

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

Highlights

- A highlight of the quarter was the important announcement of results confirming the considerable depth potential for gold and silver mineralisation in the Copalquin Mining District, Mexico similar to other proven districts within the region
- Drill core observations, supported by petrographic work, support considerable depth extension to the El Refugio hydrothermal system and other target areas in the district
- The geologic work supports understanding for the high-grade drill intercepts deep (CDH-077) and peripheral (CDH-094) to the main El Refugio resource
 - 8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m (CDH-077),
 - 18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m, (CDH-094)
- In summary, the work concludes the majority of the El Refugio drilling is in an upper brecciation zone which broke up the high-grade veins (current maiden JORC resource). Deeper and peripheral to the breccia zone, drilling will target veins like those intercepted by holes CDH-077 and CDH-094
- Mapping, sampling and drone work progressed throughout the quarter following the completion of the highly successful drill program during the previous quarter, developing and advancing drill target areas prior to the Christmas/New Year break
- Work at an alteration area identified on the western side of the district at El Platano has progressed, which is indicative of deeper hydrothermal activity for gold and silver mineralisation. Soil sampling is scheduled for January/February 2023.
- The drill core relogging program was completed and considerable work has been done to update the drill database and district wide vein modelling, which are key to understanding, progressing and demonstrating the exceptional growth potential for the Copalquin district scale property
- Workplan for 2023 to include:
 - Drilling at El Refugio for resource growth within and along strike of high grade JORC resource
 - Drill target development at other interpreted hydrothermal upwelling zones
 - Advancement of the future target areas in the district including the alteration area at El Platano, west of El Refugio
 - Progress study and permitting work to support a high-grade mine development at El Refugio

DIRECTORS

John Skeet – Managing Director & CEO
Garry Thomas – Non-Executive Director
Stephen Layton – Non-Executive Director
Claire Newstead-Sinclair – Company Secretary

MITHRIL RESOURCES LIMITED

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ASX: MTH

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REGISTERED OFFICE

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Corporate

- In December 2022, Mithril raised A\$1.5m (before costs) from institutional, sophisticated and professional investors to continue Copalquin district exploration activities
- At end of the December quarter, the Company had total cash of A\$0.91M cash plus A\$0.37M due from the December placement to directors and a related party, subject to shareholder approval via a general meeting of shareholders to be arranged. Additionally, the company is due receipt of ~A\$1.1M (MXN14.0M) of Mexican VAT refunds. During the quarter the company received ~A\$150K (MXN2.0M) for two months of 2022. The Company has received no rejections of its monthly VAT claims and is confident the claims will continue to be refunded in due course
- In November 2022, the Company held its Annual General Meeting of shareholders with all resolutions passed [*Results of Meeting*](#)
- The Company participated in the IMARC Conference held in Sydney in November and the most recent investor presentation released in December is found here [*Updated Investor Presentation*](#)

Mithril Resources Ltd (ASX: MTH) (**Mithril** or the **Company**) is pleased to provide a quarterly update for the period ending 30 December 2022, for activities at its 100% optioned Copalquin Gold Silver Project in Mexico where a maiden high-grade gold-silver JORC resource has been defined at El Refugio-La Soledad of 529koz AuEq @6.81 g/t AuEq (373koz Au @4.80g/t and 10.95Moz silver @140g/t)¹

With over seventy historic gold-silver mines and workings throughout 70km² of mining concession area, Copalquin is an entire mining district with high-grade exploration results and a maiden JORC resource. To date there are four interpreted hydrothermal upwelling zones in the district with one already hosting a high-grade gold-silver JORC resource at El Refugio (529koz AuEq @6.81 g/t AuEq)¹. There is considerable strike and depth potential to increase the resource at El Refugio as well as across the district. With the district-wide gold and silver occurrences and rapid exploration success, it is clear the Copalquin District is developing into another significant gold-silver district like the many other districts in this prolific Sierra Madre Gold-Silver Trend of Mexico. These districts can host 1 – 5 million ounces of gold plus 50 – 100+ million ounces of silver.

¹ see page 10 for JORC MRE details and AuEq calculation

COPALQUIN DISTRICT, MEXICO

In October 2022, Mithril reported results from petrographic work on drill core and rock chip samples from across the Copalquin district. Refer to the ASX release, 13 October 2022 [*Depth Potential Confirmed - El Refugio, Copalquin District*](#).

The very high-grade and significant drill intercepts from holes CDH-077 (8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m) and CDH-094 (18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m), raised questions regarding our initial geologic interpretation at El Refugio. The detailed petrographic work involving electron microscopy provides data to support an explanation for the high-grade intercepts and guidance in locating further high-grade veins as we progress drilling and development work in this key area in the Copalquin

District. Copalquin continues to provide the data that supports a major high-grade gold-silver system and to expand our already impressive high-grade resource inventory with its excellent future development prospects.

