



29 July 2022

## Sierra Nevada Gold June 2022 Quarterly Report

### Highlights

- Sierra Nevada Gold (ASX: SNX) commenced trading on the Australian Securities Exchange (ASX) in May following completion of an Initial Public Offer (IPO) of CHESS Depository Interests (CDIs) that raised A\$10 million.
- SNX has a portfolio of drill-ready gold and copper assets in Nevada, USA, with advanced exploration targets and early resource potential on projects, including Blackhawk porphyry and epithermal gold system, Warrior and New Pass.
- 12,000m of drilling planned for first 12 months across the portfolio of projects commencing in 3<sup>rd</sup> quarter 2022.
- Expanded copper-gold porphyry footprint at Blackhawk project, Nevada, USA
  - o Two Step-out Dipole-Dipole Induced Polarisation (DP-DP IP) lines expand the project's porphyry sulphide footprint.
  - o IP survey lines expand and add to SNX's understanding of the large sulphide alteration system that underpins the Blackhawk porphyry project in Nevada, USA.
  - o Line L8 400m (8.5km in length) extends the high-response chargeability anomaly 450m to the NE, expanding the large 13km<sup>2</sup> sulphide shell<sup>1</sup> underlying the porphyry core.
  - o Line L3 200m (4.5km in length) provided additional clarity to SNX's high priority Mother Load target area, previously covered by 400m spaced DP-DP data.

Sierra Nevada Gold (ASX: SNX) is pleased to provide a report on its activities for the quarter ending 30 June 2022.

**Executive Chairman Peter Moore said:** *"We commenced trading on the Australian Securities Exchange in May and hit the ground running evidenced by the release of promising results from two new lines of IP geophysical data at the Blackhawk Porphyry. These lines have expanded the project's sulphide footprint and upgrades priority drill targets. We intend to continue with our drill program in Q3 targeting our high priority porphyry targets and look forward to reporting the results of this work."*

### **Expansion of Copper-Gold Porphyry Footprint At Blackhawk Project (Blackhawk)**

As announced to the ASX on 31 May 2022, an Induced Polarisation (IP) survey of the Blackhawk copper-gold porphyry project in the tier-one mining jurisdiction of Nevada, USA, has added to SNX's understanding of the large sulphide alteration system that underpins Blackhawk.

SNX has defined both porphyry and epithermal systems at Blackhawk, with identified high impact targets ready to drill. Blackhawk porphyry is one of five projects in SNX's portfolio in Nevada. Its recently completed extensional two-line program of DP-DP IP successfully expanded and better characterised the already defined +13km<sup>2</sup> sulphide shell, interpreted based on the previous 50.5-line km of 400m DP-DP IP surveying. The sulphide shell or "pyritic halo" is considered an integral feature of porphyry deposits and generally its scale is commensurate with the size of the porphyry system.

## Background

SNX's latest program of IP builds on previous successful surveys the Company has completed since 2017. SNX now has acquired more than 62-line km of high quality DPDP IP data over the porphyry target. This dataset defines a very large and significant sulphide shell (+13km<sup>2</sup>, and open) (see figure 1) that outcrops and underlies the mapped, large and zoned prograde and retrograde porphyry alteration system. The IP data reinforces other complementary datasets underpinning the interpretation that the large hydrothermal alteration footprint mapped at Blackhawk are the result of a multiphase porphyry mineralised system.

