

DECEMBER 2021 QUARTERLY REPORT

Sovereign Metals Limited (**Company or Sovereign**) (ASX:SVM & AIM:SVML) is pleased to provide its quarterly report for the period ended 31 December 2021.

HIGHLIGHTS

Initial Scoping Study confirms Kasiya as a globally significant natural rutile project

- The initial Scoping Study confirmed a **multi-decade operation** providing a stable supply of **highly sought-after rutile (TiO₂) and graphite** whilst contributing significantly to the economy of Malawi
- Kasiya is the **largest undeveloped rutile deposit in the world** and is highly strategic in a market characterised by **extreme supply deficit**. The Scoping Study demonstrated outstanding results including:
 - a **12Mtpa operation producing 122kt rutile and 80kt graphite** per annum over a **25 year mine life**
 - exceptional economics including a post-tax **NPV₈ of US\$861m** and post-tax **IRR of 36%**
 - a **large-scale operation with a low-cost profile** resulting from the deposit's near surface nature, grade and excellent existing infrastructure
 - a **low carbon operation** with the project to be powered by **100% renewables** (hydro and solar)
- The Project is **positioned for substantial growth** with the current life-of-mine inventory covering **only 38% of the drill-defined mineralised footprint**. Substantial additional resource growth is expected in early 2022 to enable the Study to be enhanced
- Sovereign is aiming to develop an **environmentally and socially sustainable operation** to supply natural rutile that can **displace carbon, energy & waste intensive alternatives** like synthetic rutile and titania slag

Mineral Resource Estimate (MRE) upgrade to support Scoping Study

- During the quarter, the Company reported a MRE upgrade with **over 50% now in the higher confidence Indicated category**
- The MRE upgrade was underpinned by results from the core drilling program completed during the quarter, **which confirmed the thick, continuous and high-grade nature of the deposit**
- The upgraded MRE contains **~3.1Mt of rutile in the Indicated category** and **~2.8Mt of rutile in the Inferred category**

Outstanding metallurgy

- Bulk scale metallurgy test-work demonstrated **very high recoveries of premium quality rutile products and a high-grade, coarse flake graphite by-product**
- **World-class specification rutile products ranging from 95.0% to 97.2% TiO₂** with low impurities and **stand-out recoveries ranging from 100% to 94%**

Commencement of trading on the AIM Market

- On 14 December 2021, the Company's shares were admitted to the AIM market of the London Stock Exchange
- The dual listing has increased the Company's profile in the northern hemisphere and facilitated the participation of UK and other European investors in Sovereign's growth

ENQUIRIES

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SCOPING STUDY

During the quarter, Sovereign reported the initial Scoping Study which confirmed Kasiya as a globally significant natural rutile project. Kasiya is the largest undeveloped rutile deposit in the world and is highly strategic in a market characterised by extreme current and forecast supply deficit.

The Study developed the concept for a multi-decade mine providing a stable supply of a highly sought-after TiO₂ and graphite whilst contributing significantly to the economy of Malawi.



Exceptional Economics

- Initial Scoping Study demonstrates globally significant & strategic project with low capital costs & high returns
- Positioned as one of the world's best undeveloped titanium minerals projects



Positioned for growth

- The life-of-mine inventory covers just 38% of the drill defined mineralised footprint
- Substantial additional resource growth expected in early 2022 to enable the Study to be enhanced



Sustainable and ESG Driven

- Significant contribution to Malawi via fiscal returns, employment, training & social development
- Low carbon footprint operation – hydro & solar power supply



Critical raw materials reducing carbon emissions

- Low carbon – natural rutile can displace carbon, energy & waste intensive alternatives
- Graphite is a major mineral required for lithium-ion batteries for electric vehicles which are key components required for the clean energy transition



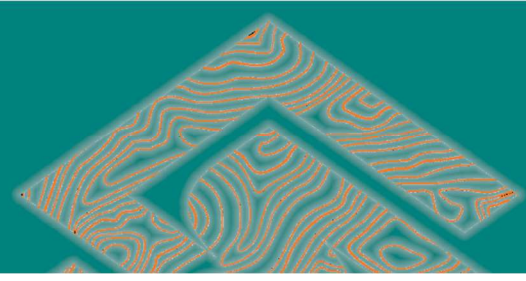
Rutile market in structural supply deficit

- Current supply declining with very limited additional production in the pipeline
- The current severe structural supply deficit in natural rutile is forecast to continue to widen in the medium & long term



Strong relationships

- Significant support from the government of Malawi for the development of Kasiya
- Highly supportive community to benefit from project development
- Establishing relationships with off-takers with significant interest already received



Exceptional Economics

The Scoping Study demonstrates Kasiya as a globally significant natural rutile project with exceptional economics, including low capital and operating costs, resulting in a high margin operation.

NPV₈ (after-tax)	IRR (after-tax)	EBITDA (Annual average LoM)
US\$861m	36%	US\$161m
CAPITAL COST	ANNUAL THROUGHPUT	OPERATING COST (per tonne mined)
US\$332m	12Mt	US\$5.96/t
MINE LIFE	NPV₈/CAPEX	OPERATING COST (per tonne product)
25 years	2.6	US\$352/t

