



Major drill program in full swing across Moora and Koojan Projects with ~15,000m of RC drilling in progress

HIGHLIGHTS

MOORA COPPER-GOLD-NICKEL-PGE* PROJECT (WA: 100%)

- Reverse Circulation (RC) drilling program totaling up to 8,500m commenced to test extensions of previously intersected base and precious metal mineralisation and new anomalies defined by geochemical and geophysical surveys.
- PGE* potential of the Project confirmed with significant assays returned at the Acga prospect:
 - MRRC0055** **3m @ 0.52g/t PGE from 177-180m**

KOOJAN JOINT VENTURE COPPER-GOLD-NICKEL-PGE* PROJECT (WA: 30% with right to earn up to 51%)

- Maiden RC drilling program totaling up to 6,500m commenced to test multiple geochemical and geophysical targets.
- Initial 30% equity earned in the Joint Venture following expenditure of \$1,500,000 on exploration.
- Minerals 260 continuing to fund exploration and can increase its equity to 51% by spending an additional \$2,500,000.

WBR PROJECT (WA: right to acquire 80%)

- Land access agreements executed for a new greenfield project.
- First-pass geochemical sampling across prospective magnetic trends scheduled to commence during March Quarter.

CORPORATE

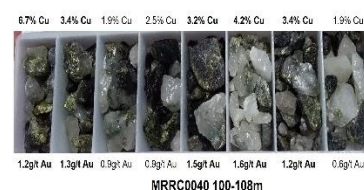
- Cash balance at Quarter-end of ~\$21.1M.
- ~\$1.2M JMEI credits issued to eligible shareholders for 2021/2022 financial year.
- \$185,000 co-funded drilling grant received from WA Department of Mines, Industry Regulation and Safety for the Moora and Koojan Projects.



Drill rig on Koojan JV

INVESTMENT HIGHLIGHTS

- One of the largest land positions in the Julimar Mineral Province.
- Drilling at Moora has intersected strong results at three prospects, validating exploration concepts.
- Multiple high-priority targets undergoing maiden drill testing.
- Well-funded to ensure exploration programs can be accelerated when warranted.
- Highly credentialled Board and management with a track record of commercial discoveries.



Chalcopryite-rich drill chips from Mynt prospect at Moora

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* PGE – Platinum Group Elements

1. Moora Copper-Gold-Nickel-PGE Project, WA (Minerals 260: 100%)

The Moora Project, which is located in the Julimar Mineral Province of south-west Western Australia, approximately 150km north-east of Perth (**Figure 1**), comprises wholly-owned tenure considered prospective for precious and battery-related metals. Drilling has intersected multiple zones of bedrock mineralisation, confirming the potential for an economic discovery.