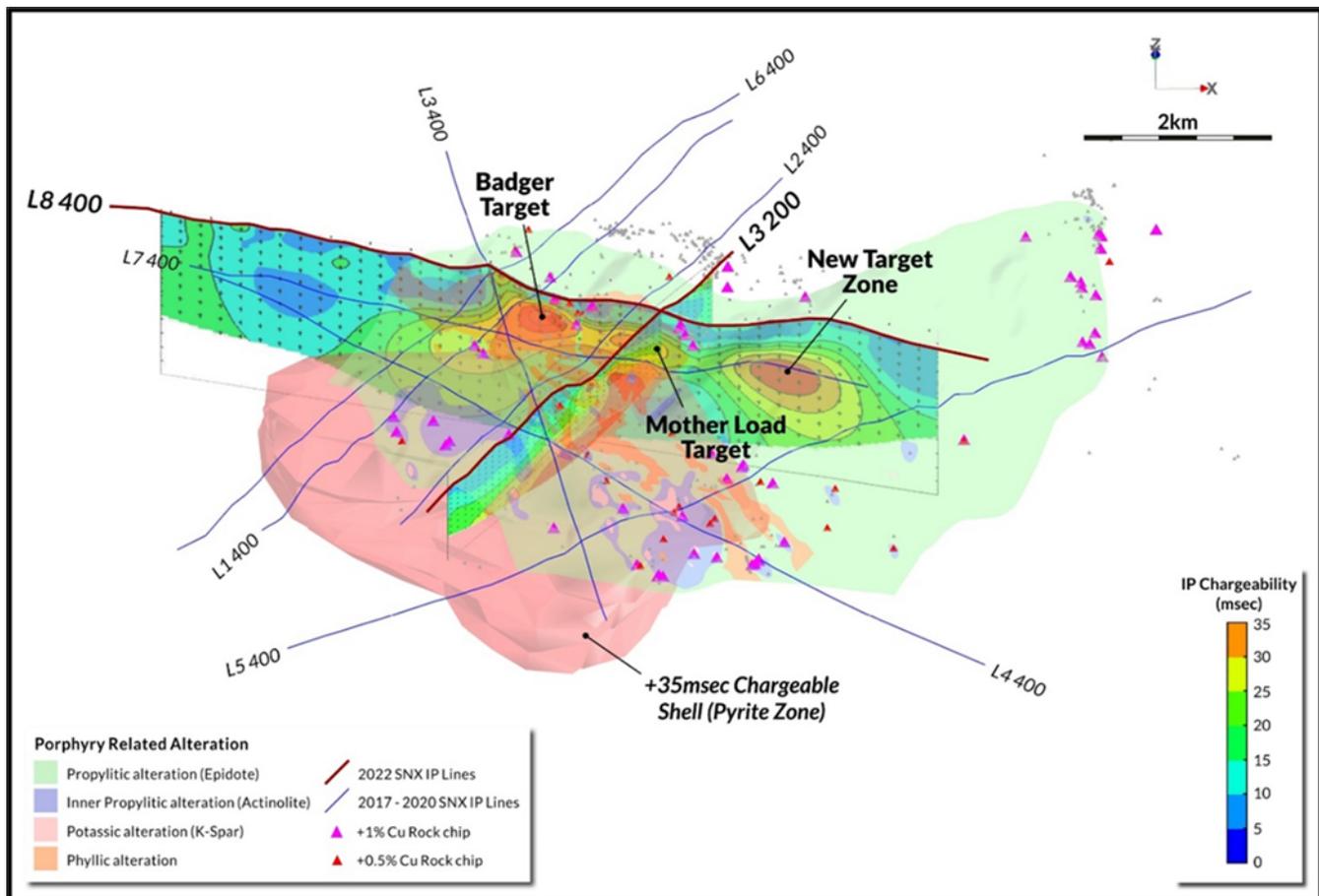


Figure 1. Oblique view looking north at Blackhawk showing SNX's latest DP-DP IP lines (L8 400 & L3 200) displayed as chargeability pseudo sections with mapped alteration, Cu geochemistry from rock chips (%) draped on topography. Underlying is the +13km<sup>2</sup> (in plan view) +35msec chargeable shell inferred from the preceding 50.5 line km of 400m DPDP IP completed by SNX between 2017 and 2020.



Since 2014, SNX has acquired numerous complimentary exploration datasets including drilling, detailed heli-magnetics, close-spaced gravity data, spectral data, soil and rock geochemical surveys and detailed geological/alteration mapping programs over the Blackhawk Project. These helped define a substantial and fertile mineral system with a large porphyry footprint and a well-developed epithermal vein component. These datasets have allowed SNX to generate numerous high quality drill targets on both the porphyry and epithermal systems, with a high-grade discovery beneath the Endowment Mine (BHD006).