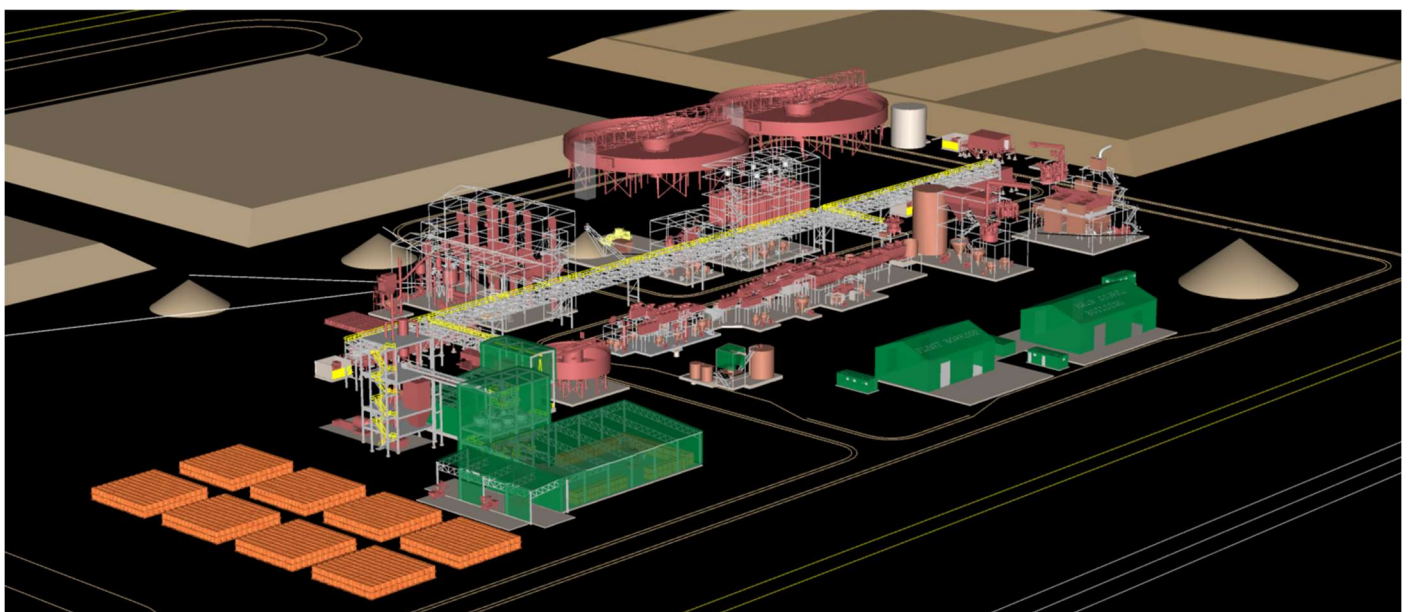


Figure 1: 3D schematic of the proposed Kasiya rutile and graphite processing plant.

Overview

Sovereign is aiming to develop an environmentally and socially sustainable operation to supply highly sought-after natural rutile and graphite to global markets.

The proposed large-scale operation will process soft, friable mineralisation mined from surface. The Project has excellent surrounding infrastructure including bitumen roads, a high-quality rail line connecting to the deep-water of Nacala on the Indian Ocean and hydro-sourced grid power.

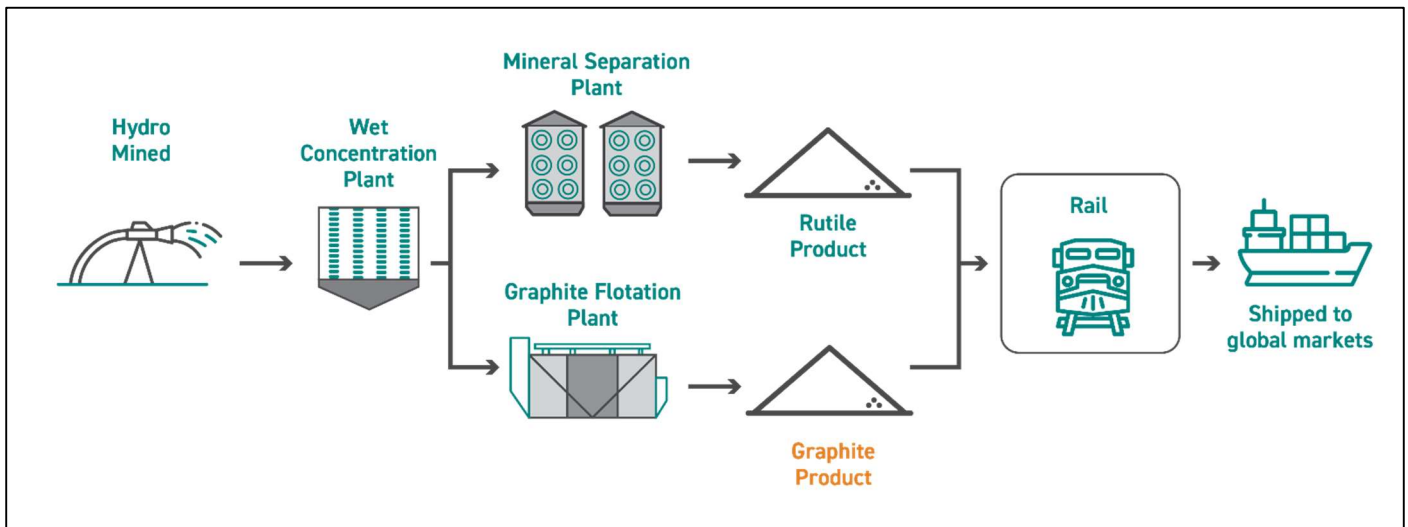


Figure 2: High-level schematic of the proposed Kasiya Rutile Project

The operation will primarily employ conventional hydro-mining to produce a slurry that is pumped to a Wet Concentration Plant (WCP) where the material is sized. A Heavy Mineral Concentrate (HMC) is produced via processing the sand fraction through a series of gravity spirals. The HMC is transferred to the dry Mineral Separation Plant (MSP) where premium quality rutile is produced via electrostatic and magnetic separation.

Graphite rich concentrate is collected from the gravity spirals and processed in a separate graphite flotation plant, producing a coarse-flake graphite product.

The rutile and graphite products will be trucked a short distance via existing bitumen roads to the Kanengo rail terminal from where they will be railed via the Nacala Logistics Corridor (NLC) to the deep-water port of Nacala on the eastern seaboard of Mozambique.

Low-Cost Operation

Kasiya's low costs are achieved through deposit size and grade, location and infrastructure. Central Malawi boasts excellent existing infrastructure including hydropower and an extensive sealed road network. The Kasiya Rutile Project is strategically located in close proximity to the capital city of Lilongwe, providing access to a skilled workforce and industrial services.

The existing quality logistics route to the Indian Ocean deep-water port of Nacala, via the NLC, for the export of products to global markets provides significant capital cost savings compared to many other undeveloped projects.

The soft, friable and high-grade mineralisation occurring from surface results in no waste stripping requirement and the amenability to hydro-mining means the mining cost component is kept relatively low.

Capital Costs

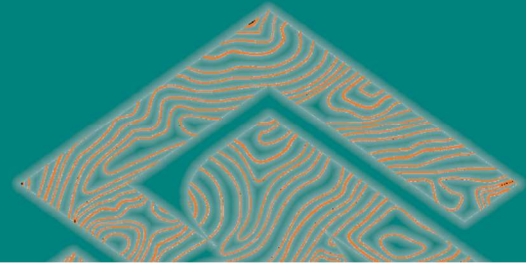
Capital estimates for the Project have been prepared by DRA Global Ltd, together with input from the Company, using a combination of cost estimates from suppliers, historical data, benchmarks and other independent sources. The intended accuracy of the capital cost estimate for the Project is $\pm 30\%$. A summary of the capital cost breakdown is presented in Table 1 below.

