

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 31 MARCH 2024

West African gold explorer Asara Resources Limited (ASX: AS1; **Asara** or **Company**) is pleased to provide its Quarterly Activities Report for the quarter ended 31 March 2024 (**Quarter**).

HIGHLIGHTS

- **Placement to raise \$805,000 completed, well supported by existing shareholders.**
- **Strategic review of Kada undertaken.**
- **Planning underway for metallurgical test work to determine potential of Kada as a low-cost heap leach operation.**
- **Discussions with multiple parties on potential divestment of the Kouri Gold Project in Burkina Faso.**

KADA GOLD PROJECT, GUINEA

During the quarter, the Company completed a strategic review of the Kada Gold Project in Guinea (**Kada**). The review included an in-depth analysis of the Massan mineral resource model and the potential for future mineral resource growth both within current resource areas and along the 15km mineralised Siguri gold trend.

The Mineral Resource Estimate (**MRE**) was updated during the December 2023 quarter (Refer to ASX Announcement dated 10 October 2023) with key attributes of the updated MRE at Kada as follows:

- **Significant portion of Massan now classified as Indicated:** including >40% of oxide material and 24% of Massan resource.
- **Majority of MRE comprises shallow oxide-transitional gold:** totals 58% of the MRE ounces (17.4 Mt @ 1.0 g/t gold for 536,000oz).
- **Positive mining characteristics:** broad zones of soft oxide-transitional gold mineralisation from surface to ~100m depth; clear potential for free-digging, low-strip, low-cost development.
- **Favourable metallurgical recoveries¹:** test work indicates the gold mineralisation is amenable to simple cyanide leach processing, with recoveries up to 97% in oxide.

¹ ASX Announcement: Outstanding Gold Recoveries From Kada Metallurgical Testwork dated 09 March 2022.

- **Exceptional Mineral Resource growth potential:**
 - MRE open at depth, with intersections up to 12m @ 2.5 g/t gold below the conservative USD\$1,800 pit-shell.
 - Significant gold mineralisation both north and south of Massan MRE within 200m.
 - Bereko MRE open in all directions, constrained by drilling limits.
 - Numerous shallow oxide gold targets in the project area, particularly along the 15km Kada Gold Corridor.
- **Analogies with the +10Moz gold Siguiri Mine Complex:** gold-bearing quartz-sulphide-tourmaline stockwork mineralisation, with a deep >100m oxide zone, very similar to the mineralisation at AngloGold Ashanti's Siguiri Mine, located 35km north along the same mineralisation trend.

As a result of the strategic review, Asara commenced planning for metallurgical test work on the oxide portion of the Massan mineral resource and has planned further exploration of auger drilling and geophysics anomalies on the belt.

It is anticipated that metallurgy work will commence during the next quarter, with exploration along the belt to follow shortly after.

