

23rd July 2021

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 JUNE 2021

CORPORATE

Enova Mining Limited (“Enova”, “the Company”), remains focused on the development of the Charley Creek rare earth project located in central Northern Territory, Australia.

FINANCE

On 12th April 2021, an additional loan arrangement amounting to \$100,000 was entered into with EMMCO Sdn. Bhd. (EMMCO, a Malaysian incorporated company). The funds will be used to support further metallurgical test work of the Cattle Creek area drill samples and on-going company operational expenses. The loan is unsecured, with interest of 15% per annum and a maturity date of 12th October 2021.

To date the total loans committed to by Enova are tabulated below:

| Date of Original Loan | Principal AUD\$ | Flat Interest Rate per annum | Interest on Maturity AUD\$ | Due Date/Maturity |
|-----------------------|--------------------|---------------------------------|-------------------------------|----------------------|
| 9 Oct. 2020 | 50,000 | 15% | 6,434.57 | 8 Aug. 2021 |
| 19 Oct 2020 | 50,000 | 15% | 6,434.57 | 19 Aug. 2021 |
| 12 April 2021 | 100,000 | 15% | 7,520.55 | 12 Oct. 2021 |

Enova Director, Mr Harun Halim Rasip, is a Director and Shareholder of EMMCO.

EMMCO has given assurance that Enova will be able to roll-over the loan and will not call for settlement until Enova is in a stronger financial position.

The Company continues to investigate all available finance options, mindful of ASX and ASIC requirements. The Company will access short-terms loans, as available, to reduce the impact of share dilution during this stage of project development. The Company is also actively in discussions with investors in anticipation of future short-term funding by way of private placements.

The Company and its Board continue to closely monitor and manage its treasury to ensure adequate funds for metallurgical test work and other expense commitments are in place.

critical metals for a sustainable future

PROJECT DEVELOPMENT STRATEGY

Background Information

In 2019, air-core drilling at Cattle Creek was completed for both resource estimation and for metallurgical testing. The program explored new mineralised zones below alluvium/sediments at depth (up to 60 metres in depth). The core program consisted of 105 vertical NQ air-holes drilled to bedrock on a regular 15 (east-west) x 7 (north-south) grid, with nominal dimensions of 200m x 400m between each hole, respectively. A further 34 holes were drilled as infill and re-drill holes for check purposes in the same program. This provides added drill density in the areas of interest. Assays for these holes were put on hold due to budget reasons.

Below the alluvium/sediments, elevated grades of rare earth elements (REE) and scandium (Sc) occur at the northern extent of Cattle Creek. The respective lithologic sequence beyond the alluvium, with increasing depth, are weathered meta-sediments, saprolite and weathered bedrock horizons. Enriched clay zones appear within the saprolite, which can be highly enriched in REE and Sc.

In April 2020, the Company commenced preliminary leach tests ('sighter tests') using the services of Brisbane Metallurgical Laboratories (BML), Brisbane. During the latter half of 2020, BML assisted Enova to investigate the particle size distribution and contained metals within the various rock type samples. The Company has accumulated data regarding the natural particle sizing and metal deportment for each major rock type, to target certain size fraction for pre-concentration of metals prior to gravity or leaching processes. Three batches of leaching tests were completed in 2021. Each batch tested different leach conditions and rock types. Testing focuses on leaching REE and Sc from saprolite rock types. The testing process has been slowed by COVID restrictions and a backlog of assays at the laboratories.

Further details of our tests for the quarter are provided in the Project Activity section of this report.

Our Strategy

Our immediate strategy is to identify and assess hydrometallurgical leach processes to concentrate and recover REE and Sc from higher-grade weathered material below the alluvium horizons by laboratory testing. This first step will provide information required as the basis for a process plant design concept, which can then be economically assessed. This work shall enhance the existing gravity process plant project or spawn a new project concept. An added leach plant operation will benefit the project by generating additional resources and mineral value only recoverable by leach processing.