Table 1: Capital Cost Estimate	
Description	US\$m
Direct	
Mining	\$2.4
Plant – Rutile	\$93.5
Plant - Graphite	\$34.1
Infrastructure	\$88.5
Total Directs	\$218.4
Indirects	
EPCM	\$26.7
Owners Cost	\$16.1
Miscellaneous	\$12.9
Contingency	\$57.6
Total Indirects	\$113.3
Total Start-up Capital	\$331.7

Operating Costs

The operating costs for the production of rutile and graphite at Kasiya over the life-of-mine is presented in Table 2 below.

Table 2: Operating Estimate		
Description	US\$	US\$
	Mined Tonne	Product
Mining	\$1.77	\$104
Processing – Rutile	\$2.00	\$119
Processing - Graphite	\$0.69	\$40
General & Administration	\$0.64	\$38
Total Mine Gate	\$5.10	\$301
Logistics	\$0.86	\$51
Total Operating Costs	\$5.96	\$352



The revenue-to-cash cost ratio of 2.8x and the average annual revenue to capital cost ratio positions Kasiya in the first quartile compared to other undeveloped mineral sands operations.

REVENUE TO COST RATIO UNDEVELOPED PROJECTS

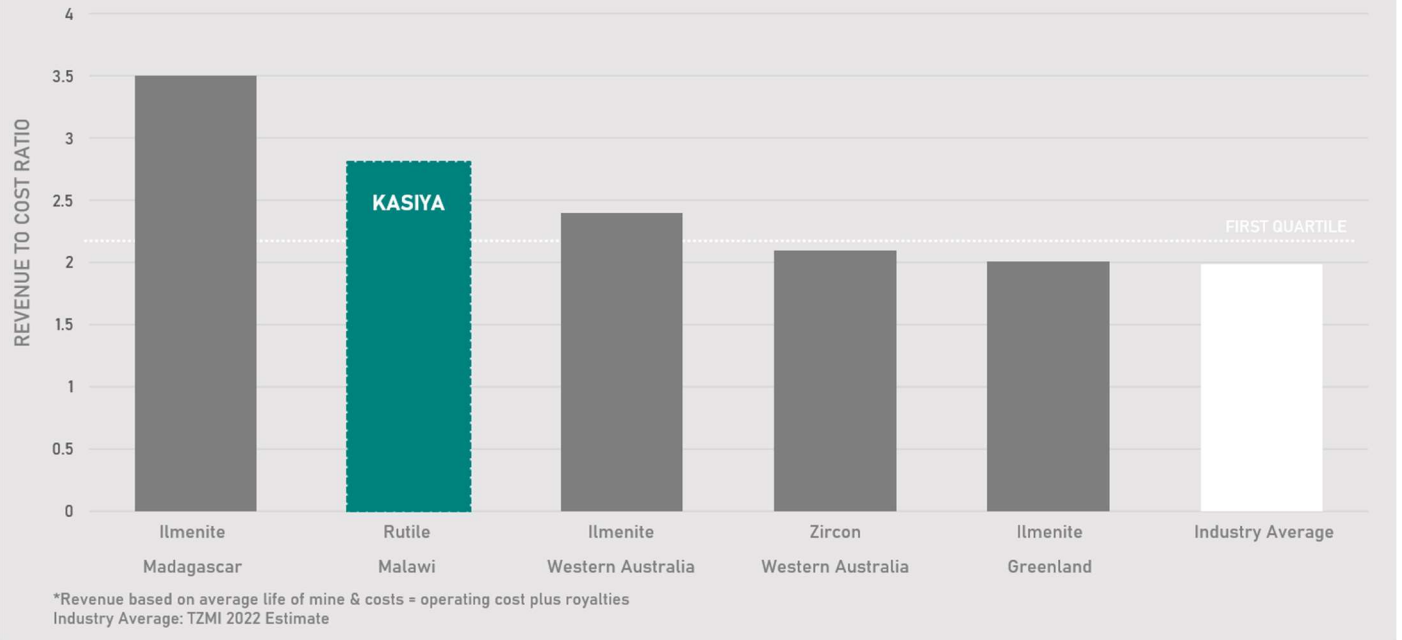
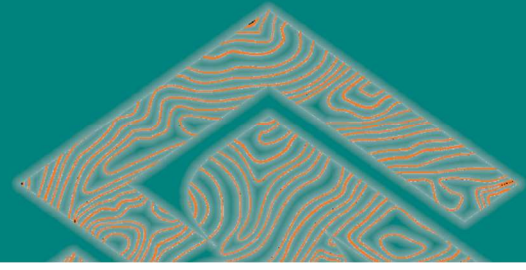


Figure 3: Revenue to cost ratio (source: Company Reports)

UNDEVELOPED MINERAL SANDS PROJECT PIPELINE ANNUAL AVERAGE REVENUE TO CAPEX



Figure 4: Annual average revenue to capital cost ratio (source: Company Reports)



Positioned For Growth

The current mining inventory for the Scoping Study covers only 49km² or 38% of the total drill-defined area of high-grade rutile mineralisation of 129km². The Company expects to be able to materially increase the overall MRE tonnage in early 2022 which will enable the Study options to be reviewed in terms of potential for scale ups or mine life extensions beyond the current 25 years.

The objective of this Study was to provide an initial technically validated concept that will be scalable in future. Through the Study process, a number of opportunities and options were identified to enable potential increases in production rates via additional mining units, plant modifications or modular additions.

