



EAGLE MOUNTAIN MINING

ASX Announcement | Date 17 October 2018

Quarterly Report September 2018

HIGHLIGHTS

- The diamond drill program at the Silver Mountain copper-gold project in Arizona commenced towards the end of the September quarter
- The program has more than doubled in size since Eagle Mountain Mining (ASX:EM2) listed on the Australian Securities Exchange (ASX) in March this year, with 27 high priority drill holes planned
- Drilling will target the four unique styles of mineralisation identified at Silver Mountain and will mark the first time a modern comprehensive drilling campaign has been conducted over the project area
- A water well was drilled on the Company's patented lease to provide water for the diamond drill program. Well testing indicated that sufficient water can be pumped to support several drill rigs at one time
- Diamond drilling contract signed and mobilisation of track mounted drill rig and establishment of drillers camp completed
- Non-Renounceable Entitlement Offer of New Options to raise up to approximately \$231,250 on issue, and up to \$9.25 million on exercise announced during the quarter. The offer was well supported and closed in early October in accordance with the Offer timetable

Eagle Mountain Managing Director, Charles Bass, commented:

"We achieved a number of important milestones in the September quarter as we finalised plans for a 6,260m diamond drilling program at our flagship Silver Mountain project near Phoenix, Arizona. Drilling of a water well and establishing a water tank farm on our patented leases will more than be able to support the current diamond drill program. Establishment of an exploration camp now provides efficient access to site.

"Encouraging exploration results in the first half of the calendar year led to a doubling of size of the original drilling program as we expanded the number of high priority drill targets. It's been an extremely busy and exciting few months preparing for our drill program, and we are looking forward to sharing the results with our shareholders."

EAGLE MOUNTAIN MINING LIMITED | ACN 621 541 204

Ground Floor, 22 Stirling Hwy, Nedlands WA 6009 | PO Box 3365 Nedlands WA 6009
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Diamond Drill Program

When Eagle Mountain commenced trading on the Australian Securities Exchange (ASX) in March this year, it initially targeted a 3,000m drilling program at the Company's flagship Silver Mountain copper-gold project in Arizona in the second half of 2018. The proposed program focused on only one target area and one style of mineralisation.

Since listing, Eagle Mountain has completed a successful exploration program which comprised a combination of field observations, sampling methods and geophysics. These programs have more than doubled the initial drill program to 6,260m of high priority drilling focused on four unique highly-prospective exploration targets. This first phase of drilling will give the Company a greater understanding of the Project's potential and assist in further exploration and drilling programs.

If the program is successful in identifying potential economic mineralisation, Eagle Mountain may continue drilling at that location and possibly bring in a second drill rig.

In preparation of the drill program, several key milestones have been achieved during the quarter, such as:

- Progress on road maintenance and improvement, which is vital given the large diameter water drill rigs and track mounted diamond drill rigs that will be operating on site
- The signing of an access agreement that will enable Eagle Mountain to pass through the patented claims of an operating placer operation, providing simple access to the Pacific side of the Project area
- An agreement with a landowner to set up the exploration camp to the south of the Project. The landowner will provide water, power, workshops and space for trailers, equipment laydown and storage. The location of the camp provides efficient access to both the Pacific and Scarlett side of Silver Mountain and will save at least an hour of travel each way from the current base in Crown King to the north
- Water drilling contract signed and water well completed
- Diamond drilling contract signed, mobilisation of diamond drill rig and set up of drillers camp completed

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Key Drill Targets and Mineralisation

Four different styles and phases of mineralisation have been identified at the Silver Mountain Project which are outlined below in Figure 1. In order of geologic age, from oldest to youngest, but not necessarily in importance, these are:

- Proterozoic Massive Sulphide (Pacific Horizon prospect)
- Porphyry-style (Laramide) veins in Proterozoic granites (Scarlett prospect)
- Laramide or mid-Tertiary quartz-carbonate breccia (Pacific Horizon prospect)
- Disseminated gold associated with extensive zone of specular hematite associated with the NW-SE striking Breakaway detachment zone (Red Mule and Scarlett prospects)

