

ASX Announcement
19/1/2023

DECEMBER 2022 QUARTERLY REPORT

Develop builds team to capitalise on shortage of underground mining specialists

Highly successful recruitment campaign positions Develop to supply energy transition metals from its own assets and provide much-needed capability to third parties

Highlights of the Quarter

- Numerous key appointments made during the quarter, including senior executives, mine managers, engineers, geologists and site operational management/personnel
- The appointments mean Develop now has sufficient senior mining specialists to meet the needs of its own assets as well as providing services to third parties
- At the Woodlawn zinc-copper project in NSW, exploration activities have accelerated with 665m of underground development completed and diamond drilling commencing
- At the Sulphur Springs zinc-copper-silver project in WA, technical/analysis work is underway on the increased Resource to update the mine design, processing design, Ore Reserve and project costings to deliver a revised valuation for the project
- Develop's Mining Services division completed 1822m of underground development at the Bellevue Gold Project in Western Australia - a 74% increase from the September quarter
- The development rates are ahead of the mining schedule and generated A\$14.1M in contract revenue - a 55% increase in revenue from the September quarter

Develop Managing Director Bill Beament said: "We have just completed a highly successful recruitment campaign which saw the Company secure numerous key executives, senior managers and highly experienced operational personnel.

"We are now in an extremely enviable position where we have the skills and experience needed to continue advancing Woodlawn and Sulphur Springs as well as being able to offer much-needed specialists to underground assets owned by others.

"The end result is that we have built an extensive team of first-class underground mining specialists at a time when the shortage of these people has reached crisis levels.

"The full impact of this chronic shortage is still yet to be seen. I have no doubt that the current quarterly reporting season and beyond will provide an alarming insight into the harsh toll it is taking on costs and schedules of underground projects in both the development and operational stages.

"Having access to the right people at the right time is crucial to limiting the impact of this skills crisis, as shown by the results we are achieving on the Bellevue Gold contract, where the project is running on time and on budget.

"We have established an exceptional team who will in turn attract talented people who have worked for them in the past. They will also expertly train new personnel required for the future.

"In the mining industry, generals build armies and armies build mines. We have the generals at a time when demand for these skills is outstripping supply at an unprecedented level.

"The situation across the industry has already reached crisis point in respect to costs and timetables and it is hard to see how it won't get worse.

"That presents Develop with a highly valuable competitive advantage and the ability to deliver."

Occupational Health, Safety and Environmental

Group loss time injury frequency rate "LTIFR" is 0.0 (injuries per million work hours), National metalliferous mining average is 3.6.

Group total Restricted work injury frequency rate "RWIFR" is 0.0, WA metalliferous mining average is 6.8.

There has been no major or reportable environmental or heritage incidents in the past quarter.

Woodlawn Zinc Copper Mine

Develop's Woodlawn Mine is located in the world class Lachlan Fold belt in NSW, 250km south-west of Sydney and 40km south of Goulburn. Historically, the Woodlawn Mine operated from 1978 to 1998 and processed 13.8Mt of ore from the Woodlawn open pit, underground and minor satellite deposits grading 15.9% ZnEq¹ (9.1% Zn, 1.6% Cu, 3.6% Pb, 0.5g/t Au and 74g/t Ag).

The Company continued exploration mining activities at the Woodlawn site during the December Quarter, with the focus continuing on the excavation of the planned 1000m drill platform. Substantial work was also carried out on expanding the electrical, pumping and ventilation systems in the underground operation to accommodate this work and for future production requirements.

Develop's Mining Services division completed 665m of underground development in the exploration decline and primary ventilation circuit for the December Quarter. The primary ventilation circuit has now been extended to the base of the mine.

The December quarter saw the continued arrival of several key pieces of mining fleet to de-risk the project. All exploration development works are expected to be completed by late January. Recruitment for additional mining, geology and maintenance staff also took place with high levels of interest in the mine from experienced personnel.