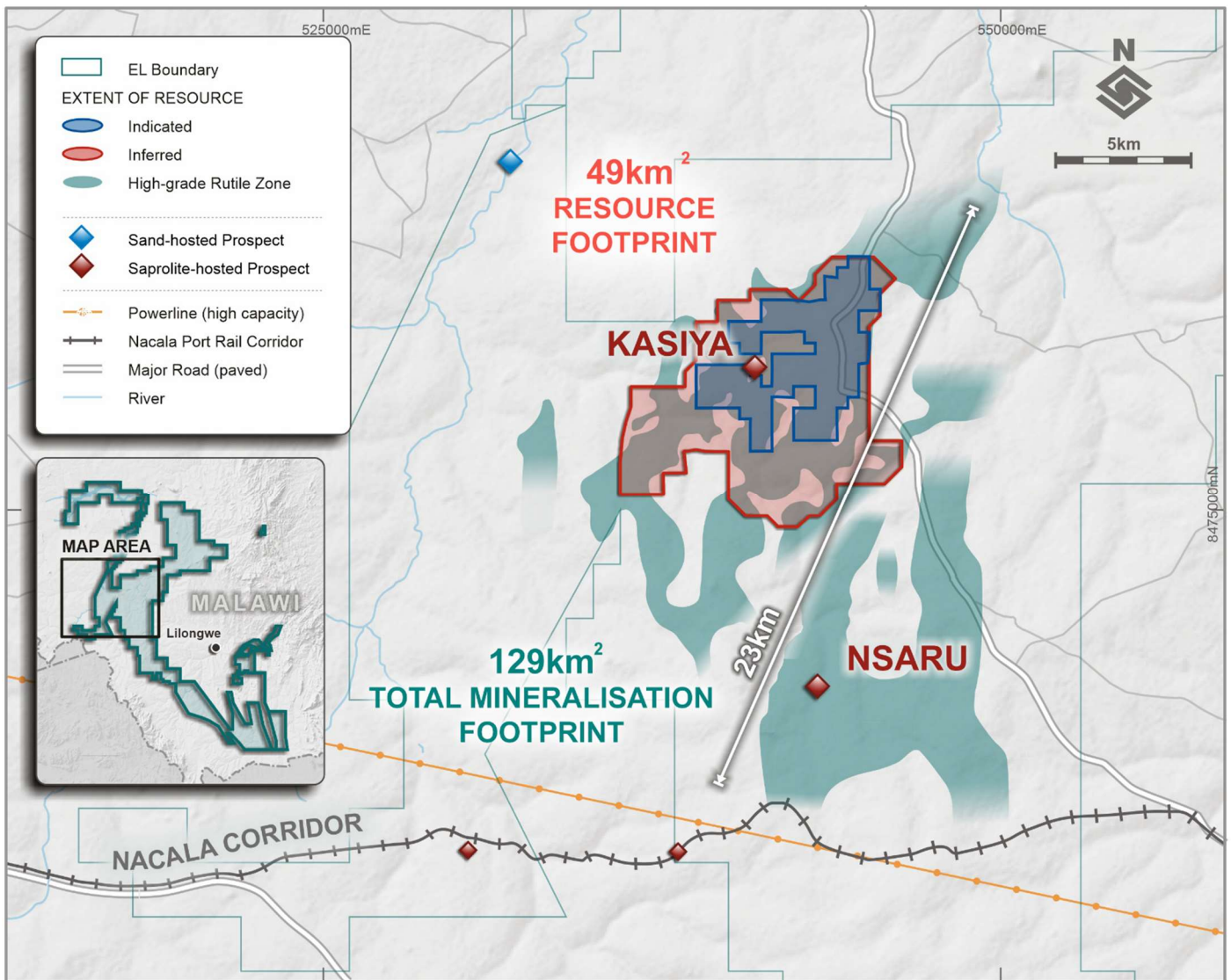


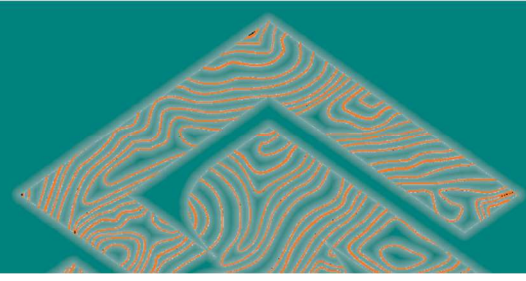
Figure 4: Kasiya MRE area of 49km² in relation to the 129km² total drilled, mineralised footprint.

Key Scoping Study Outcomes

The Scoping Study demonstrates an economically robust natural rutile project with the following key metrics:

Table 3: Key Scoping Study Outcomes

Outcome	Unit	Kasiya Rutile Project
NPV ₈ (real post-tax)	US\$	\$861m
NPV ₁₀ (real post-tax)	US\$	\$684m
IRR (post-tax)	%	36%
Capital Costs		
Capital Costs	US\$	\$332m
Operating Costs	US\$ per tonne mined	\$5.96
Operating Costs	US\$ per product	\$352
Revenue to Cost Ratio		2.8
NPV ₈ / Capital Costs		2.6
Annual Throughput		
Annual Throughput	Tonnes	12,000,000
Life of Mine		
Life of Mine		25 years
Annual Production		
Annual Production – rutile	Tonnes	122,000
Annual Production – graphite	Tonnes	80,000
Total Revenue (LoM)		
Total Revenue (LoM)	US\$	\$6,266m
Revenue – annual (average LoM)		
Revenue – annual (average LoM)	US\$	\$251m
EBITDA – annual		
EBITDA – annual	US\$	\$161m
EBITDA – annual (first 5 years)		
EBITDA – annual (first 5 years)	US\$	\$192m
Payback		
Payback		2.5 years
Government Royalties (LoM)		
Government Royalties (LoM)	US\$	\$313m
Corporate Taxes (LoM)		
Corporate Taxes (LoM)	US\$	\$1,074m



MRE UPGRADE

During the quarter, the Company reported an upgrade of over 50% of the MRE into the higher confidence Indicated category (Table 4.). The MRE upgrade was underpinned by the results from the core drilling program completed during the quarter, with the results from the program confirming the thick, continuous and high-grade nature of the deposit.

The MRE has broad zones of very high-grade rutile which occur contiguously across large areas. Rutile mineralisation lies in laterally extensive, near surface, flat “blanket” style bodies in areas where the weathering profile is preserved and not significantly eroded. At Kasiya, high-grade mineralisation commonly grading 1.2% to 2.0% rutile occurs in the top 3-5m from surface. Moderate grade mineralisation generally grading 0.5% to 1.2% rutile commonly extends from 5m to end of hole where it remains open at depths >10m in numerous drill-defined, NE-striking zones.