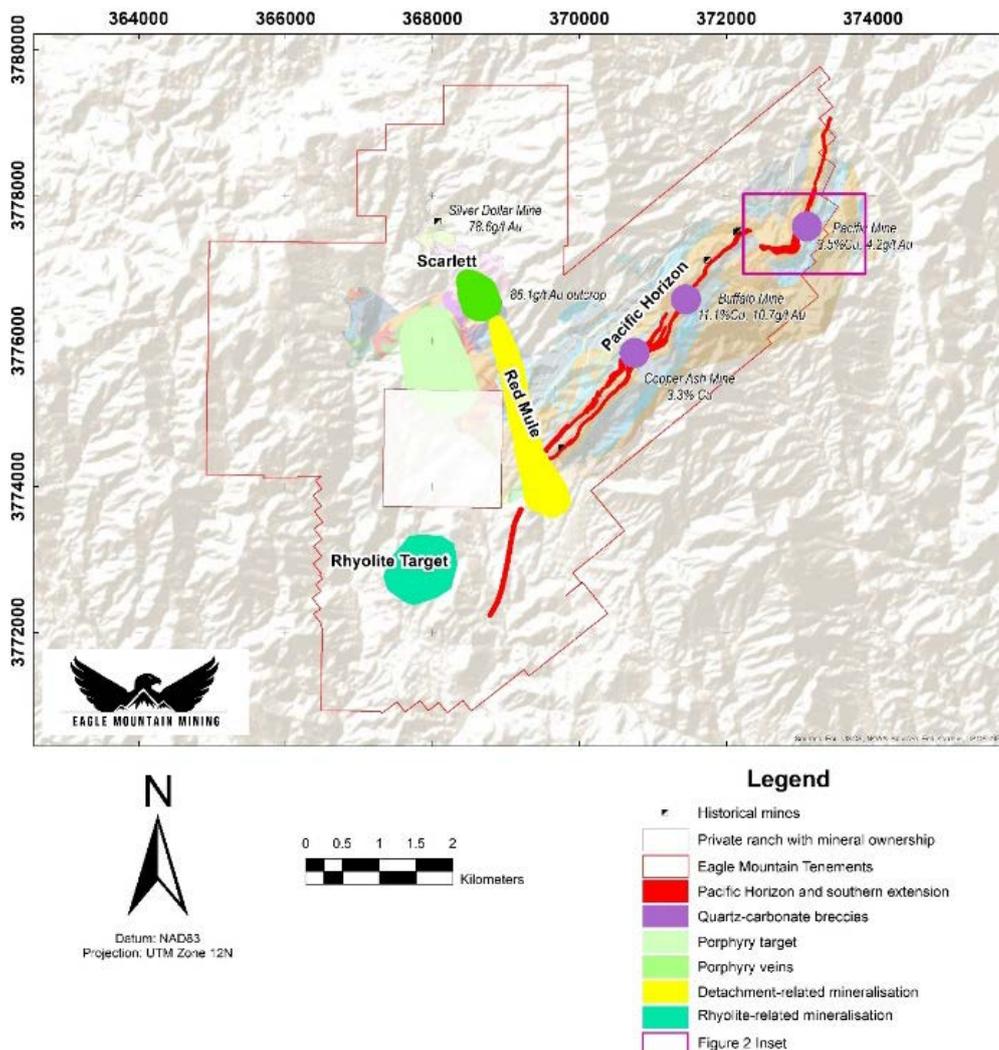


Figure 1 – Silver Mountain Project overview with landholding and unique mineralisation styles

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The diamond drill program is focused on testing all of the different styles of mineralisation. These drill holes are shown in Figure 2.