The Company is progressing with the following work programme, in order of priority:

1. Complete metallurgical tests.

Over the last 12-months, Enova's leach test work is incrementally improving its in-house chemical extraction techniques for the recovery of valuable minerals (REE and Sc) and to reduce acid consumption. Tests are honing a combination of process techniques, with consideration of practical scalability. Test work

must be of a confidence level that confirm 'reasonable' expectations for a selected treatment process to be a commercial success;

2. Based on the results from the metallurgical tests above, independent consultants will be engaged to peer-review on-going test work. Following this, engineers will determine the conceptual plant design case and provide recommendations for further work. With sufficient confidence from our metallurgical tests, we expect to finalise our conceptual process flowsheet and estimate key project parameters and costs. This will allow Enova to assess the viability of this process and to ascribe economic cut-off grade(s) to resource data and move forward with supporting resource reporting work. Enova has identified process engineering consultants to review metallurgical test work to assist in the process design;
3. Using samples from 34 infill holes, selected drill intervals are currently being used for metallurgical tests. This material is also assayed and used to enhance our drill database. This data combined with the existing database will be used to update the resource block model;
4. Continue independent technical development of the existing resource grade model using updated drill information, focusing on mineralized zones that support the project concept;
5. With the above technical work complete, Enova can report 'significant drilling' intercept results and a technical summary of metallurgical work with a work schedule and budget estimate;
6. Pending further funding, Enova will recommence finalizing the resource model and thereafter undertake economic pit optimization and mine planning work,
7. Finalise JORC 2012 RPEEE (Reasonable Prospects of Eventual Economic Extraction test) requirements and complete the resource estimate for publication;
8. Secure funding to proceed with the scoping study.

Dependent on funding, Enova expects to publish significant results from the 2019 drilling programme and the metallurgical results from leach test work in late 2021. A resource statement announcement is expected by early 2022.

Enova is actively seeking interest and support from 'Sophisticated Investors'. Failing this, the Company will seek public funding, by preparing an Information Memorandum and engaging an advisor to assist in raising funds.

PROJECT ACTIVITY

Current metallurgical leach testing continues using the services of BML. Metallurgical samples are taken from drill sample intervals selected from 34 infill and redrill/twinned holes yet to be assayed. These samples are made up from drill hole intervals passing through the enriched grade saprolite and puggy clay zones. Enova is investigating the sizing and leach character of specific rock types within the mineralized zone, such as weathered meta-sediments, weathered saprolite variants (ferruginous, mottled, pallid), clays and weathered bedrock. The saprolite horizon and puggy clay zones are of primary economic interest due to significant localized zones of high-grade REE and Sc.

As reported last quarter, encouraging results were received from leach tests in April. Two additional test results were received in May and June, respectively. Based on these results, three leach tests are planned for July 2021; reducing acid dosage, shortening leach times and changing the timing of acid dosage(s). Puggy clay (PC) will be leached in this trial for the first time. PC is identified to contain higher grade Sc and REE. Enova seeks to complete this stage of leaching test work in Q4, 2021 which should provide some long-awaited project direction.

Enova has arranged for a further 70 samples, from the infill drilling programme, to be assayed. This will allow Enova to identify metallurgical samples of representative grade and at the same time provide added assay information to the drilling database. This database will ultimately be used for grade modelling later this year.

It is important to note that test work is slow due to COVID restrictions and the recent boom in the resource sector has slowed assay turnaround. The time taken is exacerbated by repeat tests and the need to adapt tests based on results.

The next phase of test work will be to isolate valuable metals in solution, targeting the isolation of REE and Sc in solution.

TENEMENTS

There has been no change in tenement holdings since the March 2020 quarter and no tenement reductions are planned in 2021. Enova is focused on the Charley Creek project tenements to conserve finances.

Further information about Enova is available at our website www.enovamining.com.

The market will be kept appraised of developments, as required under ASX Listing Rules and in accord with continuous disclosure requirements.