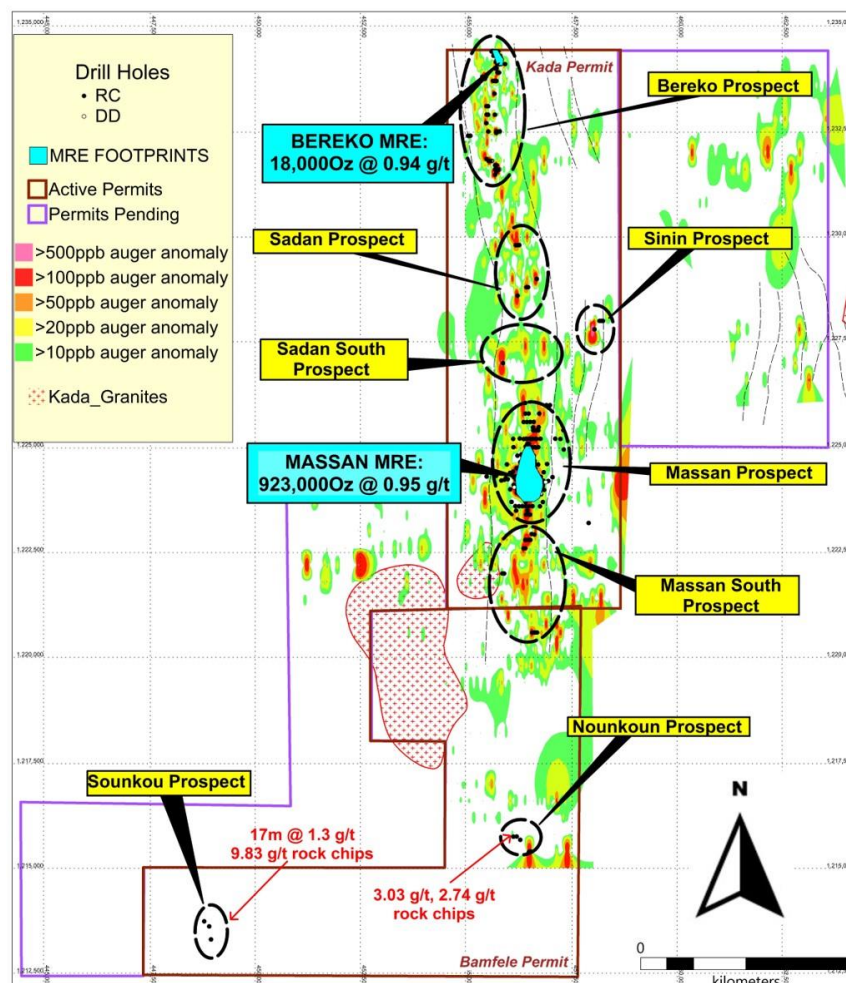


Figure 1. Exploration Targets – Kada licence area

Kouri Gold Project, Burkina Faso

The Kouri Gold Project in Burkina Faso remains on care and maintenance as the Company explores potential divestment opportunities. During the quarter, the Company held discussions with several parties interested in the asset.

Paguanta Project, Chile

The Paguanta project in Chile remains on care and maintenance as the Company explores potential divestment opportunities or a strategy for project advancement.

Loreto Project, Chile

Pursuant to the US\$17m Option and Joint Venture agreement with Teck Resources Chile Limitada (**Teck**), Teck continued to engage with surface landowners and local communities with respect to project access.

In November 2023, the Company announced that its Paguanta Project Joint Venture Partner Costa Rica Dos SpA (**Costa Rica Dos**) instigated legal proceedings in Chile regarding the Loreto Project in the form of a civil action for damages against the Company and Teck. The civil action relates to predecessor exploration concessions over the ground comprising the Loreto Project that were historically held by Costa Rica Dos.

Asara disputes any wrongdoing on its behalf and is currently assessing the veracity and merits of Costa Rica Dos' claim. Please refer to the ASX announcement *Chilean Operations Updated and Litigation* dated 15 November 2023 for further information.

CORPORATE

Placement

During the quarter, the Company undertook a placement at \$0.009 per share to raise \$805,000 (before costs) strongly supported by existing institutional and sophisticated investors (**Placement**).

The Placement comprised of the issue of 89,444,444 fully paid ordinary shares at an issue price of \$0.009 which represented a 2.2% premium to the 5-day VWAP (**Placement Shares**). The Placement Shares were issued utilising the Company's placement capacity under ASX Listing Rule 7.1.

The proceeds of the Placement will be applied to early-stage metallurgy work on the oxide portion of the Kada project, exploration activities and general working capital.

Investor Relations

During the quarter the Company undertook a number of Investor Relations activities including road shows in Australia, Kelowna, BC, Canada and the 121 Mining Investment Conference in Cape Town.

Related Party Payments

The following payments to Related Parties of the Company and their associates were made during the quarter:

Director Salaries and Non-Executive Director Fees (including Superannuation where applicable) \$104,000.

From 1 March 2024, the Managing Director agreed to reduce his salary by 50% as part of the Company's strategy to reduce overall business costs at this time.

Convertible Note

The Company entered into a \$1.5m Convertible Note Deed with Capital DI Limited (**Capital**) in September 2023. As at 31 March 2024, \$500,000 remained outstanding.

Post quarter end, the Company and Capital agreed to extend the maturity date of the Convertible Note to 5 January 2025 (Refer ASX Announcement dated 16 April 2024).

Exploration Expenditure

During the quarter, evaluation and exploration expenditure across the Company's projects totalled \$346,000.

Cash on Hand as at 31 March 2024

The Company had \$1.01 in cash as at 31 March 2024.

Contact Information:

Tim Strong

Managing Director

+61 8 6374 2654

tstrong@asararesources.com.au

This announcement was authorised for release by the Board of Directors.

ABOUT ASARA RESOURCES

Asara Resources Limited is an ASX listed exploration company with a portfolio of advanced minerals projects in Guinea and Burkina Faso, West Africa and in Chile, South America.