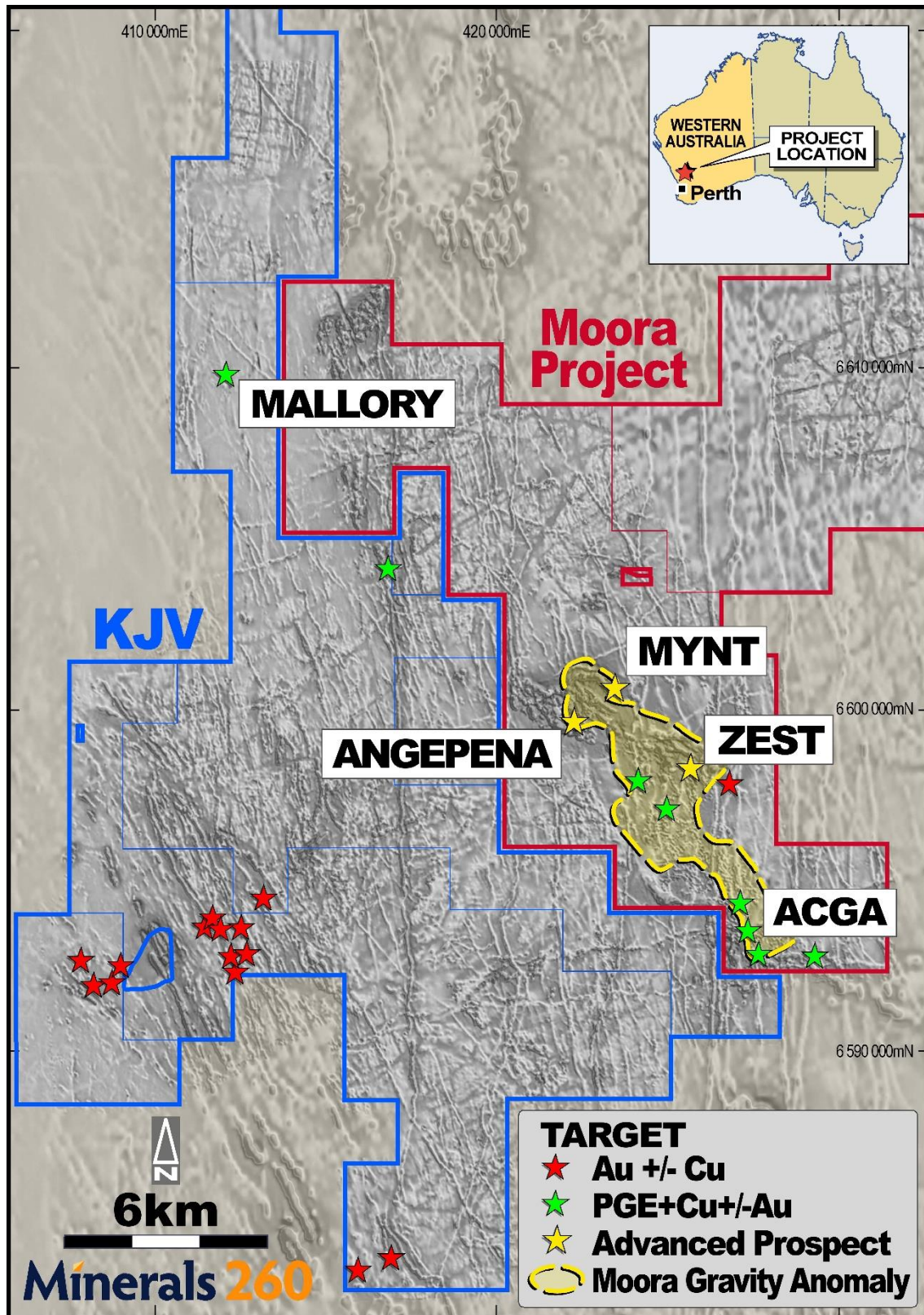


Figure 1: Moora and Koojan Projects – Aeromagnetic image showing drill targets.

New Drilling Program

A Reverse Circulation (RC) drilling program comprising up to 8,500m commenced during the Quarter to follow up multiple targets (**Figure 1**) including extensions of previously intersected base and precious metal mineralisation and untested, new anomalies defined by geochemical and geophysical surveys.

The advanced targets where intersections have been previously reported, and which will be assessed by the current phase of drilling, include:

- Mynt – up to 24m @ 0.7g/t Au and 1.9% Cu
- Angepena – up to 43m @ 1.8g/t Au
- Zest – up to 12m @ 2.0g/t Au and 1.4% Cu
- Acga – up to 3m @ 0.52g/t PGE (Pd+Pt)

Since drilling re-commenced in mid-November 2022, 9 holes for 1,550m have been drilled with the program continuing in the first Quarter of 2023. Assays are pending for all holes.

A diamond core drilling rig is scheduled to commence in late January/early February 2023 to provide geological and structural data for the mineralised zone at Mynt and any new zones intersected at other targets.

Acga PGE Prospect

Final assays were received during the Quarter for three reconnaissance RC holes drilled in the June Quarter 2022 across the southern part of the Moora Gravity Anomaly (MGA), which is interpreted to define a large mafic/ultramafic intrusion, 10km long and up to 3.5km wide, obscured by shallow cover (see ASX release dated 4th November 2022).

The results have confirmed the potential of the Moora Project to host significant PGE mineralisation with drill hole MRCC0055 intersecting 3m @ 0.52g/t PGE from 177m depth at the Acga prospect (**Figure 2**).