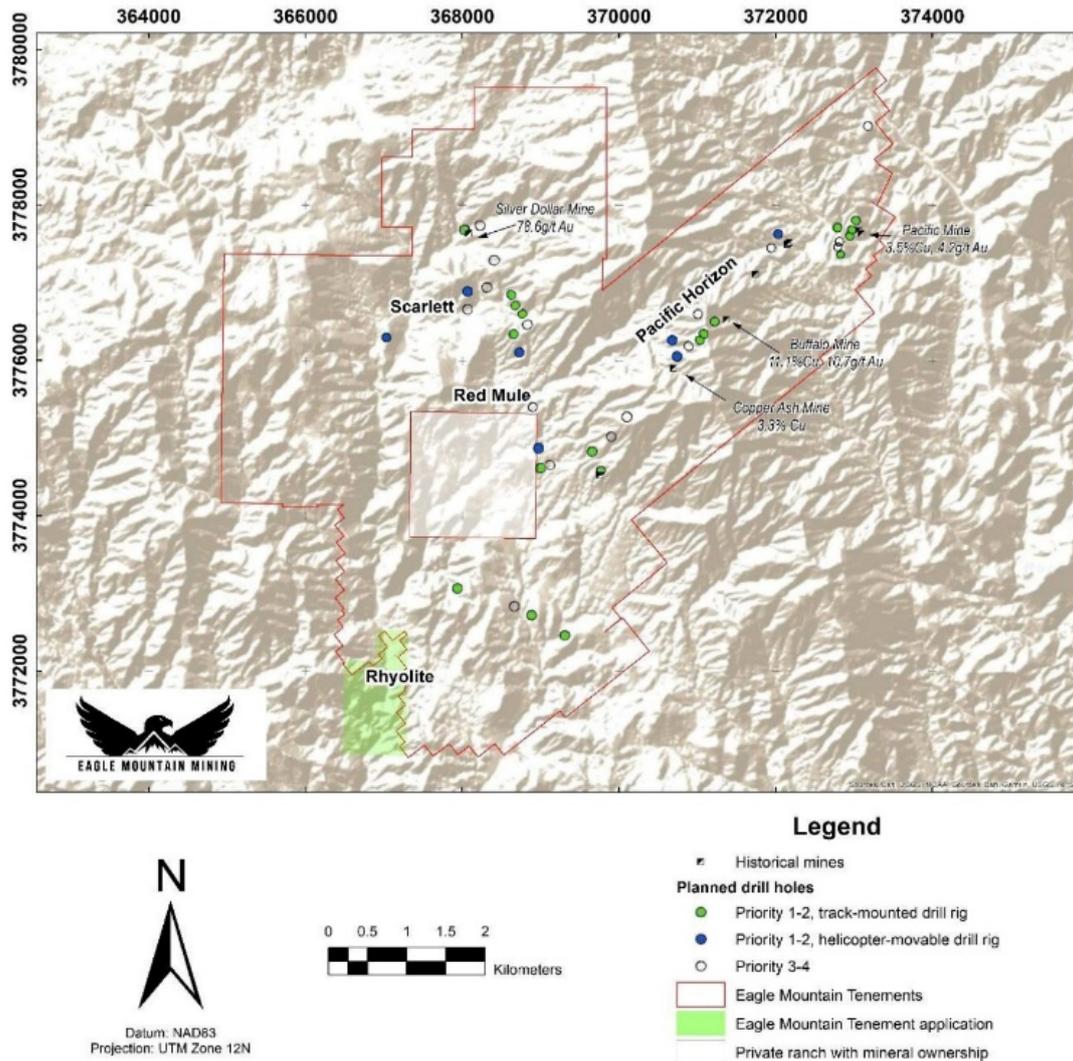


Figure 2 – Maiden drill program showing drill locations and priority

Drilling has commenced along the Pacific Horizon and will test for the high-grade quartz-carbonate Cu-Au breccias, as well as the Pacific Horizon itself (Proterozoic Massive Sulphide).

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Figure 3 illustrates the location of the first few drill holes which are located in the vicinity of the old Pacific Mine.

Drilling for Priority 1 & 2 holes involves:

- 27 drill holes – 15 along Pacific Horizon and 12 for Scarlett and Red Mule
- 6260m total drill length
- Average depth of 232m
- 20 holes targeted for track-mounted drilling
- 7 holes requiring helicopter support