Approved for release by the Board of Enova Mining Limited

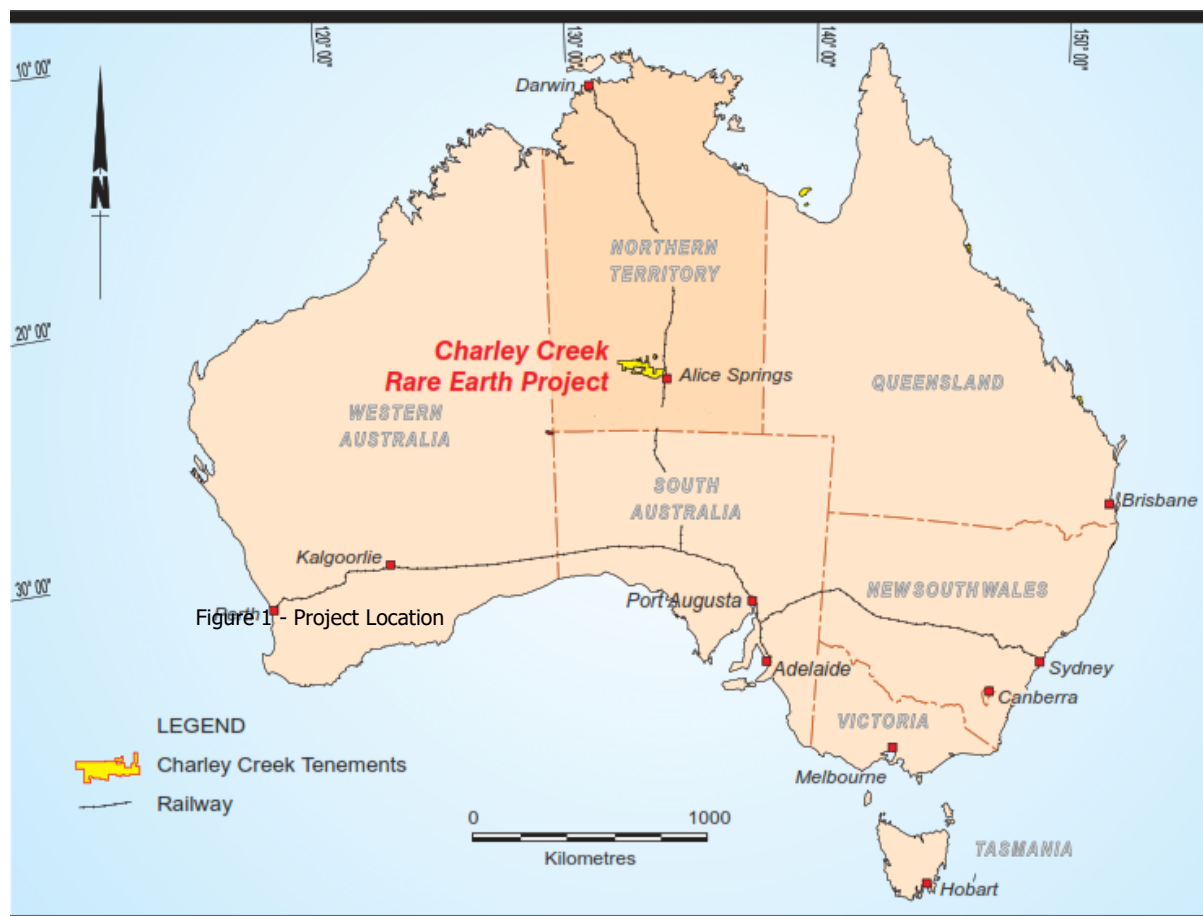


Eric Vesel,
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Enova Mining Limited

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About the Charley Creek Project

The Charley Creek rare earth project is located 110 km W-NW of Alice Springs in the central Northern Territory, Australia (see map below, Figure 1). Enova Mining Limited, with 100% project equity, is working to re-establish a resource statement and scoping study. The project is well positioned to be a low environmental impact mine with few encumbrances. Conditions are ideal for low-cost mining, in low lying topography with dry free-dig material. Following a comprehensive drilling programme at Cattle Creek in 2019, over an area of 10 sq.km, metallurgical laboratory test-work is investigating the recovery of rare earth and scandium metals. The targeted final products are high purity rare earth and scandium oxide/hydroxide/carbonates, suitable for export to downstream high-purity product refiners, with potential industrial mineral by-products.