Petrography Report Conclusions

- The El Refugio vein shows no recognisable vertical temperature zoning. All crystalline quartz phases show fluid inclusion petrography and scarce measurements <200°C with consistent low salinities (0.35-1.72 wt% NaCl eq) characteristic of low sulfidation deposits.
- The core area of the mineralised body is affected by an explosive breccia that fragmented and diluted early mineralized veins such as those present in DDHs CDH-077 and CDH-094 which appear to lie below and lateral to the breccia body. Post mineralisation crystalline quartz hosts common pseudo-secondary all-vapor rich inclusions suggesting an environment of abundant remnant steam in the system after the explosive event. Presence of these all-vapor inclusions is present only where breccias occur such as Refugio, Los Reyes and perhaps Montura veins, and is absent in Soledad, El Gallo, Apolonia, and Brujas veins.
- At El Refugio, if the breccia is not present at greater depth, high grade veins such as present in CDH-077 could persist to greater depth since root zones of low sulfidation type deposits generally extend down to the 240°C isotherm. Thus, deeper drilling under Refugio is required.
- La Soledad and Los Reyes veins do host higher temperature fluids at depth (>240°C) and are worth exploring under the old mines to investigate the vertical extent of mineralisation. If grade is present at greater depth with higher temperatures, the precedent will further support deeper drilling to higher temperature isotherms in the other lower temperature targets.
- The Apolonia and Brujas veins do host early-stage multi-banded vein material with crystalline quartz hosting consistent petrographically low temperature fluid inclusions (<200°C), which is congruent with the higher stratigraphic position of the veins in the lower part of the upper volcanic series. The depth and/or lateral extensions of the veins could host mineralization and are worth exploring. The El Gallo target is in deeper stratigraphy but petrographically also is potentially high level.

No.	Sample ID	Target Area
Petro 1	COPALQUIN-2022-8A CDH-077 472.05m	El Refugio
Petro 2	COPALQUIN-2022-3A CDH-033 209.6m, 234.4m	El Refugio
Petro 3	COPALQUIN-2022-6 El Refugio Mine Workings	El Refugio
Petro 4	COPALQUIN-2022-38 CDH-050 233.43m	El Refugio
Petro 5	COPALQUIN-2022-6B CDH-094 153.6m	El Refugio
Petro 6	COPALQUIN-2022-11 (El Gallo Surface Samples)	El Gallo
Petro 7	COPALQUIN-2022-1A CDH-001 112.75m	La Soledad
Petro 8	COPALQUIN-2022-1B CDH-014 258.3m	La Soledad
Petro 9	COPALQUIN-2022-1C Level 2	La Soledad
Petro 10	COPALQUIN-2022-2, SDH-040, 93.05m	Los Reyes
Petro 11	COPALQUIN-2022-4 Mine Workings No. 6	Los Reyes
Petro 12	COPALQUIN-2022-7 La Montura	La Montura
Petro 13	COPALQUIN-2022-8 Apolonia Vein	San Manuel
Petro 14	COPALQUIN-2022-9 Las Brujas Vein	Las Brujas

Table 1 Petrography sample details with locations shown in Figure 2, Figure 3 and Figure 4 below

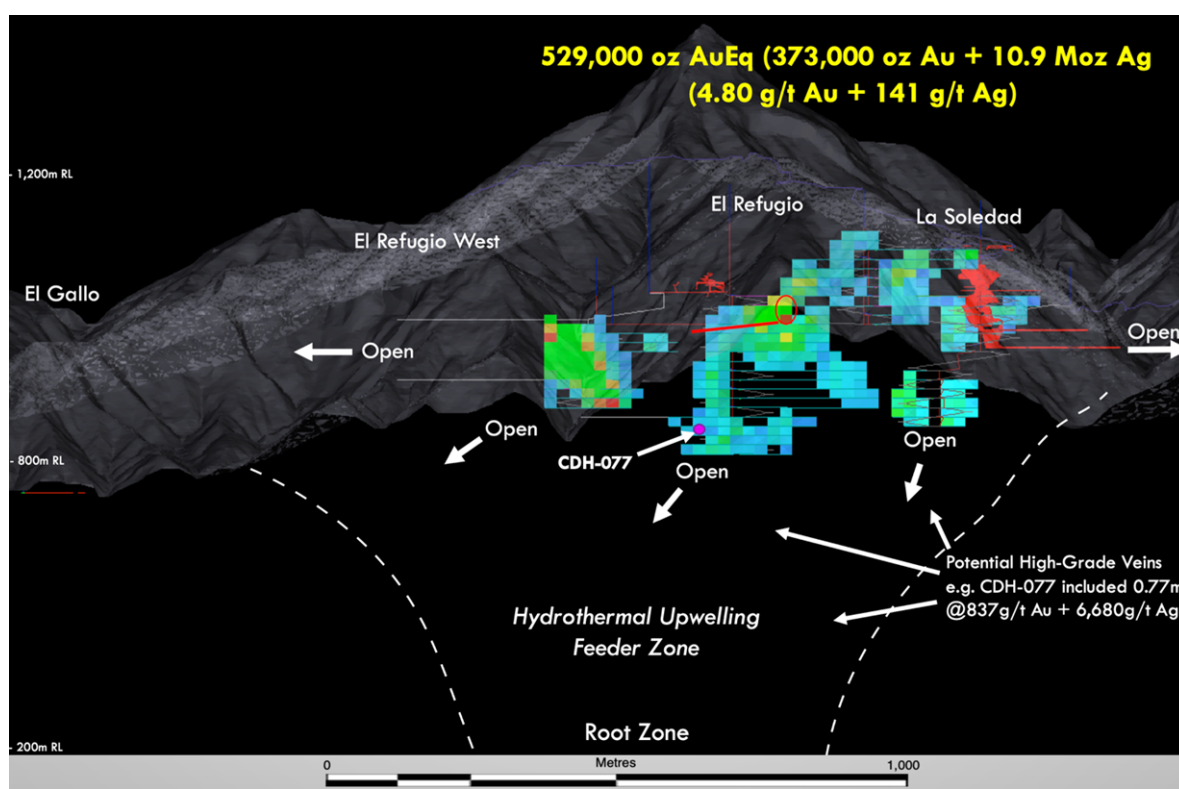


Figure 1 Schematic long section – El Refugio showing the depth potential confirmed by the recent petrography