The Company's flagship project is the advanced Kada Gold Project in eastern Guinea. Guinea remains one of the most under-explored countries in West Africa. Asara has outlined an Indicated and Inferred Mineral Resource Estimate of 30.3Mt at 1.0g/t gold for 923Koz², the majority of which is shallow oxide-transitional gold mineralisation. Golden Rim is focussed on growing the Mineral Resource Estimate. Most of the 150km² project area remains under explored and there is considerable upside for the discovery of additional oxide gold mineralisation.

The Company has outlined an Indicated and Inferred Mineral Resource of 50Mt at 1.3g/t gold for 2Moz³ at the Kouri Gold Project, located in north-east Burkina Faso, and it also holds the Paguanta Copper and Silver-Lead-Zinc Project in northern Chile which has a Measured, Indicated and Inferred Mineral Resource of 2.4Mt at 88g/t silver, 5.0% zinc and 1.4% lead for 6.8Moz silver, 265Mlb zinc and 74Mlb lead⁴ at the Patricia Prospect, which remains open. The Company is seeking to divest these projects to focus on Kada.

At the adjacent Loreto Copper Project in Chile, Asara has signed a US\$17m Option and Joint Venture agreement with Teck Resources Chile Limitada (**Teck**) whereby Teck can acquire up to a 75% interest in the project.

Competent Persons Statements

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcements referred to in this report and it further confirms that all material assumptions and technical parameters underpinning the mineral resource estimate and exploration results continue to apply and have not materially changed.

² ASX Announcement: Kada Mineral Resource Estimate Update improves confidence; more than 40% of oxide gold now indicated dated 09 October 2023.

³ ASX Announcement: Kouri Mineral Resource Increases by 43% to 2 Million ounces Gold dated 26 October 2020 (Total Mineral Resource includes: Indicated Mineral Resource of 7Mt at 1.4g/t gold and Inferred Mineral Resource of 43Mt at 1.2g/t gold).

⁴ ASX Announcement: New Resource Estimation for Paguanta dated 30 May 2017 (Total Mineral Resource includes: Measured Mineral Resource of 0.41Mt at 5.5% zinc, 1.8% lead, 88g/t silver, 0.3g/t gold; Indicated Mineral Resource of 0.61Mt at 5.1% zinc, 1.8% lead, 120g/t silver, 0.3g/t gold; Inferred Mineral Resource of 1.3Mt at 4.8% zinc, 1.1% lead, 75g/t silver, 0.3g/t gold).

Appendix 1

Summary of Mining Tenements and Area's of Interest.

Permit name	Project name	Asara Holding (%)	Changes in the Quarter to permits and/or interest
Guinea			
Kada	Kada	51	N/A
Bamfele	Kada	51 effective. 100% legal ownership, held on behalf of Kada Joint Venture.	
Burkina Faso			
Kouri	Kouri	100	N/A
Margou	Kouri	100	
Gouéli	Kouri	100	
Babonga	Babonga	100	
Chile			
José Miguel 1 1-30 Exploitation	Paguanta	74	N/A
José Miguel 2 1-30 Exploitation	Paguanta	74	
José Miguel 3 1-20 Exploitation	Paguanta	74	
José Miguel 4 1-30 Exploitation	Paguanta	74	
José Miguel 5 1-30 Exploitation	Paguanta	74	
José Miguel 6 1-30 Exploitation	Paguanta	74	
José Miguel 7 1-30 Exploitation	Paguanta	74	
José Miguel 8 1-10 Exploitation	Paguanta	74	
Carlos Felipe 1 1-30 Exploitation	Paguanta	74	
Carlos Felipe 2 1-30 Exploitation	Paguanta	74	
Carlos Felipe 3 1-30 Exploitation	Paguanta	74	
Carlos Felipe 4 1-30 Exploitation	Paguanta	74	
Carlos Felipe 5 1-30 Exploitation	Paguanta	74	
Carlos Felipe 6 1-30 Exploitation	Paguanta	74	
Teki I 1 1-20 Exploitation	Loreto	100	N/A
Teki I 2 1-40 Exploitation	Loreto	100	
Teki I 3 1-60 Exploitation	Loreto	100	
Teki I 4 1-60 Exploitation	Loreto	100	
Teki I 5 1-60 Exploitation	Loreto	100	
Teki I 6 1-60 Exploitation	Loreto	100	
Teki I 7 1-20 Exploitation	Loreto	100	