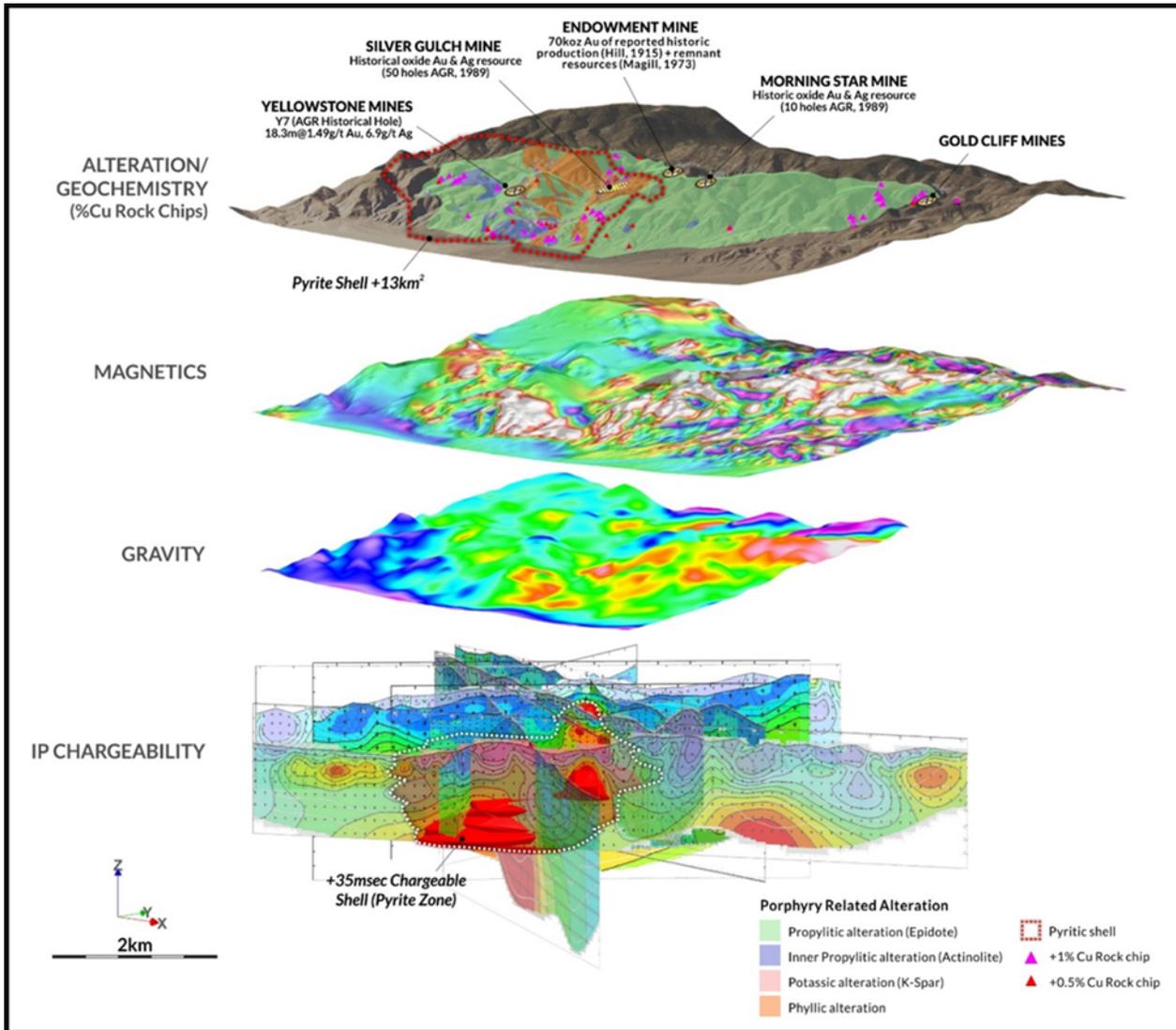


Figure 2. Oblique view looking north. Schematic 3D representation of the datasets acquired by Sierra Nevada Gold at the Blackhawk Project and their integration in the porphyry targeting process

The DP-DP IP survey method is often used to determine the presence of disseminated sulphides. It can do this because rocks containing sulphide minerals can be more readily charged than non-sulphide bearing ground. When an external current is applied then charge separation can occur on sulphide grain boundaries, when the transmitted current is switched off the decay of the current can be measured.