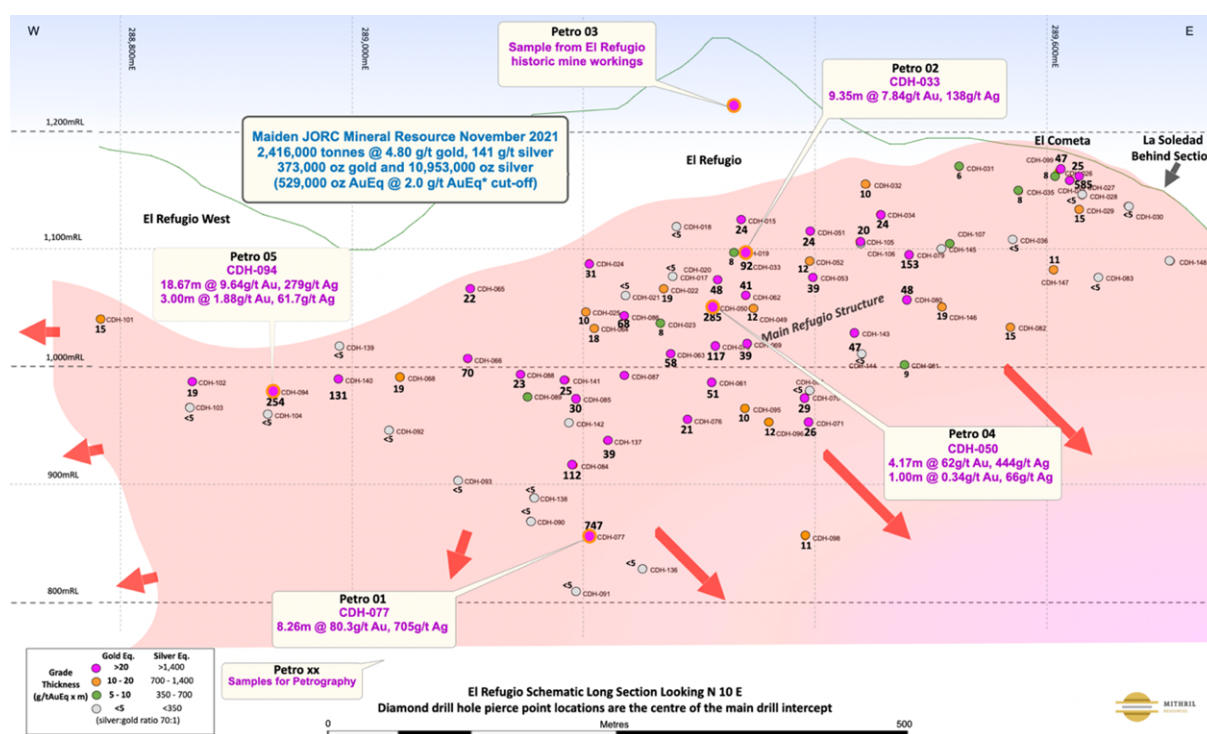
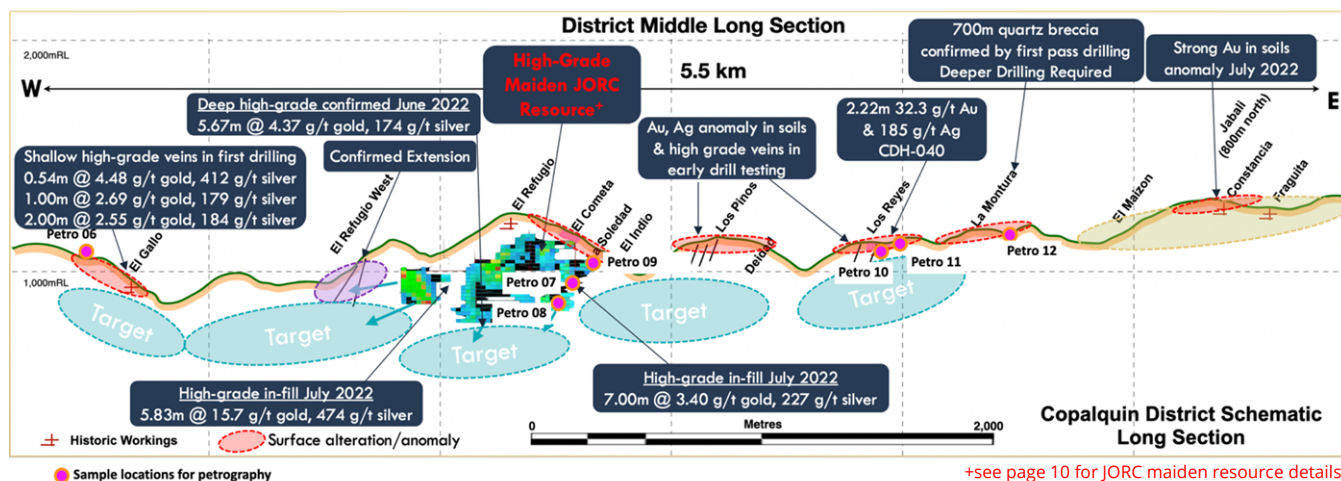


Figure 2 - Schematic long section for El Refugio showing the drill hole pierce points and locations of samples used for petrographic analysis. Arrows highlighting the direction for resource expansion drilling.