The new drill platforms have enabled the extensive exploration drilling campaign to commence. The underground drilling contractor commenced drilling in November with 4640m completed for the quarter. The drilling strategy is aimed at converting Inferred Resources to Indicated, extending the mineralised lenses at depth/along strike and drill-testing recently identified EM conductors.

Ongoing upgrades to the mine site dewatering system were undertaken during the month with the commissioning of a large-scale evaporator project and accompanying storm water diversion works to deal with surface water management. Site wide rehabilitation management strategies were also undertaken to ensure regulatory compliance with historic tailings and waste formations.

Woodlawn Mineral Resource Update

The Company previously released an updated Mineral Resource Estimate (MRE) for the Woodlawn (Underground) deposit (see ASX release 2 August 2022) of 7.3Mt @ 12.0% ZnEq¹ (5.7% Zn, 1.8% Cu, 2.0% Pb, 44.9/t Ag & 0.6g/t Au). Approximately 65% of the MRE was classified as Measured and Indicated, with the remaining resources in the Inferred category.

A further 5.1Mt of remnant mineralisation was identified proximal to historic workings (excluded from the updated MRE). The remnant mineralisation has potential to significantly increase the projects economic outcomes. Evaluation of this material is underway, with this opportunity allocated to the recent key personnel appointments.

Sulphur Springs Zinc Copper Project

Develop's Sulphur Springs Project is located 112km south-east of Port Hedland in Western Australia and hosts a total Mineral Resource comprising 17.4 million tonnes grading 8.3% ZnEq² (5.8% zinc, 1.0% copper and 21g/t silver).

The Definitive Feasibility Study (see ASX release 10 October 2018) delivered a Pre-Tax NPV^{8%} of A\$472 million is based on a copper price of US\$6300/tonne and zinc price of US\$2650/tonne. Current prices are significantly higher for both metals.

The Sulphur Springs Project has all the required approvals that allow for full regulatory implementation of the mine development and operation.

The updated Sulphur Springs Resource of 13.8Mt @ 8.3% ZnEq² (5.7% Zn, 1.1% Cu, 0.3% Pb, 22.5g/t Ag & 0.2g/t Au) (see ASX release 06 September 2022) paves the way for an increased Reserve, optimised mine

development plan, revised project costings and exploring numerous funding options, which are all currently underway by the recent key personnel appointments.

Exploration

A significant review of near-mine exploration targets within the Woodlawn Zinc-Copper Mine, along with regional targets is also underway, with an aim of recommencing both near mine and regional exploration activities in 2023.

During the quarter the company completed a 15-hole (5,584m) Reverse-Circulation exploration drilling programme at the Sulphur Springs and Kangaroo Caves deposits.

The programme was designed to test extensions to open mineralisation identified at the Trouser Leg and Eastern Lens targets during the updated Sulphur Springs Resource. Two holes were also designed to test the down-plunge extension to mineralisation at the 3.55Mt Kangaroo Caves Resource, located approximately 6km South of Sulphur Springs. Assay results from this drilling programme are expected in the March Quarter 2023.

Develop Underground Services Division

Develop continues to build strongly upon its first Underground Mining Services agreement with Bellevue Gold. The ~\$A400 million agreement covers a period of almost four years for the construction, development and production activities at the underground mine.

During the quarter, the division completed 1822m of underground development at Bellevue Gold, a 74% increase from the prior September quarter. The development rates are ahead of the mining schedule and generated A\$14.1 million in contract revenue, a 55% increase in revenue from the September quarter.

The site took delivery of several new mobile mining equipment pieces to continue meeting the contract schedule. This equipment will enable Develop to continue to build upon the mining physicals and contract revenues.

The site continues to invest in the mines infrastructure and build up its stores/maintenance inventory to achieve the significant project ramp up over the coming 12 months.

Post the quarter's end, the third jumbo development team commenced work. This will further increase the mining physicals and contract revenues. This ramp up increased the workforce by 59% from the December quarter. Develop is not experiencing any issues attracting and retaining its work force.