## About the Blackhawk Epithermal and Porphyry Project

SNX has identified two major and extensive components of a large mineralised system at its Blackhawk Project – an epithermal component and a porphyry component.

The Blackhawk epithermal vein system is prospective for high-grade, structurally controlled Ag-Au and base metal deposits and is partially coincident with, and adjacent to, the northern edge of the extensive Blackhawk porphyry system. At least eight historic mining areas were operated within the Blackhawk epithermal vein system between the 1860s and the early 1900s, the main mining areas being around the Endowment, Morning Star and Blackhawk mines. The epithermal vein system covers an area of approximately 5km<sup>2</sup> and contains up to 22-line kilometres of mostly untested veins.

SNX has obtained bonanza grade precious and base metal rock chips and drilling from the epithermal vein system and has a suite of drill ready targets.

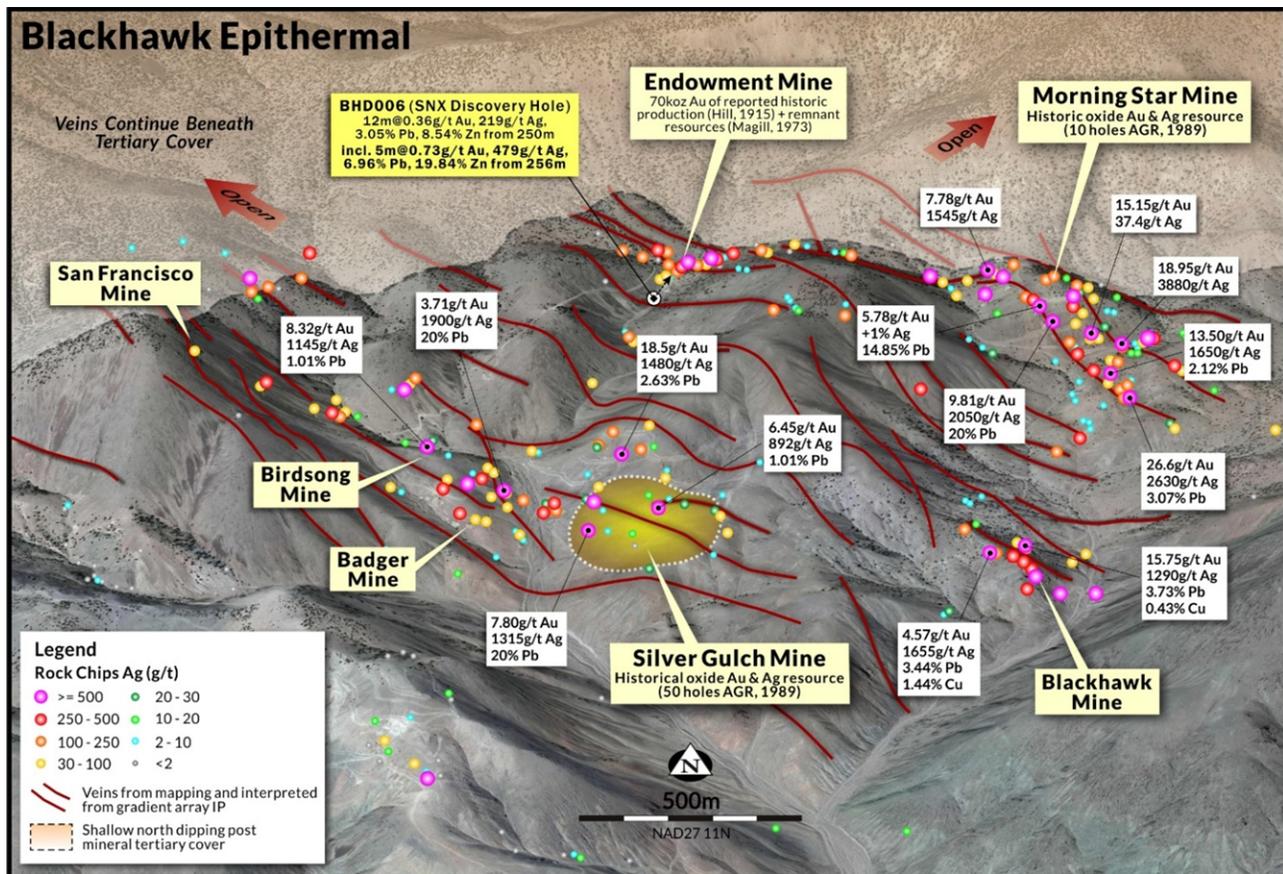


Figure 3. Oblique view looking north showing, the Blackhawk epithermal vein field, silver rock chip geochemistry (g/t) and historical mines and production and areas of historic resource estimates. Note the vein field extends to the north and northwest beneath the post mineral cover rocks.

