



27 July 2022

## QUARTERLY ACTIVITIES REPORT

For the 3 months ending 30 June 2022

The most important activity during the reporting period was the internal due diligence undertaken on an advanced WA graphite flake project introduced to CML capable of producing high quality graphite products into a diverse range of premium end-use markets including battery anode. This culminated in a conditional acquisition agreement as per the 15 June 2022 ASX announcement:

### ‘TRANSFORMATIONAL ACQUISITION OF HIGH PURITY GRAPHITE PROJECT’

#### PROJECT HIGHLIGHTS:

- Transformational acquisition of Green Critical Minerals Pty Limited (GCM), which has the right to acquire up to 80% of the graphite rights for the advanced McIntosh Graphite Project, located in Halls Creek, Western Australia known as the **third largest ASX listed graphite project in Australia**.
- 81% of the combined JORC2012 Mineral Resource total of **23.8 million tonnes is classified in the higher confidence indicated category**, with over 40,000m of graphite targeted drilling on the project to date and extensive metallurgical test work completed.
- McIntosh graphite is a **unique, graphite project with extremely low impurities and exceptional “low cost and high yield” downstream processing attributes** with the potential to produce high quality graphite products into a diverse range of premium end-use markets.
- McIntosh contains a very impressive **globally significant flake size endowment** with over 85% of its Emperor deposit **being greater than 180 Microns (80 Mesh), placing it in the top quartile for flake size distribution globally**. The unique properties of the McIntosh flake allows the targeting of the highest value graphite products in the market including Lithium- ion batteries, graphite foils, energy products, semiconductors, industrial diamonds, aerospace, and defence applications.
- McIntosh flake has a competitive advantage with impurities occurring on the flake surface, rather than trapped in the flake. McIntosh flakes can produce a concentrate grade of 98% TGC with a high recovery rate of 93% using standard flotation and be easily purified to **nuclear grade 5N purity (99.9998%)** without the use of Hydrofluoric Acid (HF).
- GCM has the right to earn up to an 80% interest in McIntosh from Hexagon Energy Materials Limited (HXG) as follows:
  - Payment of \$300,000 upon commencing the earn-in and a further \$200,000 within 12 months.
  - Exploration expenditure of \$1 million within 12 months to earn an initial 30%. o Exploration expenditure of \$1 million within 24 months to earn 51%.
  - Exploration expenditure of \$1 million within 36 months to earn 80%.
  - HXG is free carried until a decision to mine, which must be made within 2 years of earning 80%.



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- The total purchase price to acquire GCM is (all subject to 12 months escrow from issue in accordance with item 5 of Appendix 9B of the Listing Rules):
  - 460 million fully paid ordinary shares.
  - 100 million options (exercise price \$0.015 and expiring 36 months from issue).
  - 459 million performance rights that convert to ordinary shares in 3 equal tranches upon satisfying performance milestones linked to substantially increasing the resources and reserves for McIntosh.
- HXG has completed two scoping level studies on producing graphite – in May 2017 HXG announced the results of a pre-feasibility study for the development of the McIntosh Project (PFS) and in May 2019 HXG announced the results of a scoping study for a standalone advanced graphite processing plant sourcing feedstock, including from McIntosh (Downstream Study). Chase intends to fully review and update these studies having regard to the subsequently announced mineral resource update, current market conditions and Chase's circumstances.
- Acquisition is conditional upon, amongst other things, approval by CML shareholders for the purposes of ASX Listing Rules 10.1 and 11.1.2 and item 7 of section 606 of the Corporations Act, and CML completing a capital raising so that it has a minimum of \$4.5m in cash.
- CML has received firm and binding commitments in a placement to sophisticated and professional investors, raising up to \$3,000,000 at \$0.015 per fully paid ordinary share, subject to shareholder approval. This raising will provide working capital to progress the McIntosh Graphite project, and satisfy the funding conditions for the acquisition of GCM.
- The Company has commenced the process of strengthening its management team by implementing a search for experienced and dynamic executives with the skill set required to advance the project through offtake and development.
- The Company intends to seek shareholder approval to change its name to Green Critical Minerals Ltd to reflect its focus on graphite.