+see page 10 for JORC maiden resource details

Figure 3 - Schematic long section of the Copalquin District Middle Section showing the locations of the petrography samples and which includes the maiden JORC resource at El Refugio/La Soledad.

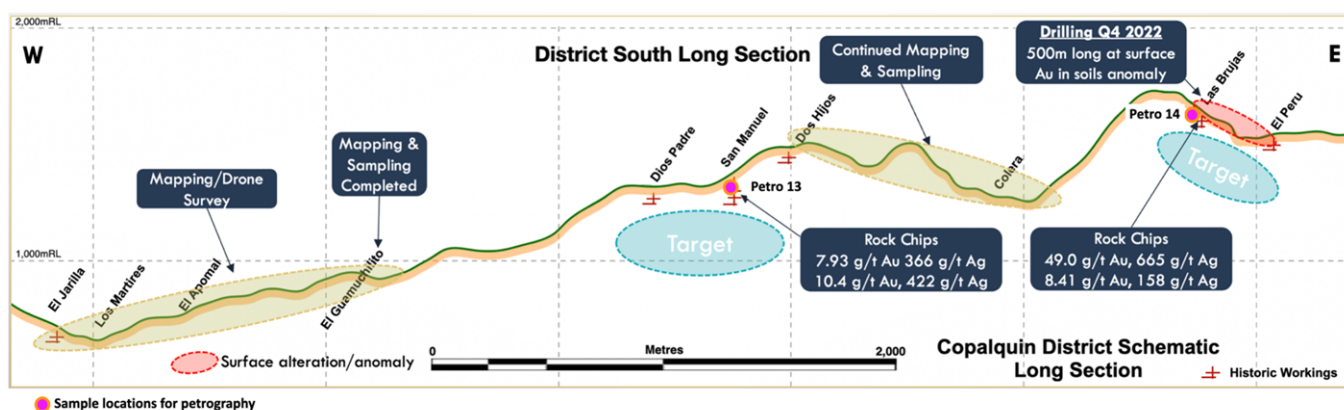


Figure 4 - Schematic long section of the District South Section, Copalquin Mining District showing the locations of the petrography samples.

Copalquin District Field Work

The first half of the calendar year is the best time for field work in the Copalquin District due to the drier and cooler conditions and low vegetation cover.

Mapping and sampling work is progressing to advance an area of surface clay alteration west of El Refugio resource area as shown in Figure 5 below with anticipation that this may develop into an important additional drill target area for future exploration.