The porphyry system is defined by a world-class scale, fertile alteration system measuring more than 30km<sup>2</sup>, which remains open. Centrally, the porphyry system is marked by a 4km diameter ring of historic mines that have exploited various porphyry style mineralisation types which is, in turn located coincidentally with a large +13km<sup>2</sup> zone of high chargeability (sulphides) defined by IP geophysics. The porphyry system is regarded as

having significant potential to host porphyry-related Cu-Au mineralisation. The Blackhawk Project consists of 636 contiguous 20-acre claims covering 49km<sup>2</sup>, close to existing highways and extensive infrastructure.

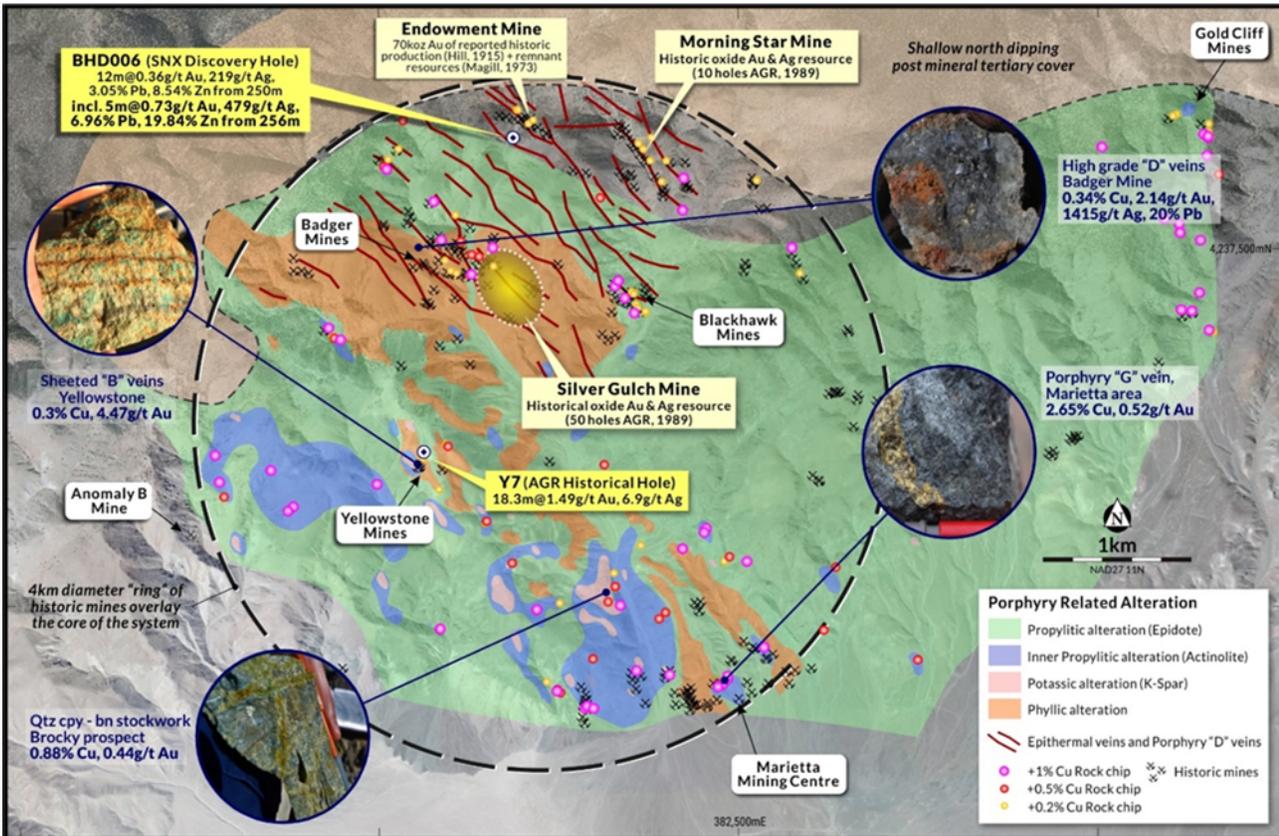


Figure 4. Plan view of the mapped porphyry alteration system showing the epithermal and the porphyry "D" vein fields, historic mines and the onlapping shallow post mineral rocks to the north and northwest. Cu geochemistry from rock chip sampling.