Table 4: Kasiya Mineral Resource Estimate at 0.7% Rutile Cut-off

Mineral Resource Category	Material Tonnes (millions)	Rutile (%)	Rutile Tonnes (millions)	TGC (%)	TGC Tonnes (millions)
Indicated	304	1.02	3.1	1.31	4.0
Inferred	301	0.93	2.8	1.16	3.5
Total	605	0.98	5.9	1.24	7.5

Cut-off: 0.7% rutile, TGC = total graphitic carbon

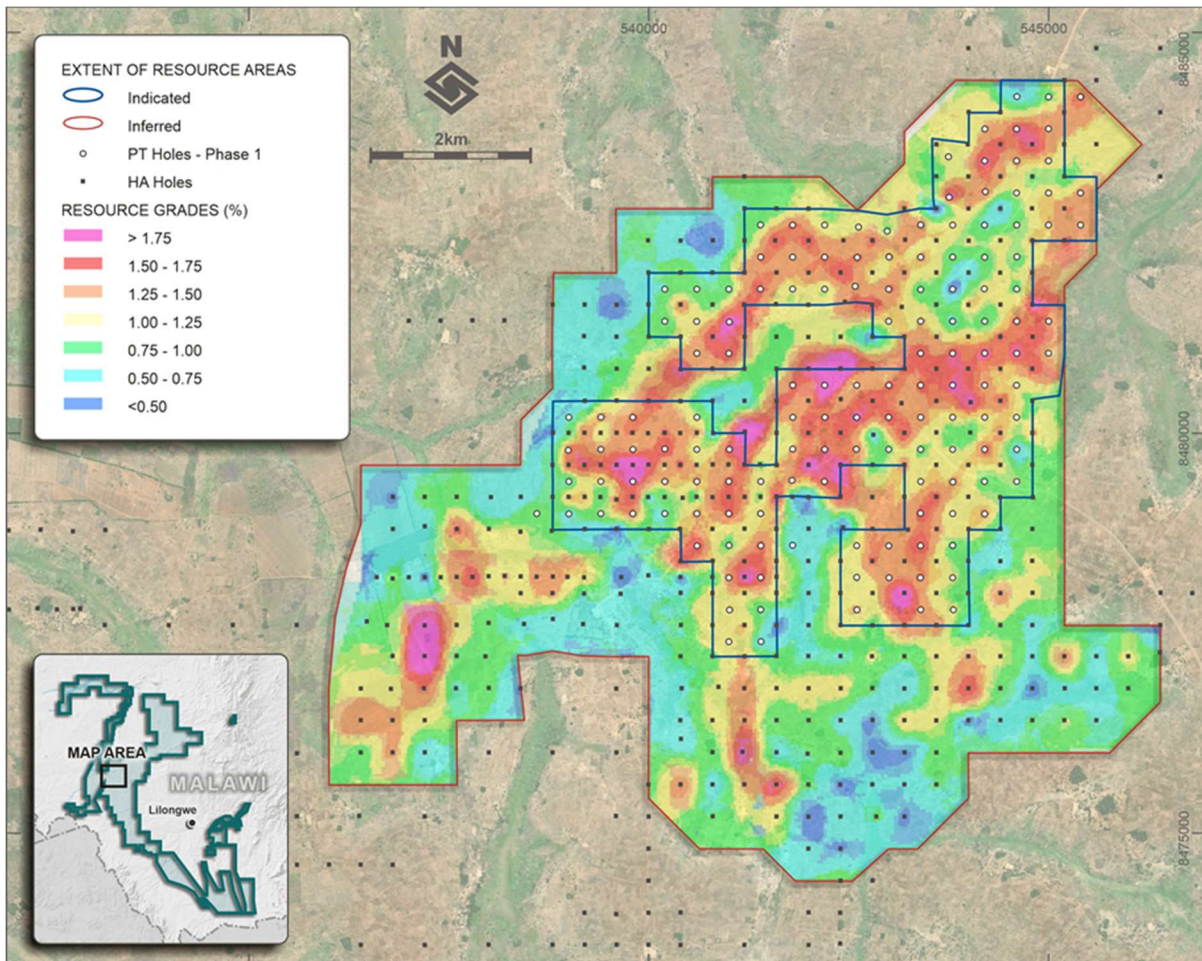


Figure 5: Kasiya MRE showing rutile grades in the uppermost part of the block model

BULK METALLURGY

During the quarter, the Company completed further bulk scale metallurgy testwork. The testwork confirmed the previous outstanding metallurgical results with minor modifications to the process flowsheet resulting in very high recoveries of premium quality rutile products and a high-grade, coarse flake graphite by-product.

Premium grade rutile can be produced via a simple and conventional process flow sheet. World-class product chemical specifications are reported at 95.0% to 97.2% TiO₂ with low impurities and stand-out metallurgical recoveries ranging from 94% to 100%.

The testwork program was conducted at globally recognised Allied Mineral Laboratories (AML) in Perth, Australia. A 1.6 tonne mineralised sample was produced from a composite of multiple drill holes across the core areas of the Kasiya Rutile Deposit. The sample was selected to be representative of run-of-mine material and had a head grade of 1.19% rutile and 1.07% graphite.

