised from Avebury".

Approved for release to the ASX by



John Lamb

Managing Director



About Mallee Resources Limited

Mallee Resources Limited (ASX: MYL) is an emerging miner listed on the Australian Securities Exchange. The Company wholly owns the Avebury Nickel Sulphide Project in Zeehan, western Tasmania. The Avebury Project hosts JORC (2012) compliant Mineral Resources of 29.3 Mt at 0.9% Ni¹, an operating underground mine and a modern processing plant and mine infrastructure. The Avebury Mineral Resource is open at depth and along strike and the prospective host geology hosts outstanding exploration potential.

JORC classification	Tonnage (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
TOTAL	29.3	0.9	229	321

Table 1: Avebury Mineral Resource estimate, reported from all blocks within Ni > 0.4 % envelope²

Mineral Tenements

Title / Reference	Status	Locality	Party Name	Change of MYL Interest During Quarter	MYL Interest at End of Quarter
3M/2003	Mining Lease	Trial Harbour Road, Zeehan, Tasmania	Allegiance Mining Pty Ltd	Nil to 100%	100%
6M/2007	Mining Lease	Trial Harbour Road, Zeehan, Tasmania	Allegiance Mining Pty Ltd	Nil to 100%	100%
EL28/1988	Exploration Licence	Trial Harbour Road, Zeehan, Tasmania	Allegiance Mining Pty Ltd	Nil to 100%	100%
EL43/1992	Exploration Licence	Melba Flats, Tasmania	Allegiance Mining Pty Ltd	Nil to 100%	100%
RL5/2009	Exploration Licence	Melba Flats, Tasmania	Allegiance Mining Pty Ltd	Nil to 100%	100%
EL5/2020	Exploration Licence	Melba Flats, Tasmania	Mallee Tas (Misc) Pty Ltd	Nil to 100%	100%

¹ The Mineral Resource estimate including JORC Table 1, sections 1, 2 and 3 and the competent persons statement has been previously reported by the Company in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves' (JORC Code) on 8 April 2022 and is publicly available at <https://bit.ly/3jifzIM>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



References to Mineral Resources

The information in this announcement that relates to estimates of Mineral Resources for the Project was previously reported by the Company in its announcement dated 8 April 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements and, in the case of the estimate of Mineral Resources, all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

Competent Person Statements

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information in this announcement that relates to Exploration Results is based, and fairly reflects, information compiled by Mr Tony Chisnall, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Chisnall has reviewed previous information, data and reports related to the historical drilling results at the Tenement being reported and considers that the information in this announcement is an accurate representation of the available data and studies available in respect of the Tenement. Mr Chisnall is a full-time employee of Mallee Resources Limited. Mr Chisnall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC Code. Mr Chisnall consents to the inclusion in the 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

MALLEE RESOURCES LIMITED

ABN

48 124 943 728

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	-	-	-
(b) development	(20,080)	(20,080)	(20,080)
(c) production	-	-	-
(d) staff costs	(3,518)	(3,518)	(3,518)
(e) administration and corporate costs	(1,605)	(1,605)	(1,605)
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	7	7	7
1.5 Interest and other costs of finance paid	(1,065)	(1,065)	(1,065)
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	-	-
1.8 Other (Expenditure on assets held for sale) (see note 6)	-	-	-
1.9 Net cash from / (used in) operating activities	(26,261)	(26,261)	(26,261)

2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	(38,742)	(38,742)	(38,742)
(b) tenements	-	-	-
(c) property, plant and equipment	(9,188)	(9,188)	(9,188)
(d) exploration & evaluation	(1)	(1)	(1)
(e) investments	-	-	-
(f) other non-current assets	(7,900)	(7,900)	(7,900)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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 (sale of subsidiary (cash balance of subsidiary) proceeds not yet received)	(17,525)	(17,525)
2.6	Net cash from / (used in) investing activities	(73,356)	(73,356)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18,998	18,998
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	(40)	(40)
3.5	Proceeds from borrowings	44,222	44,222
3.6	Repayment of borrowings	(9,228)	(9,228)
3.7	Transaction costs related to loans and borrowings	(442)	(442)
3.8	Dividends paid	-	-
3.9	(a) Other – proceeds from finance leases	5,025	5,025
	(b) Other – finance lease payments	(634)	(634)
3.10	Net cash from / (used in) financing activities	57,901	57,901