### Mining exploration activities for the quarter

During the quarter SNX completed an IP survey of its Blackhawk copper-gold porphyry project, as referred elsewhere in this report, and continued mapping, geochemical and geophysical programs. Following completion of its IPO, SNX also undertook planning, procurement and other preliminary activities in relation to its planned drilling projects expected to be undertaken in Q3 CY2022. During the quarter ended 30 June 2022 SNX incurred approximately US\$728,000 on these activities.

### Next steps

SNX's mapping, geochemical, and geophysical programs continue at Blackhawk, enhancing the Company's understanding of the mineral system and drill targets defined. SNX has a suite of exciting high priority targets ready for drill testing across both the epithermal and porphyry systems.

SNX will combine new data with previously acquired IP data over the porphyry project (50.5-line km) and complete a 3D inversion for enhanced system understanding and drill targeting. SNX plans to drill Blackhawk porphyry targets in Q3 CY2022.

## CORPORATE

### SNX commences trading on the Australian Securities Exchange (ASX)

SNX commenced trading on the ASX on 3 May 2022. SNX raised A\$10M at S\$0.50 per CDI and will apply the funds raised in the IPO for planned exploration programs on its projects, project generation, as well as IPO costs and general working capital requirements.

SNX began trading with drill-ready targets across its portfolio of projects in Nevada, USA, and plans to undertake approximately 12,000m of drilling in its first 12 months as a publicly-listed company.

SNX's priority target is the Blackhawk porphyry and epithermal system, which has recently shown potential as outlined above.

Other projects include **Warrior**, with high-grade and disseminated gold potential. The **New Pass** project hosts multiple high-grade gold veins and Carlin-style potential. The **Colorback** project, features near-surface mineralisation and is located on the Battle Mountain trend, adjacent to and analogue for the large Cortez and Pipeline gold deposits.

SNX's Board and Management comprises an experienced team with US\$12M invested in project generation and exploration over the past ten years.

### Payments to related parties

Payments to related parties disclosed in items 6.1 and 6.2 of the accompany Appendix 5B are payments of directors fees, management fees and salaries.

### Use of funds comparison

Set out below is a comparison of the Company's actual expenditure on the individual items in the "use of funds" statement since the date of admission to the official list against the estimated expenditure on those items in the "use of funds" statement in the IPO prospectus.

	<b>Use of funds estimate (per Prospectus) A\$</b>	<b>Cash payments to 30 June 2022 A\$*</b>
Exploration expenditure	7,685,000	841,910
Project payments and claim fees	640,000	-
General administration and working capital	521,000	79,991
Estimated expenses of the offer	1,154,000	271,928
Totals	10,000,000	1,193,829

\* - the Company's accounts are maintained in US\$; the A\$ amounts above are calculated using the average exchange rates during the relevant period

The material variances above between estimated and actual expenditures are mainly as a result of the Company having listed in early May 2022, during the June 2022 quarter. Accordingly the above table reflects less than 2 months' cash payments compared to a 2 year use of funds period estimate, during which the relevant

expenditure is not expected to occur in a linear manner. Exploration expenditure is relatively high reflecting the level of preparatory expenditure for the Company's upcoming drilling campaign. General administration and working capital costs are relatively higher than expected for a number of reasons, including general global increases in cost levels/inflation, supply chain issues and unfavourable foreign exchange movements. In addition, payments for the actual costs of the offer are below the estimate in the IPO prospectus as the Company paid for some offer expenses from available funds prior to the date of admission to the official list and prior to the receipt of IPO funds.