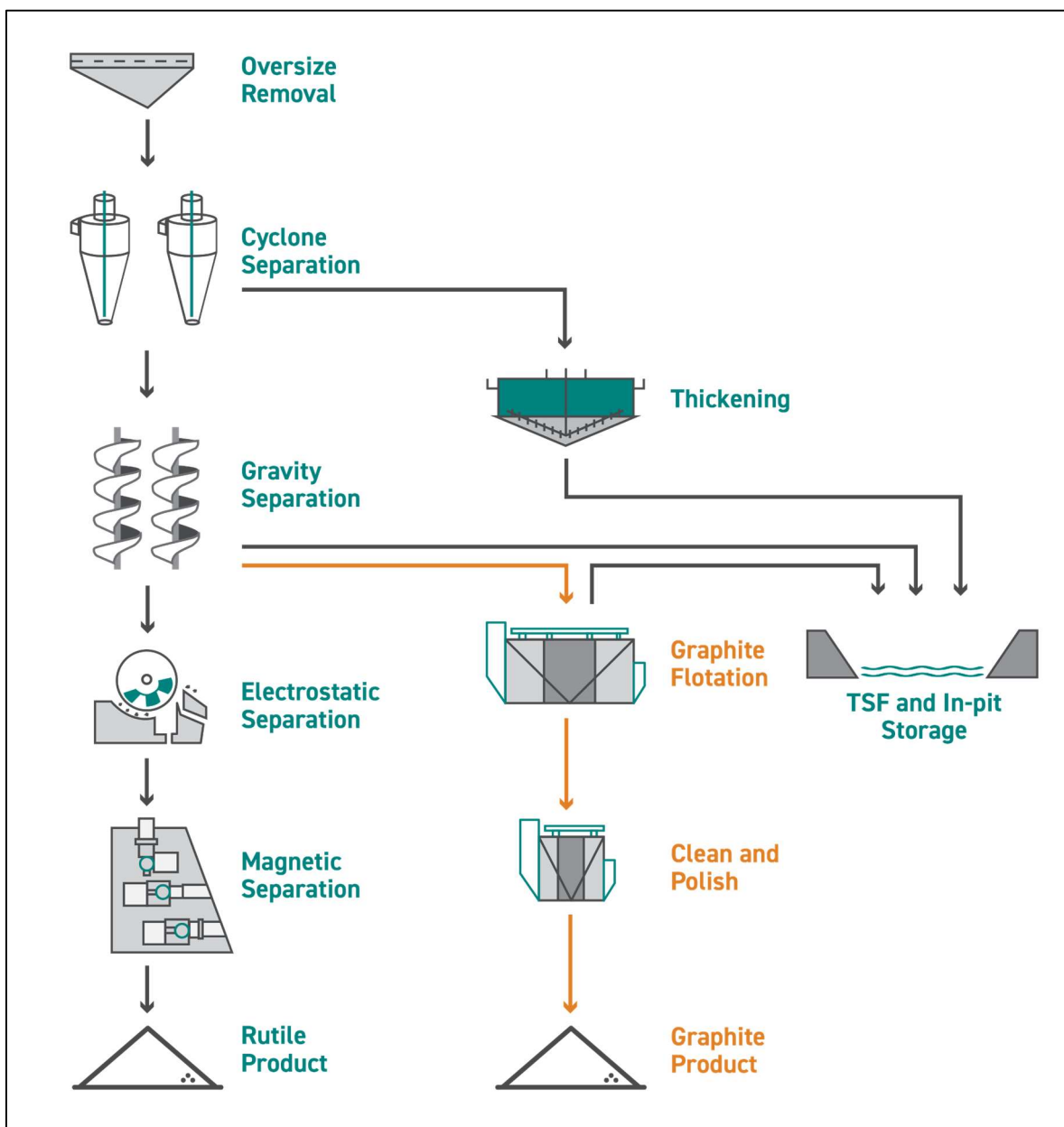
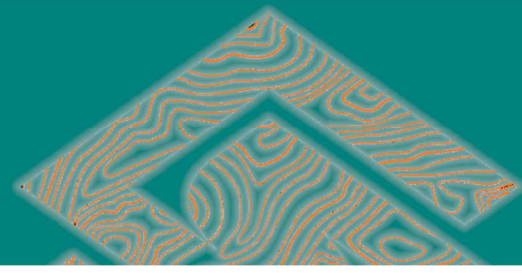


Figure 6: High-level flowsheet developed in the test-work program



A graphite gravity pre-concentrate taken from rutile spiral tails is upgraded into a coarse flake graphite by-product via a conventional flotation flowsheet.

This was confirmed with a testwork program at SGS Lakefield in Canada, with a very coarse-flake and high-grade graphite product at 96% TGC produced. This product has over 60% in the large to super-jumbo fractions (+180 μ m) with overall graphite recovery from the raw sample to product of 62%.

The rutile and graphite mineralisation at Kasiya is amenable to processing via conventional metallurgical flowsheets using “off the shelf” processing equipment. Overall, the superior metallurgical performance at Kasiya is interpreted to be due to;

- Coarse, highly crystalline rutile grains that are naturally well-liberated and largely free of inclusions or attachments (Figure 7)
- Low chemical impurities in the rutile crystal lattices
- Simple HMC mineralogy with very little difficult-to-separate or near-density gangue minerals present
- Graphite is well liberated and pre-concentrates easily in the spiral gravity separation process



Figure 7: Photomicrograph of high purity rutile product 97.2% TiO₂

The premium chemical parameters and particle sizing (d_{50} 118 μ m, 8.3% <75 μ m for 97.2% TiO₂ product) of the rutile produced indicates the products should be suitable for all major natural end-use markets including TiO₂ pigment feedstock, titanium metal and welding sectors.

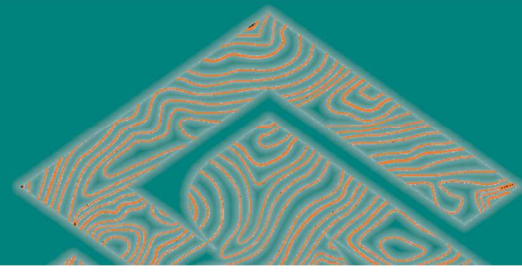


Table 5: Rutile Specifications

Constituent		Kasiya Products		Peer Comparisons	
		100% Recovery	94% Recovery	Sierra Rutile (Iluka)	Base Resources (Kwale)
TiO₂	%	95.0	97.2	96.3	96.2
ZrO₂+HfO₂	%	0.20	0.21	0.78	0.72
SiO₂	%	0.67	0.61	0.62	0.94
Fe₂O₃	%	0.99	0.42	0.38	1.25
Al₂O₃	%	0.45	0.38	0.31	0.23
Cr₂O₃	%	0.13	0.13	0.19	0.17
V₂O₅	%	0.67	0.70	0.58	0.52
Nb₂O₅	%	0.37	0.39	0.15	-
P₂O₅	%	0.01	0.001	0.01	0.00
MnO	%	0.02	0.01	0.01	0.03
MgO	%	0.003	b/d	0.01	0.10
CaO	%	0.003	0.001	0.01	0.04
S	%	0.01	0.01	<0.01	-
U+Th	ppm	31	23	26	53

"Iluka" is Iluka Resources Limited; "Base Resources" is Base Resources Limited. "-" is not disclosed.
Sources: BGR Assessment Manual titled "Heavy Minerals of Economic Importance" 2010.