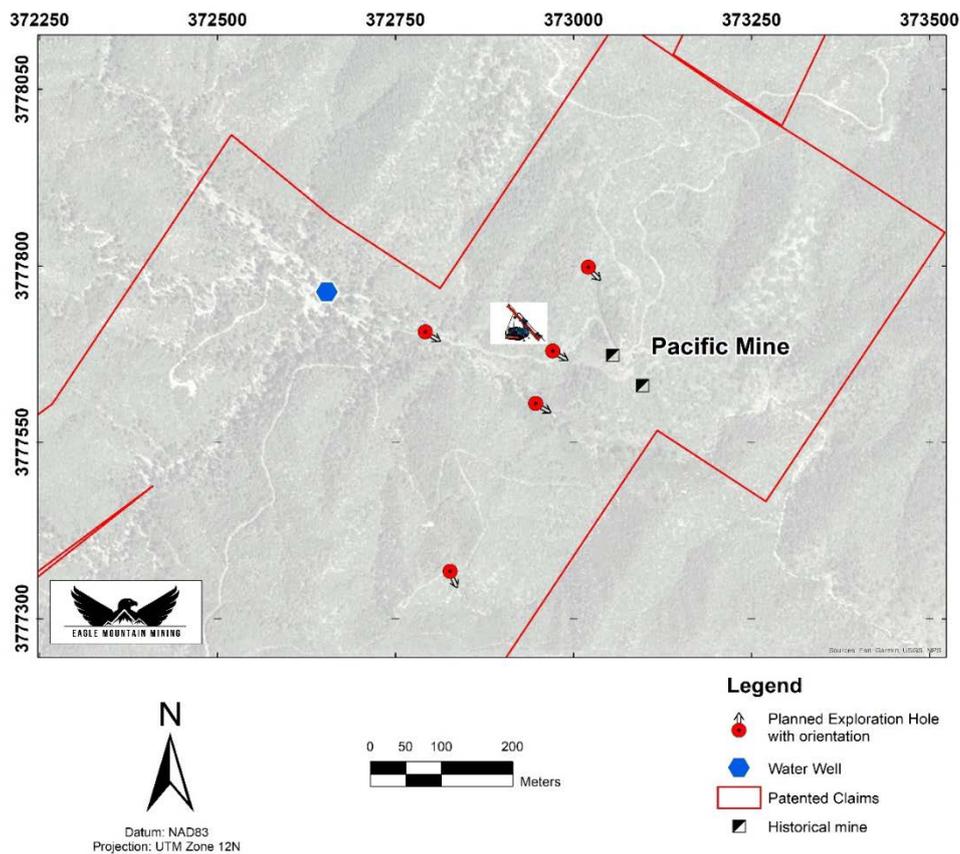


Figure 3 - Planned drill holes near the Pacific Mine with water well and current rig location.

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Water Well

During the quarter Eagle Mountain announced that the Company had signed a contract for water drilling services and also announced results from their water drilling program.

Although three sites were targeted for water, the first hole will provide all the water that is required for the drill program.

The water well was drilled to a depth of 183m, and encountered multiple water-bearing fractures and a suitable water pump was installed. A 72-hour continuous pumping test indicated an average pumping rate of 136 litres/min.

The diamond drilling contractor conservatively estimates that usage will be about 37 litres/min. Thus, based on available information, water production from the installed well will largely exceed the water requirements of the current drilling program and will likely be able to support further exploration programs with multiple rigs on site.

Approximately 160,000 litres of water from the test was captured in a tank farm installed near the well. Stored water will be used for exploration drilling and the tank farm will become the main reservoir supplying water to drilling sites across the Silver Mountain Project. The water well and the tank farm are installed within the Company's patented claims (private property) and will become a permanent asset of the property.

In association with the water drilling and expected water production rates, 20 tanks with a capacity of 5,000 gallons each will be delivered and installed at various locations throughout the Silver Mountain Project. The majority of the tanks will be stationed along the Pacific Horizon to service the early diamond drilling.

During the quarter, Eagle Mountain also reached an agreement with a local landowner to provide land, power and water to set up a camp for both Eagle Mountain personnel, road contractors and diamond drillers.

Corporate

Non-Renounceable Entitlement Issue

During the quarter, Eagle Mountain announced a non-renounceable entitlement offer of New Options to raise approximately \$231,250 on issue (before costs) and up to \$9.25 million on exercise (before costs).

The New Options will be unlisted and may be exercised on or before 15 December 2018 by payment of \$0.40. The Offer was fully subscribed.

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In addition to the Entitlement Offer and the Shortfall Offer, the Company also made an offer of Piggy Back Options to all persons who subscribe for New Options under either the Entitlement Offer or the Shortfall Offer, on the basis of one Piggy Back Option issued for every one New Option exercised ("**Piggy Back Option Offer**"). The Piggy Back Options issued upon the exercise of New Options will be exercisable at \$0.80 each on or before 15 December 2019. The issue of Piggy Back Options under the Piggy Back Options Offer is conditional upon shareholder approval.

Funds raised from the Entitlement Offer will contribute to costs of the offers and working capital. If the New Options are exercised, funds generated will allow Eagle Mountain to continue an accelerated drilling program at the Silver Mountain Project in the event of successful drill results in the initial stages of the program. The ability to continue drilling will save time and cost by avoiding the need to demobilise the drilling rigs and infrastructure and then remobilise at a later date.

Issue of Employee Performance Rights

During the quarter Eagle Mountain announced the issue of 105,000 performance rights to employees of the Company pursuant to the terms and conditions of the Eagle Mountain Mining Limited Employee Incentive Plan. The performance rights vest over three years on 1 July 2019, 2020 and 2021.