The next significant contract ramp up occurs in June Quarter 2023.

Whim Creek Join Venture (20% free carried)

Develop has a 20% free carried interest in the Whim Creek Base Metal project. During the quarter project partner Anax Metal Limited (ASX: ANX) released a project permitting and DFS update, highlights include:

- Mons Cupri mining proposal approved by DMIRS
- Whim Creek Project Works approval granted (DWER)
- Environmental Protection Notice (DWERDG804/19), Successful completion of all actions required

The approval of the Mining Proposal and the granting of the Works Approval allows the commencement of mining from the Mons Cupri pit and the processing of ore through the upgraded crushing plant.

Anax also provided an update to the ongoing Whim Creek DFS, which will now be expanded to include new underground mines at Evelyn and Salt Creek. The planned release of the DFS is the second quarter of CY23.

The company will continue to update shareholders as further results are released.

Evelyn Project (E47/1209)

As previously reported, a small ~450m exploration drilling programme was completed at the 100% owned Evelyn Prospect in August 2022. The programme was designed to test several FLEM targets north of Anax Metals Evelyn Resource. Assay results from this drilling programme are now expected in the March Quarter 2022.

Corporate

The AGM was held on 29 November 2022, Shareholders voted in favour of all resolutions.

Michelle Woolhouse has given notice of her intention to resign as a Non-executive Director as she intends to resume her executive career in the banking sector. A search for a replacement is underway.

Develop appointed experienced resources executive Ben MacKinnon as Chief Financial Officer, effective from January 2023. Mr MacKinnon is a Chartered Accountant who has held senior positions in the accounting and resources sectors. He was most recently the CFO at ASX-listed drilling company DDH1.

Securities Information

The Company's issued capital at the date of this announcement is:

Security Class	Issued Capital
DVP Fully Paid Ordinary Shares	164,930,420
Unlisted Performance Rights	820,934
Unlisted Options (various expiry dates and exercise prices)	48,878,081

Financial Information

The Company's cash position on 31 December 2022 was A\$26.6 million.

Appendix 5B – Statement of Consolidated Cash Flows is provided in a separate report.

Information as disclosed in the Cash Flow Report:

- Exploration and Evaluation during the quarter was A\$7.0 million.
- Payments to related parties of the Company and their associates during the quarter were A\$289k. The Company advises that A\$146k relates to executive directors' salaries, non-executive directors' fees and superannuation. A\$10k relates to Gilbert+Tobin providing legal consulting services, of which Michael Blakiston is a Partner. A\$133k relates to a payment to Bill Beament for the purchase of the Premium Group of which Bill Beament was a shareholder.

This announcement is authorised for release by Bill Beament, Managing Director.

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About Develop

Develop (ASX: DVP) has a twin-pronged strategy for creating value. The first of these centres on the exploration and production of future-facing metals. As part of this, the Company owns the Sulphur Springs copper-zinc-silver project in WA's Pilbara region. This project is currently the focus of ongoing exploration to grow the inventory and various development studies. Develop also owns the Woodlawn zinc-copper project in NSW. Woodlawn, which is on care and maintenance, comprises an underground mine and a new processing plant. The second plank of Develop's strategy centres on the provision of underground mining services. As part of this, Develop has an agreement with Bellevue Gold (ASX: BGL) to provide underground mining services at its Bellevue Gold Project in