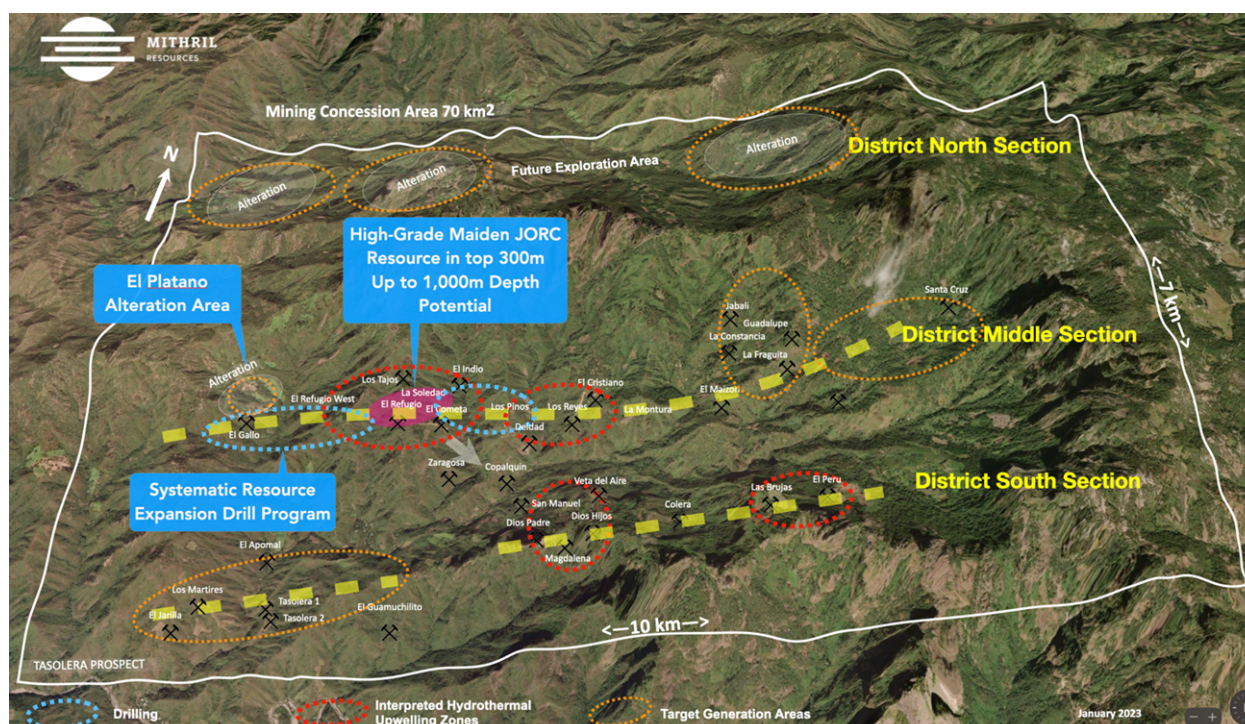


Figure 5 – Satellite image of the Copalquin Mining District 70km² concession area showing the two main lines of historic workings, areas of exploration work and the location of the maiden JORC MRE at El Refugio. The long sections indicated on the map are shown in , Figure 3 and Figure 4, above.

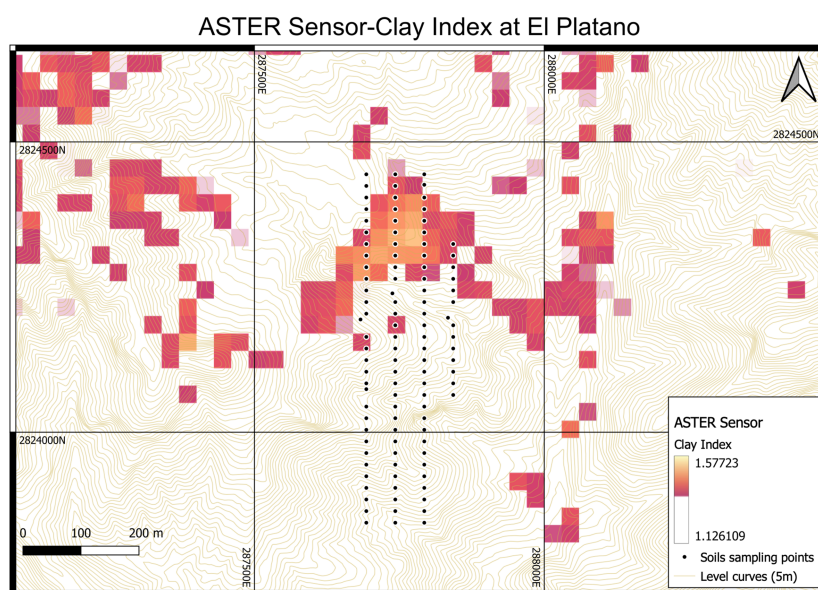


Figure 6 – ASTER sensor clay index map for the El Platano alteration area indicated in Figure 5. Soil sampling point locations to assay for anomalous values of gold and silver

Workplan for 2023 to include:

- Drilling at El Refugio for resource growth within and along strike of high grade JORC resource
- Drill target development at other interpreted hydrothermal upwelling zones
- Advancement of the future target areas in the district including the alteration at El Platano, west of El Refugio
- Progress study and permitting work to support a high-grade mine development at El Refugio