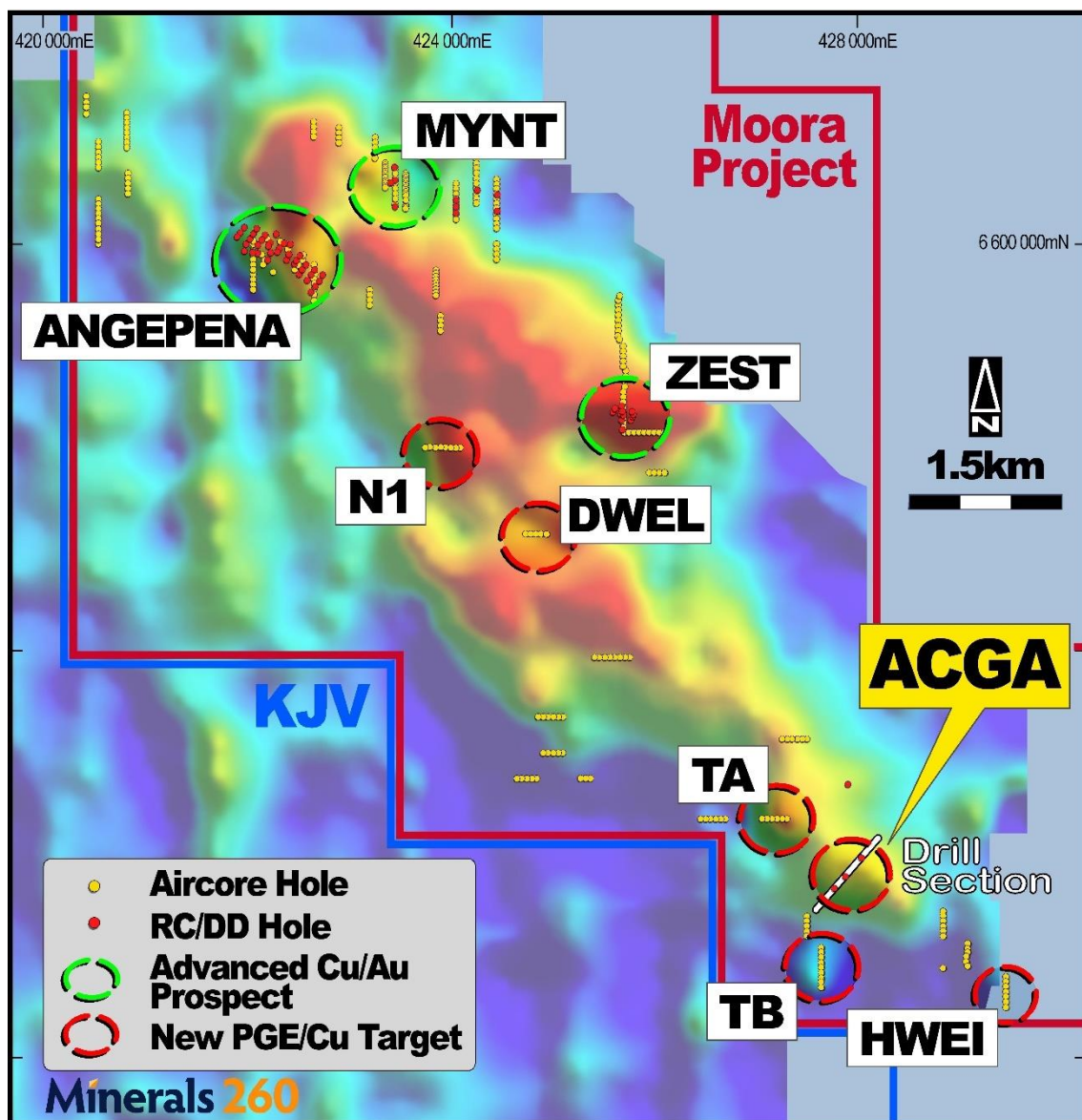


Figure 2: Gravity image showing Moora Gravity Anomaly and related prospects/drill targets.

All three holes, which were largely designed to provide geological data, intersected mafic rocks consistent with an intrusive body with the mineralisation associated with a zone of disseminated sulphides. The anomalous palladium (up to 611ppb Pd) and platinum (up to 76ppb Pt) are also coincident with elevated copper (up to 2,080ppm Cu).

Given these drill results are not coincident with surface anomalism, they are considered highly encouraging and enhance the exploration potential of the region. Previous geochemistry and shallow air-core drilling have defined several high priority PGE+Cu±Au targets in close proximity which will be assessed as part of the current drill program (**Figure 2**).

2. Koojan Gold-Nickel-Copper-PGE Project, WA (Minerals 260: 30%/right to earn up to 51%)

*The Koojan Project adjoins the western boundary of the Moora Project (**Figure 1**) and is considered prospective for gold-copper-nickel-PGE mineralisation similar to that being targeted at Moora. Minerals 260 is in joint venture with Lachlan Star Limited (ASX: LSA) and has earned a 30% interest in the Project with the right to increase its equity to 51%.*

A maiden, up to 6,500m RC drilling program, using the same drill rigs as the Moora Project, commenced on the KJV during the Quarter to test multiple geochemical and/or geophysical targets.