Interest in Mining Tenements

AREA OF INTEREST	TENEMENTS	GROUP INTEREST	EXPIRY
Sulphur Springs	M45/494	100%	21/10/2032
	M45/587	100%	6/09/2032
	M45/653	100%	28/09/2037
	M45/1001	100%	21/01/2029
	E45/4811	100%	27/03/2023
	E45/4993	100%	10/04/2023
	E 45/6033	100%	Application
	E 45/6034	100%	Application
	L45/166	100%	30/04/2030
	L45/170	100%	19/09/2030
	L45/173	100%	24/08/2033
	L45/179	100%	31/03/2032
	L45/188	100%	19/11/2030
	L45/189	100%	19/11/2030
	L45/287	100%	27/09/2033
	M45/1254	100%	10/10/2038
Evelyn	E47/1209*	100%	26/09/2021
Whim Creek Anax JV	M47/236	20%	26/07/2032
	E47/3495	20%	31/07/2022
	M47/237	20%	26/07/2032
	M47/238	20%	26/07/2032
	M47/443	20%	1/06/2040
	L47/36	20%	18/01/2023
	M47/323	20%	3/06/2035
	M47/324	20%	3/06/2035
	M47/1455	20%	3/04/2033
Woodlawn	S(C&PL)20	100%	16/11/2029
	EL7257	100%	14/11/2026
	EL8325	100%	2/12/2023
	EL8353	100%	17/03/2024
	EL8623	100%	17/07/2023
	EL8712	100%	5/03/2024
	EL8796	100%	25/09/2024
	EL8797	100%	25/09/2024
	EI8945	100%	19/02/2023
	EL8318	20%	3/11/2023
	EL5878	20%	24/07/2023
Alchemy JV	EL7941	20%	23/05/2022
	EL8267	20%	12/05/2023
	EL8356	20%	12/05/2023
	EL8192	20%	30/10/2021
	EL8631	20%	26/07/2025
	EL8711	20%	5/03/2023
	EL7954	20%	19/06/2022
	EL8400	20%	20/10/2024
SKY Metal JV	EL8573	20%	23/05/2023
	EL8400	20%	20/10/2024
	EL8573	20%	23/05/2023

*The company has made an application for a 12-month extension of term on E47/1209 to DMIRS.

Mineral Resources Statements

SULPHUR SPRINGS PROJECT (DVP 100%)	SULPHUR SPRINGS	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Indicated	12,359	5.6	0.3	1.2	21.9	0.1
		Inferred	1,401	6.4	0.5	0.2	38.4	0.2
		TOTAL	13,760	5.7	0.3	1.1	23.5	0.2
SULPHUR SPRINGS PROJECT (DVP 100%)	KANGAROO CAVES	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Indicated	2,300	5.7	0.3	0.9	13.6	0.0
		Inferred	1,300	6.5	0.4	0.5	18.0	0.0
		Total	3,600	6.0	0.3	0.8	15.0	0.0
WOODLAWN (DVP 100%)	WOODLAWN	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Measured	104	4.3	1.9	2.1	100	1.4
		Indicated	4,776	5	1.8	1.8	42.2	0.7
		Inferred	2,461	6.9	2.5	1.8	47.8	0.3
		Total	7,341	5.7	2	1.8	44.9	0.6
WHIM CREEK JV PROJECT (DVP 20% : ANX 80%)	MONS CUPRI	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Measured	1,070	1.6	0.7	1.5	38.0	0.3
		Indicated	3,500	0.8	0.3	0.8	17.0	0.1
		Inferred	500	1.5	0.6	0.5	14.0	0.0
		Total	5,100	1.0	0.4	0.9	21.0	0.1
	SALT CREEK	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Indicated	1,017	3.3	0.9	1.2	20.0	0.2
		Inferred	839	5.3	1.5	0.7	43.0	0.2
	Total	1,856	4.2	1.2	1.0	30.0	0.2	
	WHIM CREEK	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t
		Indicated	1,760	0.6	0.2	1.1	6	0
		Inferred	660	0.2	0.1	0.6	2	0
		Total Cu Resources	2,420	0.5	0.1	0.9	5.0	0.0
Indicated		120	3.2	0.4	0.1	12.0	0.1	
Inferred		45	2.5	0.4	0.1	9.0	0.0	
Total Zn Resources	165	3.0	0.4	0.1	11.0	0.1		
EVELYN	Classification	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t	Au g/t	
	Indicated	443	3.9	0.3	2.4	40	0.9	
	Inferred	106	1.8	0.1	1.3	15	0.2	
	Total	549	3.5	0.3	2.2	35	0.8	

Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.