**About Sierra Nevada Gold (SNX)**

Sierra Nevada Gold (SNX) is a recently listed ASX company actively engaged in the acquisition and exploration of precious and base metal projects in the highly prospective mineral trends in Nevada, USA since 2011. The Company is exploring five 100%-controlled projects in Nevada, comprising four gold and silver projects and a large copper/gold porphyry project, all representing significant discovery opportunities for the company.



Figure 5. Location of SNX projects in Nevada, USA showing the location of the major gold and copper deposits.



This announcement was authorised for release by Mr Peter Moore, Executive Chairman of the Company.

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## Appendix 1 – Schedule of Claims

### ASX listing rule 5.3.3

Country	Project	Tenement ID	Tenement Name	Area (km <sup>2</sup> )	Interest at beginning of quarter	Interest at end of quarter	Comment
USA	<b>Blackhawk</b>	NMC1183493	BH Claims (206 Claims)	16.67	100%	100%	Additional 21 Claims staked during last quarter
USA	<b>Blackhawk</b>	NMC1165344	BK Claims (194 Claims)	15.70	100%	100%	No Change
USA	<b>Blackhawk</b>	NMC1097391/ NMC1116711/ NMC1174223	EX/MEX Claims (230 Claims)	18.61	100%	100%	No Change
USA	<b>Blackhawk</b>	NMC1110298	Blackhawk Claim (1 Claim)	0.008	100%	100%	No Change
USA	<b>Blackhawk</b>	NMC1203497	GF Claims (8 Claims)	0.65	100%	100%	No Change
USA	<b>Blackhawk</b>	NMC1106537/ NMC1141061	D, EN, MA Claims (12 Claims)	0.97	100%	100%	Managed Third Party Claims
USA	<b>Blackhawk</b>	NMC799825	HP Claims (5 Claims)	0.40	100%	100%	Managed Third Party Claims
USA	<b>Blackhawk</b>	Patent 21683	SFO Patent (1 Patent)	0.008	100%	100%	Managed Third Party Patent
USA	<b>Colorback</b>	NMC1045249	Colorback Claims (34 Claims)	2.75	100%	100%	Managed Third Party Claims
USA	<b>Colorback</b>	NMC1045242	Scotty Group Claims (8 Claims)	0.65	100%	100%	Managed Third Party Claims
USA	<b>Warrior</b>	NMC1061934	WA Claims (91 Claims)	7.36	100%	100%	No Change
USA	<b>Warrior</b>	Not assigned	WR Claims (156 Claims)	12.63	100%	100%	No Change
USA	<b>Warrior</b>	NMC110779/ NMC343517/ NMC343528	Hillside Claims (13 Claims)	1.05	100%	100%	Managed Third Party Claims
USA	<b>New Pass</b>	NMC1085427	NP Claims (62 Claims)	5.02	100%	100%	No Change
USA	<b>New Pass</b>	NMC1051851	PW Claims (114 Claims)	9.23	100%	100%	No Change
USA	<b>New Pass</b>	NMC870386	Jung Claims (4 Claims)	0.32	100%	100%	Managed Third Party Claims
USA	<b>New Pass</b>	Jung Patents	Jung Patents (8 Patents)	0.65	100%	100%	Managed Third Party Claims

## Appendix 5B

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

Name of entity

Sierra Nevada Gold Inc.

ARBN

653575618

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(107)	(366)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	-
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(107)</b>	<b>(366)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	(107)	(107)
	(d) exploration & evaluation	(728)	(936)
	(e) investments	-	-
	(f) other non-current assets	-	-

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

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 (security deposits)	(5)	(5)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(840)</b>	<b>(1,048)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,118	7,118
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	(282)	(331)
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	Payment of Lease liabilities	(8)	(15)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,828</b>	<b>6,772</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	453	967
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(107)	(366)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(840)	(1,048)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,828	6,772
4.5	Effect of movement in exchange rates on cash held	(237)	(228)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,097</b>	<b>6,097</b>

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

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	6,097	453
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,097</b>	<b>453</b>

6.	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter US\$'000</b>
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	40
<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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
	N/A		

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

<b>8. Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(107)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(728)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(835)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,097
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,097
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	7.30
<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

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

Date: 29 July 2022

Authorised by: The Board

### Notes

- 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.
- 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.

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

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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.