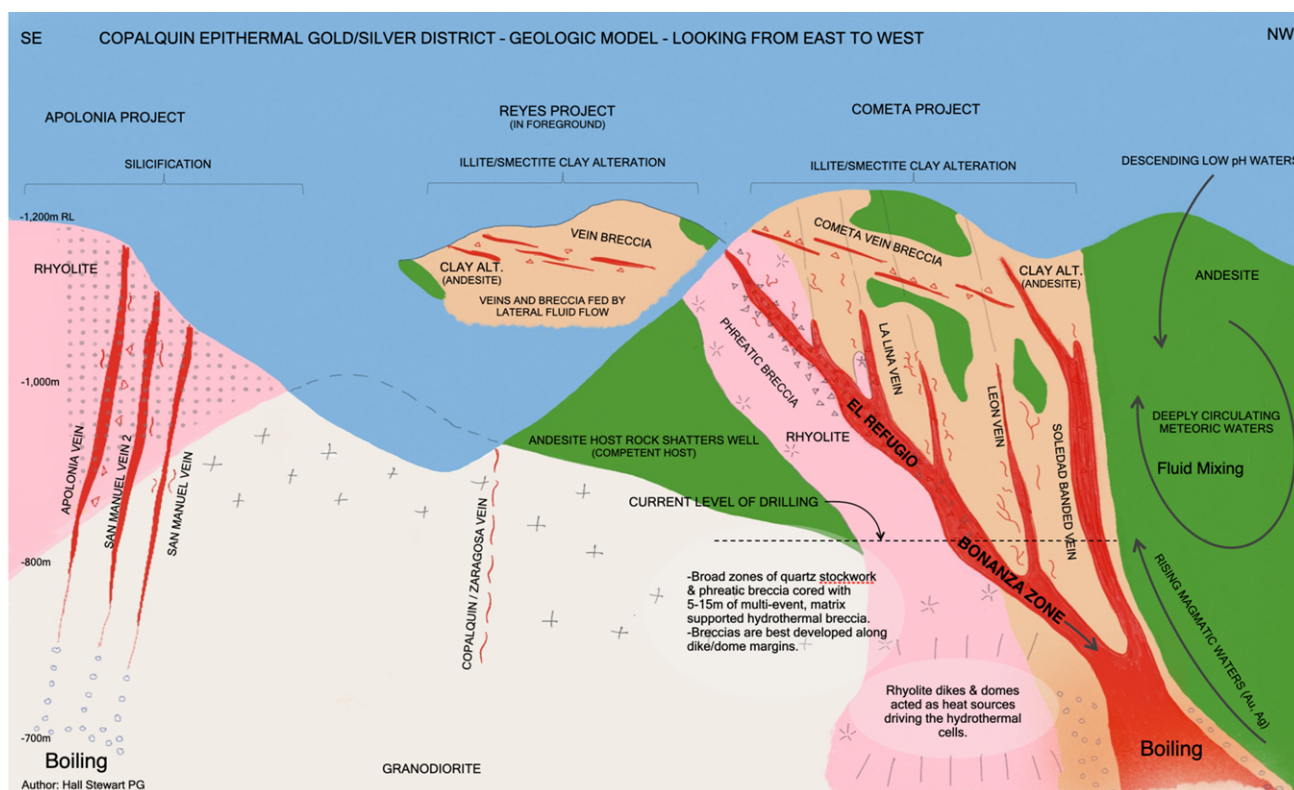


Figure 7 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist.)

CORPORATE

Capital Raising

In early December, the Company announced it had received firm commitments from institutional, sophisticated and professional investors to raise A\$1.5M (before costs) through a Share Placement (Placement).

The Placement comprised of 428,571,429 new fully paid ordinary shares in the Company (Placement Securities) at an issue price of 0.35 cents (\$0.0035). Participants in Placement received one free attaching option for every two shares subscribed for under the Placement. The options will be unlisted, have an exercise price of A\$0.007 and an exercise period of 3 years from date of issue (Attaching Options).

The Directors of the Company and a related party committed to subscribe for \$370,000 in the Placement for approval by shareholders at a future shareholder meeting.

The Placement was conducted by Taylor Collison Limited and Morgans Corporate Limited as joint lead managers and within the Company's placement capacity under ASX Listing Rule 7.1 (138,571,429 shares and 214,285,714 options) and 7.1A (290,000,000 shares).

Cash

At end of the December quarter, the Company had total cash of A\$0.91M cash plus A\$0.37M due from the December placement subject to shareholder approval via a general meeting of shareholders to be arranged. Additionally, the company is due receipt of ~A\$1.1M (MXN14.0M) of Mexican VAT refunds.

During the quarter the company received ~A\$150K (MXN2.0M) for two months of 2022. The Company has received no rejections of its monthly VAT claims and is confident the claims will be refunded in due course.

Related party Payments

In line with its obligations under ASX Listing Rule 5.3.5, Mithril Resources Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 31 December 2022, pertain to payments to directors and consultants for fees, salary and superannuation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE



Mithril has developed excellent relationships with the local community and its mining concession partner.

The Company philosophy operating in the Copalquin district is to support communities via children's education and providing employment opportunities. This includes supporting three community schools in the district, employing twenty people from within the district under the federal employment laws, and developing infrastructure in the district for long term benefit.

The Company's drilling contractor utilises well developed environmental management practices. A low impact man-portable diamond core drill is used for exploration drilling.

In terms of future mine development, Mithril's footprint will be relatively small with underground mining, high-grade, low tonnage, waste rock storage underground and dry-stack tailings management anticipated for the Copalquin development.

AUSTRALIAN PROJECTS

The Company maintains its focus on the Copalquin Gold Silver Project in Mexico and maintains a portfolio of Australian tenements located in Western Australia as summarised below. The Company is currently reviewing this portfolio.

Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited has withdrawn from the earn-in. Mithril is assessing options regarding this tenement holding.
- Native title clearance for the first phase of drilling has been granted.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- During the September 2022 quarter, Carnavale has elected to not continue with the earn-in Agreement for Kurnalpi
- Mithril is reviewing the exploration data for the Kurnalpi tenements and will assess the next steps for this nickel project located in Western Australia where these properties are in high demand.

Lignum Dam Project (Lignum)

- Mithril 100%; and
- Great Boulder Resources earning up to 80% by completing expenditure of A\$1M over four years.
- Great Boulder carried out a program of auger geochemical sampling over nickel and gold prospective rock types.

Limestone Well Project (Limestone)

- Mithril 10%, Auteco Minerals 90%
- In October 2021, Mithril announced the execution of a binding term sheet for the sale of 90% interest in the Limestone Well tenements to its farm-in partner, Auteco Minerals for a payment of A\$500,000 in cash. For details of the term sheet please refer to the [*ASX Announcement 12 October 2021*](#)

ABOUT THE COPALQUIN GOLD SILVER PROJECT

The Copalquin mining district is located in Durango State, Mexico and covers an entire mining district of 70km² containing several dozen historic gold and silver mines and workings, ten of which had notable production. The district is within the Sierra Madre Gold Silver Trend which extends north-south along the western side of Mexico and hosts many world-class gold and silver deposits.

Multiple mineralisation events, young intrusives thought to be system-driving heat sources, widespread alteration together with extensive surface vein exposures and dozens of historic mine workings, identify the Copalquin mining district as a major epithermal centre for Gold and Silver.