For further information please contact:

Charles Bass

BSc, MSc, FAusIMM, FAIG, FAICD
Managing Director & CEO
charlie@eaglemountain.com.au

Mark Pitts

B.Bus, FCA, GAICD
Company Secretary
mark@eaglemountain.com.au

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COMPETENT PERSON STATEMENT

Information in this report relating to Exploration Results is based on information compiled under the supervision of Mr Charles Bass who is an employee of the company. Mr Bass is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientist. He holds shares and options in the Company. Mr Bass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bass consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Where the Company references results from previous ASX announcements, JORC Table 1 disclosures are included within them. The Company confirms that it is not aware of any new information or data that materially effects the information included in those announcements, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

EAGLE MOUNTAIN MINING LIMITED

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of the highly-prospective Silver Mountain Project located just outside of Phoenix, Arizona.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries. Silver Mountain, which comprises three prospects, Pacific Horizon, Scarlett and Red Mule, lies on the same geological setting that hosts world-class porphyry copper mines such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world. It also lies on the southern extension of the metallogenic belt that hosts United Verde and Iron King.

The Company is laying the groundwork for an aggressive exploration drilling program in the first half of FY19.

Eagle Mountain is led by founder and Managing Director Charles Bass. Mr Bass has a proven track record in mining, having previously co-founded both Eagle Mining Corporation, a highly successful gold miner, and Aquila Resources, which was acquired by Baosteel and Aurizon Holdings for \$1.4 billion in 2014.

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Schedule of interests in mining tenements

All of the Eagle Mountain mineral licences are presently located in the State of Arizona, United States of America, refer to the location map. (ASX Listing Rule 5.3.3)

(a) Interests in mining tenements as at 30 September 2018

Prospect & Tenure type	Claim Reference (Tenement)	Percentage held at beginning of quarter	Percentage held at end of quarter	Notes
Pacific Horizon				
Patented Claims (26 individual claims)	Empire, Copper Ash, Palestine, Buffalo, Little Pittsburg, Austin, Wellington, Eagle, Number Ten, Number Eleven, Number Twelve, Number Thirteen, Noonday, South Noonday, Dudley, Comet, Alameda, Virginia, Mars, Ashland, Oakland, Sunnyside, Cuprite, Azurite, Yavapai and Jumbo	100%	100%	
Unpatented Claims (150 individual claims)	SMM#1-14, SMM#17-145, SMM#147, SMM#149, SMM#151, SMM#155, SMM#157, SMM#159, SMM#161	100%	100%	
Exploration Permit (1 individual permit)	08-117371	100%	100%	
Scarlett				
Unpatented Claims (92 individual claims)	SCA#1-15, SCA#57-133	100%	100%	
Exploration Permit (2 individual permits)	08-117369, 08-117373	100%	100%	
Red Mule				
Unpatented Claims (98 individual claims)	SMM#146, SMM#148, SMM#150, SMM#152, SMM#153, SMM#154, SMM#158, SMM#160, SMM#162-207, SMM#210-212, SCA#16-56	100%	100%	
Exploration Permit (2 individual permits)	08-117370, 08-117372	100%	100%	
Rhyolite Target				
Unpatented Claims (84 individual claims)	SMMSO#001 - #084	100%	100%	
Exploration Permit (1 individual permit)	00003866	100%	100%	