39 holes for 6,078m have been drilled since mid-November 2022 with the program continuing in the first Quarter of 2023. Assays are pending for all holes.

During the Quarter, the Company satisfied its Stage 1 Farm-In obligation for the KJV by incurring exploration expenditure of \$1,500,000.

The expenditure entitles Minerals 260 (through its wholly owned subsidiary ERL (Aust) Pty Ltd ("ERL")) to 30% equity in the KJV with the remaining 70% held by Coobaloo Minerals Pty Ltd ("Coobaloo"). Coobaloo is 75% owned by Lachlan Star Limited (ASX: LSA).

Minerals 260 will continue to fund exploration on the KJV and can increase its equity to 51% by spending a further \$2,500,000 prior to January 2026.

3. Dingo Rocks Project, WA (Minerals 260: 100%)

The Dingo Rocks Project is in south-eastern Western Australia, approximately 600km south-east of Perth and 100km south of Norseman, proximal to the southern margin of Eastern Goldfields Superterrane of the Archaean Yilgarn Block. Previous geochemical exploration has been largely ineffective due to transported cover; however, regional aeromagnetic data indicate the potential for mafic-ultramafic intrusions that may be prospective for Ni-Cu-PGE mineralisation.

A preliminary flora and fauna survey completed during the Quarter has provided data which will enable the Company to plan access routes to test several geophysical targets prospective for magmatic Ni-Cu-PGE mineralisation.

The proposed access routes will require further flora and fauna surveys to ensure environmentally sensitive areas are avoided. Once the surveys are completed, applications to undertake drill testing will be submitted to DMIRS.

4. Yalwest Project, WA (Minerals 260: 100%)

The Yalwest Project comprises two adjoining Exploration Licences located ~400km north of Perth in the Murchison Gold Province of the Archaean Yilgarn Block. The tenements were acquired to secure unexplained magnetic and gravity features that have not been assessed by modern exploration.

Assays from a soil sampling program completed last Quarter did not define any anomalous geochemical trends.

A data review will be completed for the Project to determine whether any further exploration is warranted.

5. WBR Project, WA (Minerals 260: right to acquire 80%)

*The WBR Project comprises six Exploration Licences located throughout the wheatbelt of SW Western Australia (**Figure 3**). Minerals 260 has an Option and Joint Venture Agreement with private group Koojan Exploration Pty Ltd which gives the Company the right to earn 80% equity in the tenements, which were acquired to assess magnetic anomalies considered prospective for base and precious metal mineralisation.*

Land access agreements were executed with key farmers during the Quarter and grid-based geochemical programs designed to assess multiple aeromagnetic anomalies and trends are scheduled to commence in late January/early February 2023.