Within 15 months of drilling in the Copalquin District, Mithril delivered a maiden JORC mineral resource estimate demonstrating the high-grade gold and silver resource potential for the district. This maiden resource is detailed below (see ASX release 17 November 2021)[^].

- **2,416,000 tonnes @ 4.80 g/t gold, 141 g/t silver for 373,000 oz gold plus 10,953,000 oz silver (Total 529,000 oz AuEq*) using a cut-off grade of 2.0 g/t AuEq***
- **28.6% of the resource tonnage is classified as indicated**

	Tonnes (kt)	Tonnes (kt)	Gold (g/t)	Silver (g/t)	Gold Equiv.* (g/t)	Gold (koz)	Silver (koz)	Gold Equiv.* (koz)
El Refugio	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,447	4.63	137.1	6.59	215	6,377	307
La Soledad	Indicated	-	-	-	-	-	-	-
	Inferred	278	4.12	228.2	7.38	37	2,037	66
Total	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,725	4.55	151.7	6.72	252	8,414	372
	TOTAL	2,416	4.80	141	6.81	373	10,953	529

Table 2 - Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq*

* The gold equivalent (AuEq.) values are determined from gold and silver values and assume the following: AuEq. = gold equivalent calculated using and gold:silver price ratio of 70:1. That is, 70 g/t silver = 1 g/t gold. The metal prices used to determine the 70:1 ratio are the cumulative average prices for 2021: gold USD1,798.34 and silver: USD25.32 (actual is 71:1) from kitco.com. Metallurgical recoveries are assumed to be approximately equal for both gold and silver at this early stage. Actual metallurgical recoveries from test work to date are 96% and 91% for gold and silver, respectively. In the Company's opinion there is reasonable potential for both gold and silver to be extracted and sold. Actual metal prices have not been used in resource estimate, only the price ratio for the AuEq reporting.

Mining study and metallurgical test work supports the development of the El Refugio-La Soledad resource with conventional mining methods indicated as being appropriate and with high gold-silver recovery to produce metal on-site with conventional processing.

Mithril is currently exploring in the Copalquin District to expand the resource footprint to demonstrate its multi-million ounce gold and silver potential.

Mithril Resources is earning 100% interest in the Copalquin District mining concessions via a purchase option agreement (currently at 50%) detailed in ASX announcement dated 25 November 2019 and amended to extend the option period to August 2026.

[^] The information in this report that relates to Mineral Resources or Ore Reserves is based on information provided in the following ASX announcement: 17 Nov 2021 - MAIDEN JORC RESOURCE 529,000 OUNCES @ 6.81G/T (AuEq*), which includes the full JORC MRE report, also available on the Mithril Resources Limited Website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement 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 announcement.

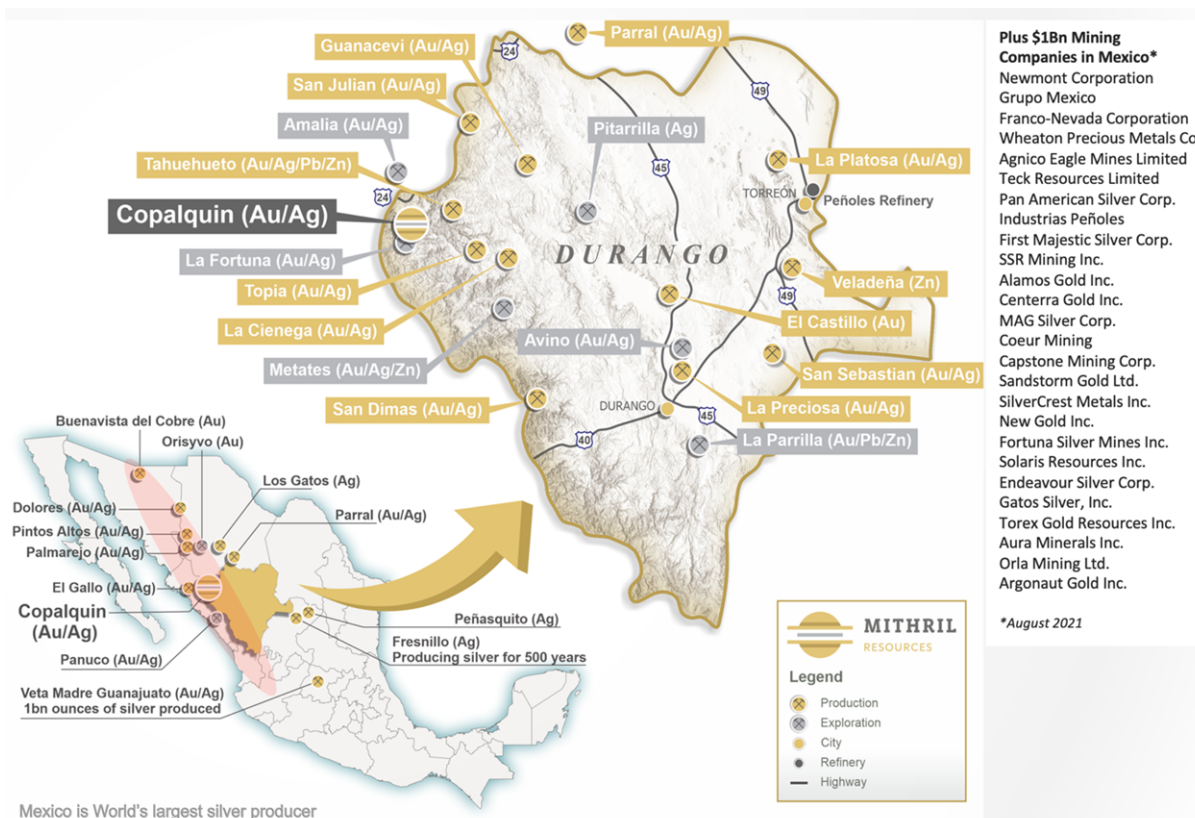


Figure 8 – Copalquin District location map with locations of mining and exploration activity within the state of Durango.