KASIYA RUTILE PARTICLE SIZE DISTRIBUTION

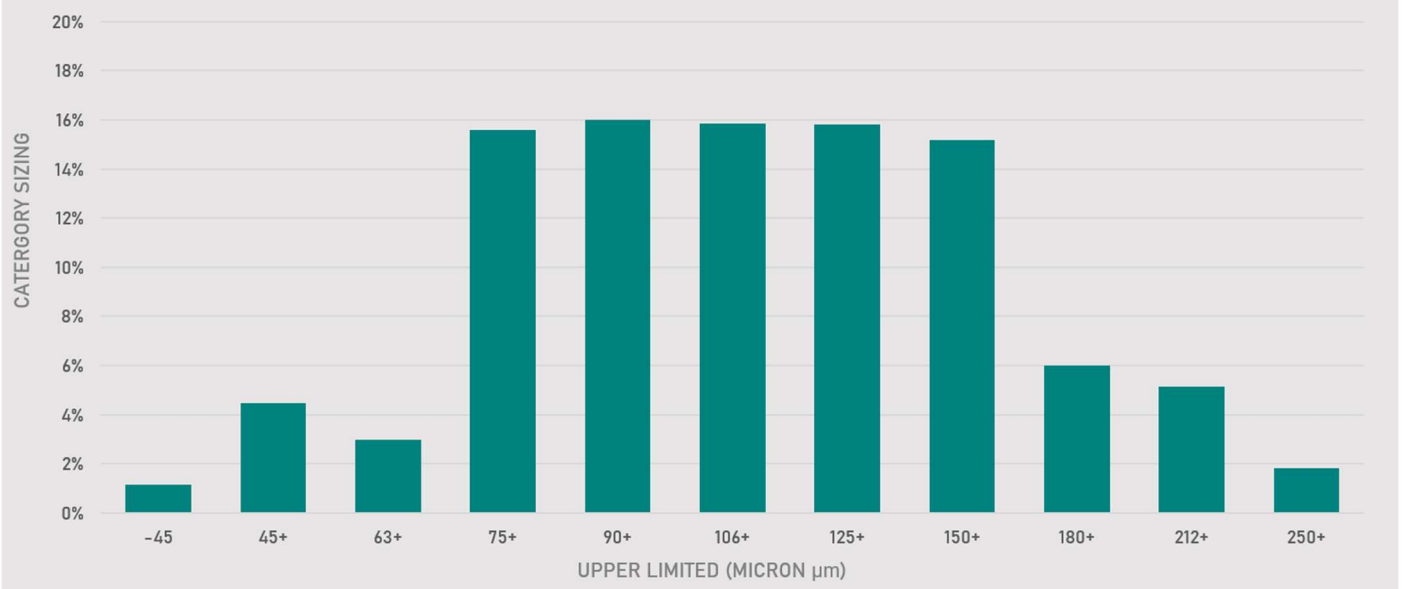
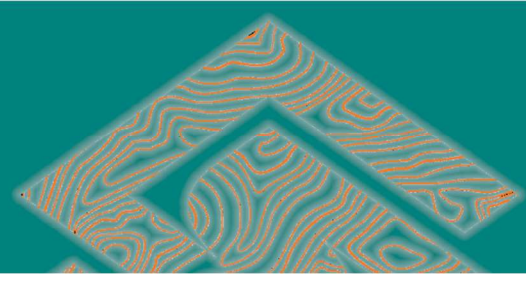
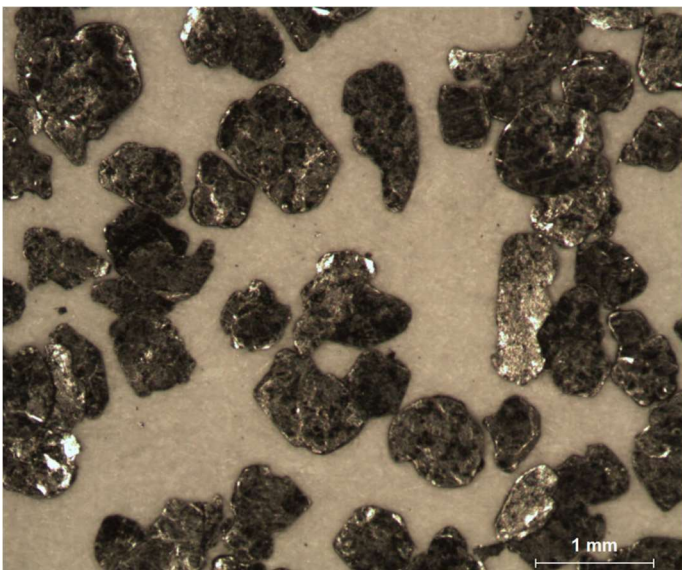


Figure 8: Particle size distribution of Kasiya ultra-premium rutile product 97.2% TiO₂

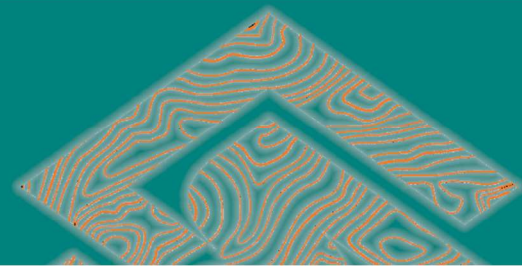


The specifications for the graphite product produced during the test-work are also considered to be premium with the product naturally grading over 96% TGC and with over 60% in the large to super-jumbo fractions (+180 μ m). The TGC and sizing distribution are shown in Table 6 below.

Particle Size		Carbon (%)	Weight Distribution (% w/w)	Flake Category
Tyler Mesh	Micron (μ)			
+32	+500	96.0	5.4	Super Jumbo
-32 +48	-500 +300	96.6	25.1	Jumbo
-48 +80	-300 +180	96.7	30.9	Large
-80 +100	-180 +150	96.8	10.9	Medium
-100 +150	-150 +106	96.11	14.4	Small/Medium
-150 +200	-106 +75	95.8	7.5	Small
-200	-75	93.8	5.8	Amorphous
Total		96.3	100	



Figures 9 & 10: Very coarse-flake graphite in +600 μ m sample fraction (L), graphite floating on soaking drill sample (R)



PRODUCT MARKETING & OFF-TAKE

The premium chemical parameters of the rutile produced indicate the product should be suitable for all major natural end-use markets including TiO₂ pigment feedstock, titanium metal and welding sectors. Demand and pricing for natural rutile are both very strong as the global structural deficit in supply continues to widen.

The Company is ramping up product marketing with significant interest received from tier 1 off-takers across all three market sectors.

NEXT STEPS

The Company is targeting a number of significant milestones over the next two quarters which include;

- Updated MRE with substantial growth of the Indicated and Inferred JORC MRE base expected including addition of the Nsaru deposit
- Revised Life Cycle Assessment (LCA) based on the Scoping Study results to quantify the environmental impacts with a specific focus on the low carbon footprint
- Scoping Study update based on the expected new resource base planned for mid-2022
- Continued product marketing and discussions with potential off-take partners
- Commencement of ESIA field data collection and commencement of community engagement activities

In parallel to the technical study developments on the Company's projects, significant exploration will continue, with programs including;

- Infill drilling at Kasiya-Nsaru to increase MRE confidence and upgrade MRE categories
- Deeper air-core drilling at Kasiya-Nsaru targeting the NE-striking, higher-grade zones to depths of ~25m below surface
- Regional reconnaissance drilling targeting additional Kasiya-like saprolite-hosted rutile mineralisation



COVID-19 IMPACT AND RESPONSE

The Company continues to proactively manage the potential impact of Covid-19 with the health and safety of our employees, contractors, local communities and other stakeholders being the highest priority.