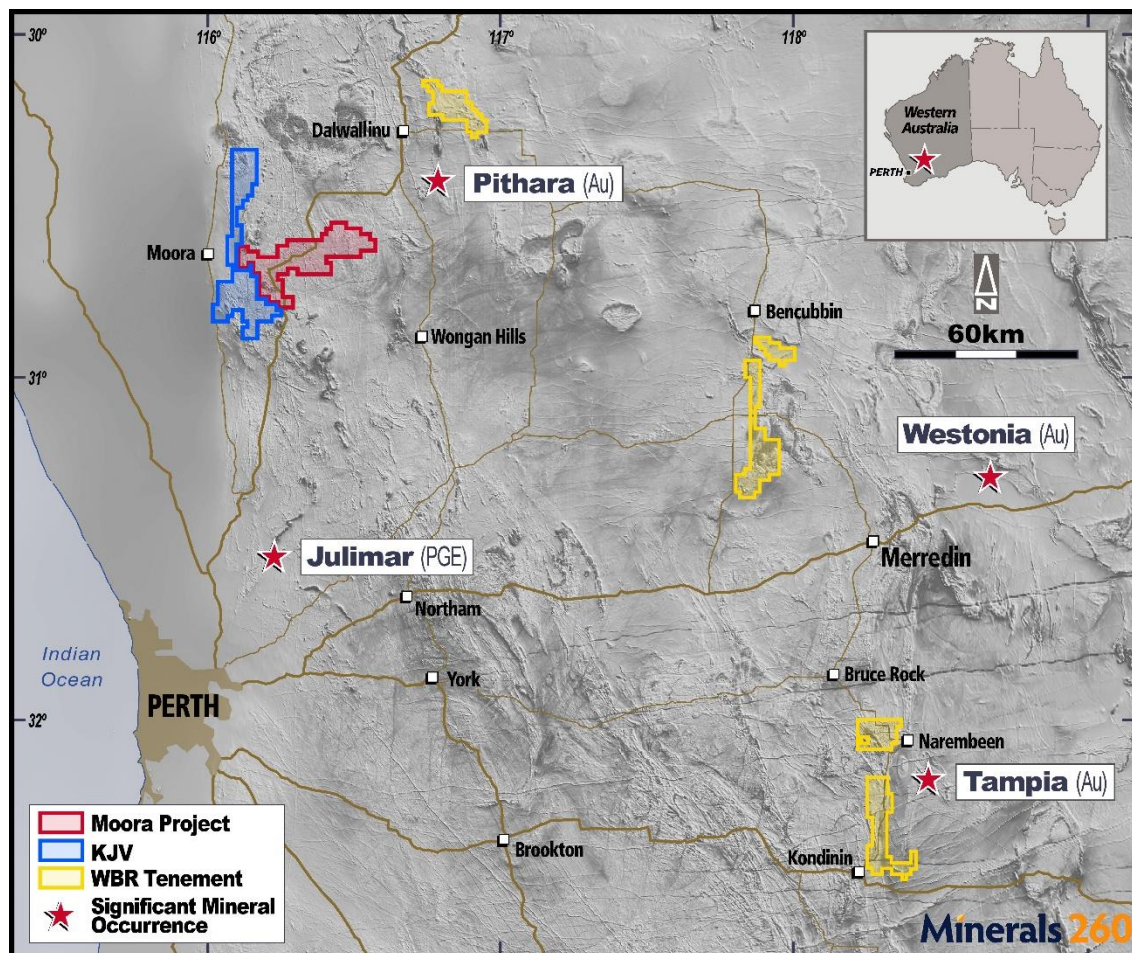


Figure 3: Magnetic image showing Minerals 260 tenure in SW Western Australia.

6. Tenement Schedules

In accordance with ASX Listing Rule 5.3, please refer to Appendix 1 for a listing of tenements.

7. Corporate

As at 31 December 2022, the Company's cash balance was \$21.1m.

Cash expenditure in key segments for the quarter are as follows:

- Exploration and evaluation of \$0.7m
- Administration and employee costs of \$0.6m

Payments reported in Appendix 5B (Section 6.1 and 6.2) to related parties of the entity and their associates totalled \$0.2m which consisted of Directors' fees, consulting fees, salaries (including superannuation) and payments to Director related parties for data base management and field services. All related party transactions have been agreed on an arms' length basis.

A comparison of the use of funds as per the Minerals 260 Prospectus (ASX: 8 October 2021) and actual use of funds since listing is provided below:

Use of Funds (\$m)	Prospectus Estimate (2 years after ASX Admission)	Actual Use From Listing until 31/12/22	Variance Under/(Over)
Exploration expenditure (Moora, Koojan JV, & Dingo Rocks Projects)	14.3	5.3	9.0
Non-Executive Directors Fees	0.4	0.2	0.2
General administration & working capital	9.1	1.6	7.5
Future acquisition costs	4.0	0.1	3.9
Estimated expenses of the Offer	2.2	1.9	0.3
Total	30.0	9.1	20.9

Use of funds variance explanations are outlined below:

- A favourable variance of exploration expenditure being \$9.0m below the Prospectus estimate as a result of the Company listing in October 2021 and it being only 15 months into the 2-year Prospectus estimate. Results from the current drilling program at Moora/Koojan and any potential business development opportunities will dictate the future rate of spend in this area;
- Non-Executive Directors Fees being \$0.2m below the Prospectus estimate as a result of the Company listing in October 2021 and it being only 15 months into the 2-year Prospectus estimate;
- General administration & working capital being \$7.5m below the Prospectus estimate as a result of the Company listing in October 2021 and being only 15 months into the 2-year Prospectus estimate. It is expected that permanent savings will be made in this area providing optionality to spend more cash on existing exploration projects or business development opportunities;
- Future acquisition costs being \$3.9m below the Prospectus estimate as the Company continues its pursuit of acquiring value accretive project(s); and
- Estimated expenses of the Offer being \$0.3m below the Prospectus estimate largely due to lead broker fees being lower than estimated due to a high participation by Lioneo Shareholders in the Priority Offer.