Note:

- The Sulphur Springs Mineral Resource Estimate has been extracted from the Company's ASX announcements "Sulphur Springs Updated Mineral Resource Estimate" issued 6 September 2022.
- The kangaroo Caves Mineral Resource Estimate has been extracted from the Company's ASX announcements Kangaroo Caves Resource Upgrade" dated 22 September 2015
- The Woodlawn Mineral Resource Estimate has been extracted from the Company's ASX announcements "Woodlawn Updated Mineral Resource Estimate" issued 2 August 2022.
- The Mineral Resources estimates for The Whim Creek Project are based on information supplied by Joint-Venture Partner Anax Metals (ASX: ANX), full details of these estimates, including the applicable JORC statements, on their websites: <https://anaxmetals.com.au>

1. The zinc equivalent grades for Woodlawn (Zn Eq) are based on zinc, copper, lead and silver prices of US\$3011/t Zinc, US\$7690/t Copper, US\$1900/t Pb, US\$19.05/oz Silver and US\$1654/oz Gold with metallurgical metal recoveries of 88% Zn, 70% Pb, 70% Cu, 33% Au and 82% Ag based on historical recoveries at Woodlawn and supported by metallurgical test work undertaken. The zinc equivalent calculation is as follows: $Zn Eq = Zn\ grade\% * Zn\ recovery + (Cu\ grade\% * Cu\ recovery\% * (Cu\ price\ \$/t / Zn\ price\ \$/t)) + (Ag\ grade\ g/t / 31.103 * Ag\ recovery\% * (Ag\ price\ \$/oz / Zn\ price\ \$/t))$. It is the opinion of Develop Global and the Competent Person that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold.

2. The zinc equivalent grades for Sulphur Springs (Zn Eq) are based on zinc, copper and silver prices of US\$3011/t Zinc, US\$7690/t Copper and US\$19.05/oz Silver with metallurgical metal recoveries of 93.6% Zn, 86.8% Cu and 46% Ag and are supported by metallurgical test work undertaken. The zinc equivalent calculation is as follows: $Zn Eq = Zn\ grade\% * Zn\ recovery + (Cu\ grade\% * Cu\ recovery\% * (Cu\ price\ \$/t / Zn\ price\ \$/t)) + (Ag\ grade\ g/t / 31.103 * Ag\ recovery\% * (Ag\ price\ \$/oz / Zn\ price\ \$/t))$. It is the opinion of Develop Global and the Competent Person that all elements and products included in the metal equivalent formula have a reasonable potential to be recovered and sold.

Competent Person Statement

The information contained relating to the Woodlawn Underground Mineral Resources is based on information compiled or reviewed by Ms Jillian Irvin of Entech Pty Ltd who is a Member of the Australian Institute of Geoscientists. Ms Irvin consents to the inclusion. Ms Irvin has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 – Refer Edition of the “Australasian Code for Reporting of Mineral Resources”. Ms Irvin consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcement entitled ‘Woodlawn Updated Mineral Resource Estimate’ issued 2 August 2022 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, 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.

The information contained relating to the Sulphur Springs Mineral Resources is based on information compiled or reviewed by Ms Jillian Irvin of Entech Pty Ltd who is a Member of the Australian Institute of Geoscientists. Ms Irvin consents to the inclusion. Ms Irvin has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 – Refer Edition of the “Australasian Code for Reporting of Mineral Resources”. Ms Irvin consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcement entitled ‘Sulphur Springs Updated Mineral Resource Estimate’ issued 6 September 2022 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, 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.

The information in this announcement that relates to Exploration Results is based on information by Mr Luke Gibson who is an employee of the Company. Mr Gibson is a member of the Australian Institute of Geoscientists and has sufficient experience with the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 – Refer Edition of the “Australasian Code for Reporting of Mineral Resources”. Mr Gibson consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.