Disclaimer

This ASX announcement (Announcement) has been prepared by Enova Mining Limited ("Enova" or "the Company"). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this Announcement.

This Announcement contains summary information about Enova, its subsidiaries, and their activities, which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Enova.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Enova's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are many risks, both specific to Enova and of a general nature which may affect the future operating and financial performance of Enova and the value of an investment in Enova including but not limited to economic conditions, stock market fluctuations, commodity price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Enova and its projects, are forward-looking statements that: may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Enova, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Enova disclaims any intent or obligation to update publicly any forward-looking statements, whether because of new information, future events, or results or otherwise. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All forward-looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. No verification: although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement has not been independently verified.

Appendix 5B

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

| | |
|----------------------|-----------------------------------|
| Enova Mining Limited | |
| ABN | Quarter ended ("current quarter") |
| 64 087 595 980 | 30 June 2021 |

| 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 | (23) | (47) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (55) | (77) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (GST & Workers Compensation Insurance Refund) | 6 | 10 |
| 1.9 Net cash from / (used in) operating activities | (72) | (114) |

| | | |
|--|--|--|
| 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 | | |
| (e) investments | | |
| (f) other non-current assets | | |

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 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 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 | | |

| | | | |
|-------------|---|------------|------------|
| 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 | 100 | 100 |
| 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 | 100 | 100 |

| | | | |
|-----------|--|------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 6 | 48 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (72) | (114) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 100 | 100 |

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 | - | - |
| 4.6 | Cash and cash equivalents at end of period | 34 | 34 |

| 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 | 34 | 6 |
| 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) | 34 | 6 |

| 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 | NIL |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | NIL |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

| | | |
|---|---|--|
| 7. 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 | 200 | 200 |
| 7.2 Credit standby arrangements | 0 | 0 |
| 7.3 Other (please specify) | 0 | 0 |
| 7.4 Total financing facilities | 200 | 200 |
| 7.5 Unused financing facilities available at quarter end | | - |
| <p>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.</p> <p>New loan was received from EMMCO Mining Sdn Bhd (EMMCO) on 12th April 2021 of AUD\$100,000, being a six-month term maturing 12th October 2021, with interest charged at 15%pa. EMMCO is associated with Director, Mr Harun Halim Rasip.</p> <p>As of 30 June 2021, three loans provided by EMMCO total AUD\$200,000 (Principal only) plus accrued interest of AUD\$14,194.51, each loan having a maturity date of 08/08/2021, 19/08/2021 and 12/10/2021 respectively. The Company is seeking to enter into a further loan agreement with EMMCO in July 2021. At the date of this report, the exact amount to be loaned is yet to be agreed.</p> | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (72) |
| 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) | (72) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 34 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | |
| 8.6 Total available funding (item 8.4 + item 8.5) | 34 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | (0.47) |
| <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: Future cash outflows are attributable to the continued metallurgical testing of assay samples extracted from the Charley Creek Project, plus corporate costs. Assay testing is expected to be complete by Q4, 2021 at an estimated cost of \$25,000.</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?

Answer: Yes. The company continues to receive support from its major lender EMMCO Mining Sdn Bhd until such time that the company is in a position to seek external equity capital.

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: Yes. The company continues to receive support from its major lender EMMCO Mining Sdn Bhd until such time that the company is in a position to seek external equity capital

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: 23 July 2021

Authorised by: The Board of Enova Mining Limited
(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.