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	48,531	48,531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(26,261)	(26,261)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73,356)	(73,356)

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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	57,901	57,901
4.5	Effect of movement in exchange rates on cash held	201	201
4.6	Cash and cash equivalents at end of period	7,016	7,016

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	7,016	48,531
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,016	48,531

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	222
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	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	(36,912)	(36,912)
7.2	Credit standby arrangements	-	-
7.3	Other (equipment finance)	(4,885)	(4,885)
7.4	Total financing facilities	(41,797)	(41,797)
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.		
	<p>The Company has a US\$20 million Finance Facility provided by major shareholder Hartree Metals LLC ('Hartree'). This Facility, which is repayable over 3 years, is secured. The interest rate is 10% pa.</p> <p>The Company has a US\$10m short term Bridging Facility from Hartree. This facility is secured. The US\$10 million Bridging Facility was partly repaid (US\$6 million) on 30 September 2022 and the remaining balance is due for repayment on 15 December 2022. The interest rate is 10% pa.</p> <p>Mallee is advancing negotiations with Hartree to secure a US\$10 million line of credit from Hartree to replace the Bridging Facility, as referred to in the Company's announcement dated 30 September 2022. Line of Credit funds are to be applied toward expenditure commitments for which MYL had allocated funds that are to be received pursuant to the agreement for its sale of BMR (refer to announcements dated 25 July and 31 August 2022). Should proceeds of the sale of BMR be received, it is anticipated that the amount to be drawn under the Bridging Loan or the line of credit, as the case may be, will be reduced proportionately.</p> <p>The Company also has equipment financing with DLL Finance for A\$1.168 million and Sandvik for A\$3.516 million. Equipment finance leases bear interest at rates between 6% pa and 8% pa. The facilities are secured.</p> <p>There are no unused financing facilities available at the end of the quarter.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(26,261)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(26,262)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,016
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,016
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.3
	<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:

Yes. It is noted that the total operating cashflows for the September quarter is distorted by the inclusion of approximately \$13.34 million related to the previous quarter operating expenditures incurred prior to settlement of the Deed of Company Arrangement for the acquisition of the Avebury Nickel Project. Adjusting for these prior quarter expenditures, Total Relevant Outgoings (item 8.3) would be (\$12,922,000) and the ratio at item 8.7 would be 0.5 estimated quarters of funding available.

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:

The Company is working towards finalising negotiations with Hartree to secure a US\$10 million line of credit as referred to in the Company's announcements dated 31 August 2022, 7 September 2022 and 21 October 2022. A line of credit will be subject to the requirements of the Corporations Act and ASX Listing Rules, which may require shareholder approval or the grant of a waiver of the ASX listing Rules in respect of any security granted in connection with the line of credit.

The Company expects, to be able to fund future operations with the expected sales revenues from the production of nickel concentrates from its Avebury Nickel Project together with the line of credit (or the proceeds from the sale of BMR). The first sales revenues from the Avebury Nickel Project were received by the Company in October 2022.

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:

Yes, as noted above, the Company expects that sales revenues from the production of nickel concentrates from its Avebury Nickel Project, together with the proceeds of the Hartree line of credit (or the proceeds from the sale of BMR), will fund future operations. The first sales revenues from the Avebury Nickel Project were received by the Company in October 2022.

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.

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 October 2022.....

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.
6. Comparative expenditure has been restated for cashflows during the year for assets held for sale as at 30 June 2022, this includes cashflows from Bawdwin Joint Venture and Bright Mountain Resources Myanmar Ltd.