(b) Tenements acquired and disposed of during the quarter

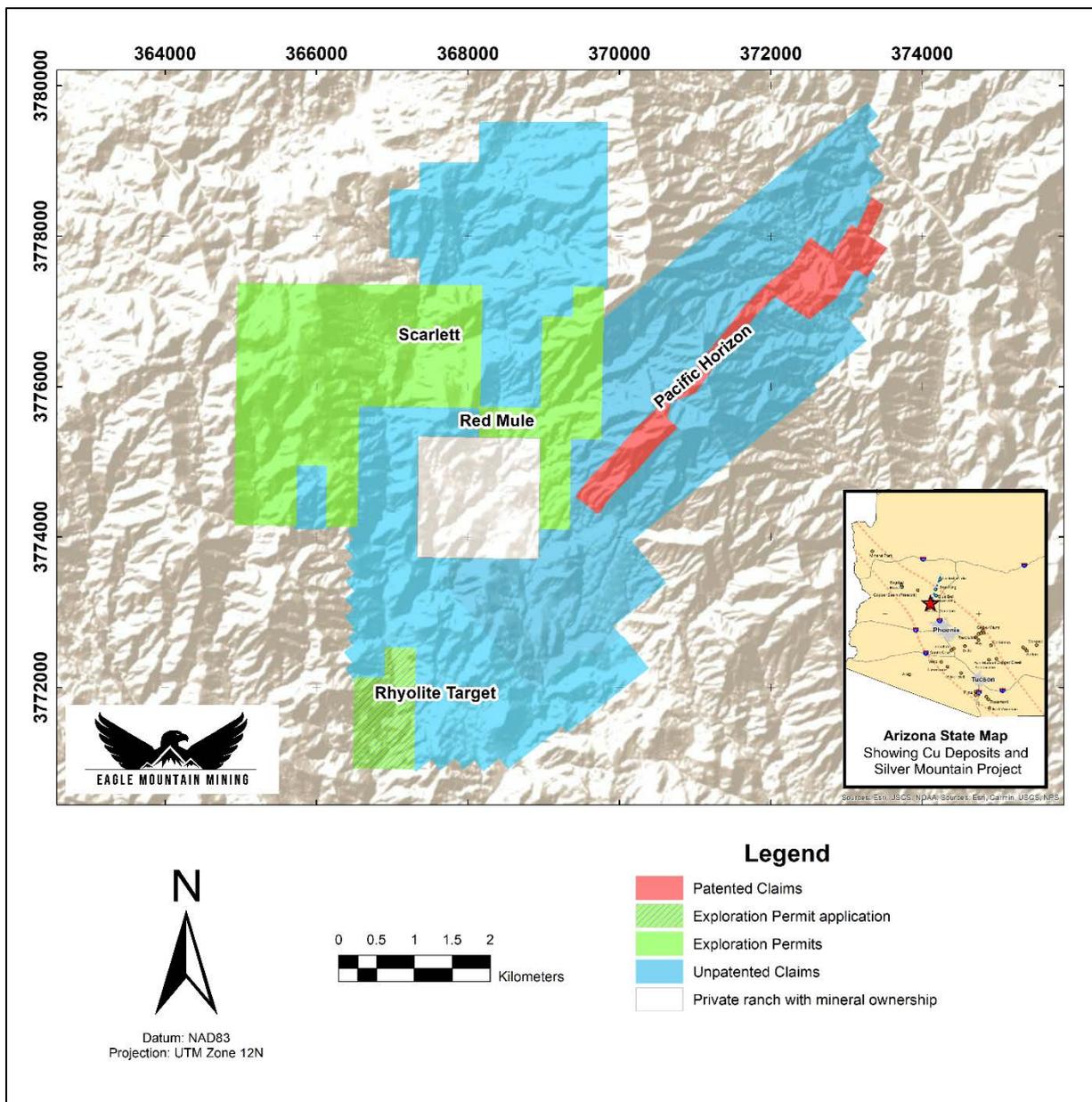
None

(c) The beneficial percentage interests held in farm-in or farm-out agreements as the end of the quarter

None

(d) The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

None



Location map of the Silver Mountain Project with licence areas shown

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Eagle Mountain Mining Limited

ABN

34 621 541 204

Quarter ended ("current quarter")

30 September 2018

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	(1,041)	(1,041)
(b) development	-	-
(c) production	-	-
(d) staff costs (<i>administration and corporate</i>)	(57)	(57)
(e) administration and corporate costs	(122)	(122)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – rent incentive rebate	-	-
1.9 Net cash from / (used in) operating activities	(1,199)	(1,199)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(30)	(30)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – cash on acquisition of subsidiary	-	-
2.6	Net cash from / (used in) investing activities	(30)	(30)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares and options	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(28)	(28)
3.5	Proceeds from borrowings	-	
3.6	Repayment of borrowings	(3)	(3)
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	(31)	(31)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,795	6,795
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,199)	(1,199)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(30)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(31)
4.5	Effect of movement in exchange rates on cash held	96	96
4.6	Cash and cash equivalents at end of period	5,631	5,631

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,743	2,058
5.2 Call deposits	1,888	4,737
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)	5,631	6,795

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	59
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Office Rent paid to an associated entity of Mr Bass, a director of the Company - \$21,000. Director remuneration \$38,000.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(2,500)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(60)
9.5	Administration and corporate costs	(125)
9.6	Other: Option issue costs	(50)
9.7	Total estimated cash outflows	(2,735)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here: 

Date: 17 October 2018

Company secretary

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.