-ENDS-

Released with the authority of the Board.

For further information contact:

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Competent Persons Statement

The information in this report that relates to sampling techniques and data, exploration results and geological interpretation has been compiled by Mr Hall Stewart who is Mithril's Chief Geologist. Mr Stewart is a certified professional geologist of the American Institute of Professional Geologists. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Stewart has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, 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 Stewart consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to metallurgical test results, mineral processing and project development and study work has been compiled by Mr John Skeet who is Mithril's CEO and Managing Director. Mr Skeet is a Fellow of the Australasian Institute of Mining and Metallurgy. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Skeet has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, 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 Skeet consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

This report contains information extracted from previous ASX releases which are referenced in the report. The Company is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcements listed below which are also available on the Mithril Resources Limited Website www.mithrilresources.com.au

For JORC tables relating to the exploration results summarised in this Quarterly Activities Report and other announcements, please refer to the ASX releases below.

01 Dec 2022	Updated Investor Presentation
15 Nov 2022	Results of Meeting
13 Oct 2022	Depth Potential Confirmed - El Refugio, Copalquin District
17 Nov 2021	Maiden JORC Resource 529,000 Ounces @ 6.81g/t

Mithril Resources Limited Group

Tenement information

31 December 2022

Australian Interests:

Project	Tenement number	Interest owned %
Kurnalpi Area	E28/2506	100.00
Kurnalpi Area	E28/2567	100.00
Kurnalpi Area	E28/2682	100.00
Kurnalpi Area	E28/2760	100.00
Lignum Dam Area	E27/538	100.00
Lignum Dam Area	E27/582	100.00
Lignum Dam Area	E27/584	100.00
Murchison Area (Limestone Well)	E20/846	10.00
Murchison Area (Limestone Well)	E57/1069	10.00
West Kimberley Area	E04/2497	100.00
West Kimberley Area	E04/2503	100.00
West Kimberley Area	E80/5191	100.00

Mexican Operations:

Mining Concession	Mining Concession title number	Interest owned % [^]
LA SOLEDAD	52033	50.00
EL COMETA	164869	50.00
SAN MANUEL	165451	50.00
COPALQUIN	178014	50.00
EL SOL	236130	50.00
EL CORRAL	236131	50.00

[^]Interest in the Copalquin Mining Concessions, Mexico increased to 50% July 2022

Mithril has an exclusive option to purchase 100% interest in the Copalquin mining concessions by paying US\$10M on or any time before 7 August 2026 (option has been Agreement extended by 3 years).

Appendix 5B

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

Name of entity

MITHRIL RESOURCES LIMITED

ABN

30 099 883 922

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		
	(b) development		
	(c) production		
	(d) staff costs	(90)	(179)
	(e) administration and corporate costs	(117)	(234)
1.3	Dividends received (see note 3)		
1.4	Interest received		1
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (GST on sale of JV interest)		(50)
1.9	Net cash from / (used in) operating activities	(208)	(463)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(505)	(1,949)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(505)	(1,949)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,130	1,130
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	(68)	(68)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(11)	(11)
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	1,051	1,051

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	574	2,272
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(208)	(463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(505)	(1,949)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,051	1,051

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		1
4.6	Cash and cash equivalents at end of period	912	912

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	912	574
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	912	574

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	90
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Amounts in 6.1 relate to Director fees and employee salaries.		
<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>		

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

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	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities	44	44
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	44	44
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.		
	Bank of Queensland insurance funding loan. Unsecured. Interest rate: 7.15% p.a. Matures on 30/8/2023 with fixed monthly repayments.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(208)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(505)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(713)
8.4	Cash and cash equivalents at quarter end (item 4.6)	912
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	912
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.28
	<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: Total cash outflows are projected to be lower in the next quarter due to the Christmas/New Year shutdown and having cleared all carryover drilling costs from the previous quarter. No drilling was undertaken during the December quarter.	
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: The Company will rely on its existing cash resources and future capital raising (either debt and/or equity), including its ability to place securities under LR7.1 and LR7.1A to fund its current activities. The Company has a history of raising funds as required and believes further successful fundraising will be able to be completed. Additionally, the Company anticipates Mexican VAT refunds to continue (total outstanding is MXN14M or ~A\$1.1M).	

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: In light of the above factors, the Company believes that it will have sufficient cash to fund its existing activities. The Company's Board and Management is focused on meeting its current objectives and confirm that it is in compliance with ASX Listing Rules, in particular, Listing Rule 3.1.

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.

Compliance statement

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

Date: 30 January 2023

Authorised by: The Board of Directors
(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.