Appendix 2

Kada Mineral Resource Estimate

Deposit	Type	Classification	Tonnes (Mt)	Grade (g/t Au)	Metal (Oz Au)
Massan	Oxide	Indicated	4.60	1.07	158,000
		Inferred	7.28	0.93	219,000
		Total	11.88	0.99	377,000
	Transition	Indicated	1.07	0.88	30,000
		Inferred	3.8	0.91	113,000
		Total	4.94	0.90	143,000
	Fresh	Indicated	1.25	0.90	36,000
		Inferred	11.65	0.93	350,000
		Total	12.90	0.93	386,000
	All	Indicated	6.92	1.01	224,000
		Inferred	22.80	0.93	682,000
		Total	29.72	0.95	906,000
Bereko	Oxide	Inferred	0.48	0.92	14,000
	Transition	Inferred	0.06	1.05	2,000
	Fresh	Inferred	0.04	1.01	1,000
	All	Inferred	0.58	0.94	18,000
Total Kada Project	Oxide	Indicated	4.60	1.07	158,000
		Inferred	7.76	0.93	233,000
		Total	12.37	0.98	391,000
	Transition	Indicated	1.07	0.88	30,000
		Inferred	3.92	0.91	115,000
		Total	4.99	0.90	145,000
	Fresh	Indicated	1.25	0.90	36,000
		Inferred	11.69	0.93	351,000
		Total	12.94	0.93	387,000
	All	Indicated	6.92	1.01	224,000
		Inferred	23.38	0.93	699,000
		Total	30.30	0.95	923,000

Notes for Table 1:

1. Mineral Resources are reported on a dry in-situ basis at a 0.50g/t Au cut-off as selected by Golden Rim, exceeding breakeven cut-off grades for economic extraction, and constrained to the limit of an optimised USD 1,800/oz gold price pit shell, based on a gravity/CIL processing route and typical West African open pit mining costs.
2. Mineral Resources have been compiled by Mr Frank Browning who is a full-time employee of Wardell Armstrong International and a Registered Member of the Australian Institute of Geoscientists. Mr Browning has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
3. All Mineral Resource figures reported in the table above represent estimates on 1st October 2023. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Numbers may not add due to rounding.
4. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
5. Mineral Resources have been reported at a 100% equity stake and not factored for ownership proportions. Ownership proportions are detailed in Appendix 1.

Appendix 5B

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

Name of entity

ASARA RESOURCES LTD

ABN

39 006 710 774

Quarter ended ("current quarter")

31 March 2024

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	(156)	(499)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(90)	(276)
	(e) administration and corporate costs	(208)	(259)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	5
1.5	Interest and other costs of finance paid	(10)	(43)
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	(462)	(1,072)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	(346)	(2,379)
	(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	-	8
	(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	(346)	(2,374)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	805	3,219
3.2	Proceeds from issue of convertible debt securities	-	1,500
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(104)	(119)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(1,000)
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	701	3,600

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,120	1,639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(462)	(1,534)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(346)	(2,720)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	701	3,600

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	(3)	25
4.6	Cash and cash equivalents at end of period	1,010	1,010

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	1,010	1,120
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) – Term Deposit	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,010	1,120

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	44
6.2	Aggregate amount of payments to related parties and their associates included in item 2	60
<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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	500	500
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	500	500
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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> <p>\$1.5m Convertible Note Deed with Capital DI Limited was entered into and fully drawn in the September quarter. The Convertible Note is unsecured, interest payable at 11.5% per annum (payable monthly or capitalised). \$1m of this loan was repaid during the December quarter and the remaining \$0.5m is due on, or prior to, maturity of the loan (5 January 2025). There is no re-draw facility on the principle that has been repaid.</p> <p>No further facilities have been entered into or proposed to be entered into post quarter end.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(462)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(346)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(808)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,010
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,010
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.25
<p><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></p>		
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: Following the recent capital raising, the Company has planned exploration programs at Kada. These programs are dynamic in nature and can be adapted depending on the Company's financial position. Should the exploration program go ahead, it is expected that cash flows would increase. Should the planned exploration program not go ahead, the Company will review the cashflow and look at reducing overheads which would result in the current level of cashflows reducing in the next quarter.</p>	

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

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 entity undertakes various fundraising activities from time to time to fund its operations. The Company is confident that additional capital can be raised as and when required.

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, based on the answers to 8.8.1 and 8.8.2 above.

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: 30April 2024

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.