Sovereign is continuously reviewing the situation and actively amending operations to comply with Government guidelines and restrictions ensuring the health and safety of all members. Currently, there is no material impact on our Malawi operations with minor delays only continued to be experienced in the international transportation of samples.

CORPORATE

Sovereign is well positioned with approximately A\$3.7m of cash at bank at the end of the quarter. The strong cash position allows the Company to continue exploration and development activities on its rutile projects.

In December, the Company's securities commenced trading on the AIM Market of the London Stock Exchange. The completion of the dual listing aims to raise the Company's profile in the northern hemisphere and facilitate the participation of UK and other European investors in Sovereign's growth.

Subsequent to the quarter, Sovereign successfully secured £1 million gross proceeds (~A\$1.9 million) from UK investors following its listing on the AIM market of the London Stock Exchange (**Placement**).

The Placement has enhanced the Company's shareholder base on the AIM market with the net proceeds to be used for further exploration activities in 2022 at Sovereign's globally significant Kasiya Rutile Project.

RELATED PARTY PAYMENTS

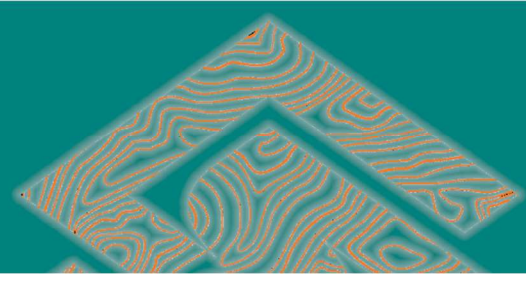
During the quarter ended 31 December 2021, the Company made payments of \$197,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees and superannuation of \$95,000), business development services (\$27,000) and provision of serviced office facilities, company secretarial services and administration services (\$75,000).

MINING EXPLORATION EXPENDITURES

During the quarter, the Company made the following payments in relation to mining exploration activities:

Activity	A\$'000
Drilling	(321)
Assaying and Metallurgical Test-work	(344)
Resource Estimation and Studies	(572)
Field Supplies, Equipment, Vehicles	(54)
Tenement Rents and Rates	(6)
Malawi Operations - Site Office, Personnel and Travel	(552)
Total as reported in Appendix 5B	(1,849)

There were no mining or production activities and expenses incurred during the quarter ended 31 December 2021.



Competent Person Statement

The information in this announcement that relates to Production Targets, Processing, Infrastructure and Capital and Operating Costs, is extracted from the announcement dated 16 December 2021 entitled 'Kasiya Scoping Study Confirms Globally Significant Natural Rutile Project' (Announcement). Sovereign confirms that: a) it is not aware of any new information or data that materially affects the information included in the announcement; b) all material assumptions and technical parameters underpinning the Production Target, and related forecast financial information derived from the Production Target included in the Announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the Announcement.

The information in this announcement that relates to the Mineral Resource Estimate is extracted from the announcement dated 16 December 2021. The announcement is available to view on www.sovereignmetals.com.au. Sovereign confirms that a) it is not aware of any new information or data that materially affects the information included in the announcement; b) all material assumptions included in the announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the announcement.

The information in this announcement that relates to the Metallurgy is extracted from the announcement dated 7 December 2021. The announcement is available to view on www.sovereignmetals.com.au. Sovereign confirms that a) it is not aware of any new information or data that materially affects the information included in the announcement; b) all material assumptions included in the announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the announcement.

Forward Looking Statement

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Authorisation Statement

This announcement has been approved and authorised for release by the Company's Managing Director, Julian Stephens.

APPENDIX 1: SUMMARY OF MINING TENEMENTS

As at 31 December 2021, the Company had an interest in the following tenements:

Table 7: Summary of Sovereign's Licences

Licence	Holding Entity	Interest	Status	Expiry	Licence Area (km ²)	Comments
EL0372	SSL	100%	Exploration	13/03/2022	729.2	Granted
EL0492	SSL	100%	Exploration	29/01/2023	935.4	Granted
EL0528	SSL	100%	Exploration	27/11/2021	16.2	Granted*
EL0545	SSL	100%	Exploration	12/05/2022	53.2	Granted
EL0561	SSL	100%	Exploration	15/09/2023	124.0	Granted
EL0574	SSL	100%	Exploration	15/09/2023	292.0	Granted
EL0582	SSL	100%	Exploration	15/09/2023	285.0	Granted
EL0609	MML	100%	Exploration	25/09/2024	440.5	Granted
RL0012	SSL	100%	Exploration	26/07/2026	6.0	Granted

SSL: Sovereign Services Limited & MML: McCourt Mining Limited

*EL0528 currently under application for renewal

Appendix 5B

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

Name of entity

Sovereign Metals Limited

ABN

71 120 833 427

Quarter ended ("current quarter")

31 December 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	(1,849)	(3,278)
(b) development	-	-
(c) production	-	-
(d) staff costs	(264)	(568)
(e) administration and corporate costs	(288)	(624)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8.1 Other – R&D Tax Refund	-	-
1.8.2 Other – Business Development	(154)	(297)
1.9 Net cash from / (used in) operating activities	(2,551)	(4,757)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(25)	(170)
(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	(25)	(170)
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	460	720
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(5)
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	460	715
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,863	7,959
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,551)	(4,757)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	(170)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	460	715

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	3,747	3,747

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	59	114
5.2	Call deposits	3,688	5,749
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)	3,747	5,863

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	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.		
-		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,551)
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)	(2,551)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,747
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,747
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5
<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: Yes	
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, as announced to ASX on 22 December 2021, the Company successfully completed a bookbuild and secured commitments for gross proceeds of £1 million (~A\$1.9 million) from UK investors following its recent listing on the AIM market of the London Stock Exchange. Additionally, the Company has a number of unlisted options on issue, expiring at various dates in the next six months to 31 July 2022 which if exercised would generate a further A\$6.16 million in funding.	

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

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 – refer to question 8.8.2.

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: 31 January 2022

Authorised by: Company Secretary
(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.