Retirement of Non-Executive Director

As foreshadowed last Quarter, Mr Craig Williams retired from the Company's board as a non-executive Director at the Annual General Meeting (AGM) held on 22nd November 2022.

Minerals 260 will continue to monitor its Board composition to ensure it maintains the appropriate blend of skills and experience to support its exploration activities.

JMEI Credits

During the quarter, the Company issued a total of \$1,210,058 Junior Minerals Exploration Incentive ("JMEI") exploration credits to eligible shareholders regards the 2022 Financial Year.

EIS Co-Funded Drilling Grant

During the quarter, the Company was advised that it had been successful in its application for a co-funded drilling grant from the Western Australian Department of Mines, Industry Regulation and Safety.

The grant will reimburse up to 50% of direct costs incurred by Minerals 260 during the period 1st December 2022 – 30th November 2023 for drilling at the Mynt and Zest prospects on the Moora Project and the Mallory prospect on the Koojan JV, capped at \$5,000 for mobilisation and \$180,000 for RC drilling expenses.

This announcement has been authorised for release by the Board.

DAVID RICHARDS
Managing Director

20th January 2023

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Competent Person Statements

The Information in this Report that relates to Exploration Results for the Moora and Koojan Projects is extracted from:

- *“Multiple zones of gold mineralisation intersected in initial follow-up drilling at Moora” released on 3 February 2022;*
- *“Wide copper-gold zone confirmed at Moora” released on 4 March 2022;*
- *“Maiden drilling program commences on Koojan JV as exploration momentum continues to build” released on 23 March 2022;*
- *“Second significant copper-gold zone discovered at Moora” released on 19 April 2022;*
- *“New intercept of 16m @ 2.8g/t Au confirms scale and potential of Angepena gold prospect at Moora” released on 27 September 2022; and*
- *“Significant bedrock palladium-platinum intersected for the first time at Moora ahead of major new drilling program” released on 4 November 2022_*

which are available on www.minerals260.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) in the relevant market announcements continue to apply and have not materially changed. 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 announcements.

Forward Looking Statement

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

APPENDIX 1

The following information is provided in accordance with ASX Listing Rule 5.3 for the Quarter.

1. Listing of tenements held in Australia (directly or beneficially):

Country	Project	Tenement No.	Registered Holder	Nature of interests
Australia	Moora	E70/5217	ERL (Aust) Pty Ltd	100%
		E70/5286		
		E70/5287		
	Koojan JV	E70/5312	Coobaloo Minerals Pty Ltd	30% - right to earn 51% secured by JV Agreement
		E70/5337		
		E70/5429		
		E70/5450		
		E70/5515		
		P70/1743		
	Dingo Rocks	E63/2070	ERL (Aust) Pty Ltd	100% -
	Yalwest	E59/2541	ERL (Aust) Pty Ltd	100%
		E59/2604		
	Morfeys Well	E57/1193	Beau Resources Pty Ltd	0% - subject to Sale Agreement whereby Minerals 260 can acquire 100% of tenement
	WBR	E70/5563	Koojan Exploration Pty Ltd	0% - subject to Option and JV Agreement whereby Minerals 260 can acquire 80% of tenements
		E70/5582		
		E70/5621		
		E70/5633		
		E70/55592		
		E70/5593		

2. Listing of tenements acquired (directly or beneficially) during the quarter:

Nil

3. Tenements relinquished, reduced or lapsed (directly or beneficially) during the quarter:

Nil

4. Listing of tenements applied for (directly or beneficially) during the quarter:

Nil

Appendix 5B

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

Name of entity

MINERALS 260 LIMITED

ABN

34 650 766 911

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(654)	(1,389)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(320)	(590)
	(e) administration and corporate costs	(238)	(441)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	149	213
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Deposits & Guarantees	-	(16)
1.9	Net cash from / (used in) operating activities	(1,063)	(2,224)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(1)	(104)
	(c) property, plant and equipment	(10)	(17)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(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	(11)	(121)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,200	23,471
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,063)	(2,224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(121)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	21,126	21,126

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	2,126	2,200
5.2 Call deposits	19,000	20,000
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)	21,126	22,200

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	(187)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,063)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,063)
8.4 Cash and cash equivalents at quarter end (item 4.6)	21,126
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	21,126

8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	19.87
<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	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?	
<p>Answer: N/A.</p>		
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?	
<p>Answer: N/A.</p>		
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?	
<p>Answer: N/A.</p>		
<p><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></p>		

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: 20th January 2023

Authorised by: By the Board

(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.