



ASX RELEASE
30 July 2020

Quarterly Activities Report - June 2020

Highlights

- Continued progress on pilot plant preparation despite effects of Covid-19
- Successful funding initiatives implemented to strengthen balance sheet and allow progression of technical work
- Formal adoption of planning scheme amendment by Townsville City Council for Lansdowne Industrial Precinct

Pure Minerals Limited (ASX:PM1) ("**PM1**" or "the **Company**") is pleased to provide the following update on its activities for the three-month period ending 30th June 2020.

During the quarter, PM1's wholly owned subsidiary, Queensland Pacific Metals Pty Ltd ("**QPM**") continued to advance the Townsville Energy Chemicals Hub Project ("**TECH**" or the "**Project**").

Pilot Plant Activities

Imposed Covid-19 restrictions hampered QPM's progress, however significant progress was still able to be achieved as QPM progresses towards the commencement of pilot plant trials.

Prior to re-commissioning of the pilot plant at CSIRO's Waterford research facility (Perth, Western Australia), a number of activities must be carried out by QPM.

In the Pre-Feasibility Study ("PFS"), QPM made a number of process improvements to the Direct Nickel flowsheet. These changes must be incorporated into the pilot plant at the same time as some equipment is refurbished or replaced in preparation for the ore piloting.

Changes to the pilot plant have been designed, engineered, and are out for tender. All tenders are expected to be received by the end of July, with the next step being for QPM to review bids and award contracts for the requisite work.

Other work completed on the pilot plant includes:

- Recommissioning of the existing Programmable Logic Controller; and
- Reworking the functional specification and updating supervisory control and data acquisition systems.

The bulk sample of representative ore sourced from QPM's ore supply partners and arrived in Perth during the quarter, after being delayed due to Covid-19. The sample was subsequently transported to the SGS laboratory for testwork, analysis and ore preparation. This involves drying the ore, screening and assaying a range of size fractions in order to optimise milling requirements, homogenising to ensure grade continuity, assaying for organic matter and loading it into sealed 200L steel drums, which can be picked up by forklift for loading into the pilot plant.



Figure 1: Examination of acid recovery section of pilot plant

Lansdown Industrial Precinct

During the quarter, Townsville City Council (“TCC”) announced it had adopted an amendment to its planning scheme to allow the development of the Lansdown Industrial Precinct.

This is a crucial step in the progression of the TCC's plans for an environmentally sustainable and advanced technology industrial estate in Queensland's north and welcomed by QPM.

QPM can now progress with environmental study work and refining the site layout with greater certainty for the TECH Project with the aim of lodging the initial development application shortly.

Saunders Havill Group has been engaged to progress the requisite study work and development application process.

Figure 2 below shows a conceptual layout of the TECH Project at the Lansdown site.





Figure 2: TECH Project layout

Corporate

Funding Initiatives

During the quarter, QPM entered into a facility agreement with Metamor Capital Partners (“**Metamor**”) for the provision of a short term loan. The loan is based on PM1’s and QPM’s expected return as part of the Research and Development (“**R&D**”) Tax Incentive.

Much of QPM’s historical and future expenditure on the TECH Project is considered eligible expenditure under the Australian R&D Tax Incentive scheme. In addition, cash expenditure contributed by QPM as part of the CRC-P project is also considered eligible expenditure. This means much of QPM’s future development work on the TECH Project will be significantly subsidised.

As part of the facility agreement, QPM will be able to borrow up to \$586,728, drawn down in two tranches. repayment of this facility will be on the earlier of receipt of PM1’s R&D Tax Incentive for financial year 30 June 2020 or 15 November 2020.

PM1 also completed a placement to raise \$320k gross of fees.

Cash

PM1’s cash balance as at 30 June 2020 was \$1.56M.

To date, PM1 has received \$1.21M out of a total \$2.55M CRC-P Government grant.



The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Directors	\$71,398	Periodical Director Fees in accordance with Director Agreement

Tenement Table: ASX Listing Rule 5.3.3

During the quarter PM1 relinquished the following tenements:

- EPL 52/3523; and
- EPL 09/2217.

Both tenements related to the Battery Hub Project, which was considered non-core to PM1's focus and ongoing strategy.

Tenements currently held by PM1 as at 30 June 2020 are detailed in the table below.

Tenement ID	Status	Applic Date	Granted Date	Expiry Date	Holding	Name	Registered Co.
EPM27035	GRANTED	28-Aug-2018	12-Feb-19	12-Feb-21	100%	Serpentine Ridge	Queensland Pacific Metals Pty Ltd

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About Pure Minerals

Pure Minerals (ASX: PM1), through its wholly owned subsidiary Queensland Pacific Metals Pty Ltd (QPM), is focused on developing a modern battery metals refinery in northern Queensland.

The Townsville Energy Chemicals Hub or TECH, will process imported, high grade Ni-Co laterite ore from New Caledonia to produce nickel sulphate, cobalt sulphate and other valuable co-products.

Pure Minerals' senior management has combined experience of more than 60 years in nickel refinery operations and is well versed in dealing with nickel and cobalt buyers around the world.

With established infrastructure, a well-developed labour pool and a long history of processing imported laterite ore, Townsville is the ideal location for the project.

Forward Looking Statement

This Announcement contains certain forward-looking statements with respect to the financial condition, results of operations, and business of the Company, and certain plans and objects of the management of the Company. These forward-looking statements involved known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not occur. Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company or its directors, QPM or its directors, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to uncertainties and contingencies, many of which are outside of the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Accordingly, Investors should consider the forward-looking statements contained in this Announcement in light of these disclosures.



Appendix 5B

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

Name of entity

Pure Minerals Limited

ABN

61 125 368 658

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)	(444)	(1,569)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(69)	(225)
	(e) administration and corporate costs	(380)	(1,449)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	710	1,374
1.8	Other (provide details if material)	-	(10)
1.9	Net cash from / (used in) operating activities	(183)	(1,873)

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)	-	(28)
	(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)	-	(372)
2.6	Net cash from / (used in) investing activities	-	(399)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	320	942
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	(16)	(183)
3.5	Proceeds from borrowings	410	410
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(31)	(31)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	683	1,138

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,056	2,691
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(183)	(1,873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(399)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	683	1,138

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	1,557	1,557

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	1,557	1,056
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,557	1,056

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**

(71)

Director and consulting fees paid to Directors and/or Director related entities \$71,398

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	587	410
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	587	410
7.5 Unused financing facilities available at quarter end		177
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.		
Queensland Pacific Metals entered into a facility agreement with Metamor Capital Partners, the Company utilised the full facility on the 18th of May 2020. The interest rate is set at 13.5%. Pure Minerals is guarantor under the facility agreement and the loan is secured against the assets of Pure Minerals.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(183)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(183)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,557
8.5 Unused finance facilities available at quarter end (Item 7.5)	177
8.6 Total available funding (Item 8.4 + Item 8.5)	1,733
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	9

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:

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:

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:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by: The Board of PM1

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.