The acquisition of GCM is conditional upon, amongst other things, approval by CML's shareholders for the purposes of Listing Rule 10.1 and section 611 item 7 of the Corporations Act. CML has engaged BDO Corporate Finance to prepare an independent expert's report, and expects a notice of meeting (including independent expert's report) to be sent to shareholders within the next 2-4 weeks and for the shareholder meeting to be held in early September 2022.

#### **Other activities:**

#### **AUSTRALIA**

##### **1. Red Fox Resources (40% owned by CML)**

There was no drilling undertaken due to permitting, access, and unavailability of contractors.

Field exploration work commenced (ASX Announcement 4 April 2022) and some exciting gold results from Butchers Bore were released on 30 May 2022.

Further information on Red Fox and its activities can be found on its website:

<http://www.redfoxresources.net.au>

##### **2. Auburn Resources option and JV agreement over the Hawkwood Project area:**

Unfortunately, due to ongoing rain and localised flooding, the JV operator reported that there was no progress made during the reporting period.

##### **3. Torrington Minerals (NSW) Topaz and Tungsten Project**

There was no reportable progress on the Torrington Project during the reporting period.

#### **4. New Queensland Applications**

As reported in the 31 March 2022 Quarterly the Company had applied for three uncontested 100 sub block Exploration Permits (EPMAs) in two areas in the Boulia – Duchess area of northwest Queensland. The applications are still pending.

On 18 May 2022 CML announced that it had applied for an EPM north of the Hawkwood Project area to expand its exposure to Magmatic Nickel Sulphide exploration in QLD.

#### **5. Cancellation of Prophet Resources (PR) option agreement**

As announced on 11 May 2022, given the ongoing delays due to circumstances beyond the parties' control, CML and PR had to agree a new final date for CML to decide whether to acquire PR. Unfortunately, the parties' failed to negotiate a mutually acceptable date and have instead agreed to let the Term Sheet lapse.

#### **6. New Northern Territory Applications**

As reported in the 31 March 2022 Quarterly the Company had applied for three adjacent Exploration Licences covering 1,950 sq km after a review of recent geochemical and geophysical work by Geoscience Australia that led to the identification of a large new rare earths and base metals project area on the northern Barkly Tableland. On 26 May 2022 CML announced that it had applied for an additional EL to the north of the existing 3 EL applications to expand its exposure to exploration for Rare Earths in the area.

#### **QUEBEC (CANADA)**

As previously reported, the Company was reviewing how best to extract value from the Project areas. This culminated in an outright sale as announced to the ASX on 24 May 2022. The Company received AUD \$100,000 in cash and 8,333,333 fully paid ordinary shares in ASX:RFR as part of the disposal.

The Company received an exploration incentive from the Quebec Government totalling \$296k towards its exploration expenditure incurred during the 2019 field season as noted in attached quarterly cash flow report Appendix 5B.

#### **ADDITIONAL PROJECT OPPORTUNITIES**

The Company has continued evaluating projects that will complement its existing suite of projects.

Management continues its desktop studies on prospective areas that CML may lodge applications over.

The Board will update the market on any new developments as required under the Listing Rules.

#### **CAPITAL STRUCTURE AND CASH POSITION**

The Company's summarised capital structure as at 30 June 2022 is as follows:

Issued fully paid ordinary shares: 468,132,761

Cash at Bank: \$2,444,000

Shareholders and potential investors should also review the Company's audited 2021 Annual Report (ASX Announcement 30 September 2021) and December 2021 Half-Year Report (ASX Announcement 15 March 2022) to fully appreciate the Company's financial position.

Cash balances are placed on short-term deposit and are monitored on a month-to-month basis in order to ensure funds are available for activities for the coming quarter as set out above.

#### **PAYMENTS TO RELATED PARTIES**

A total of \$121,000 was paid to directors and their associates for salaries, director fees and superannuation during the quarter ended 31 March 2022.

## **AUTHORISATION**

The provision of this announcement to ASX has been authorised by the Board of directors of Chase Mining Corporation Limited.

The Company confirms that that it is not aware of any new information or data that materially affects the exploration results included in this announcement, and which it first announced to ASX on 15 June 2022.

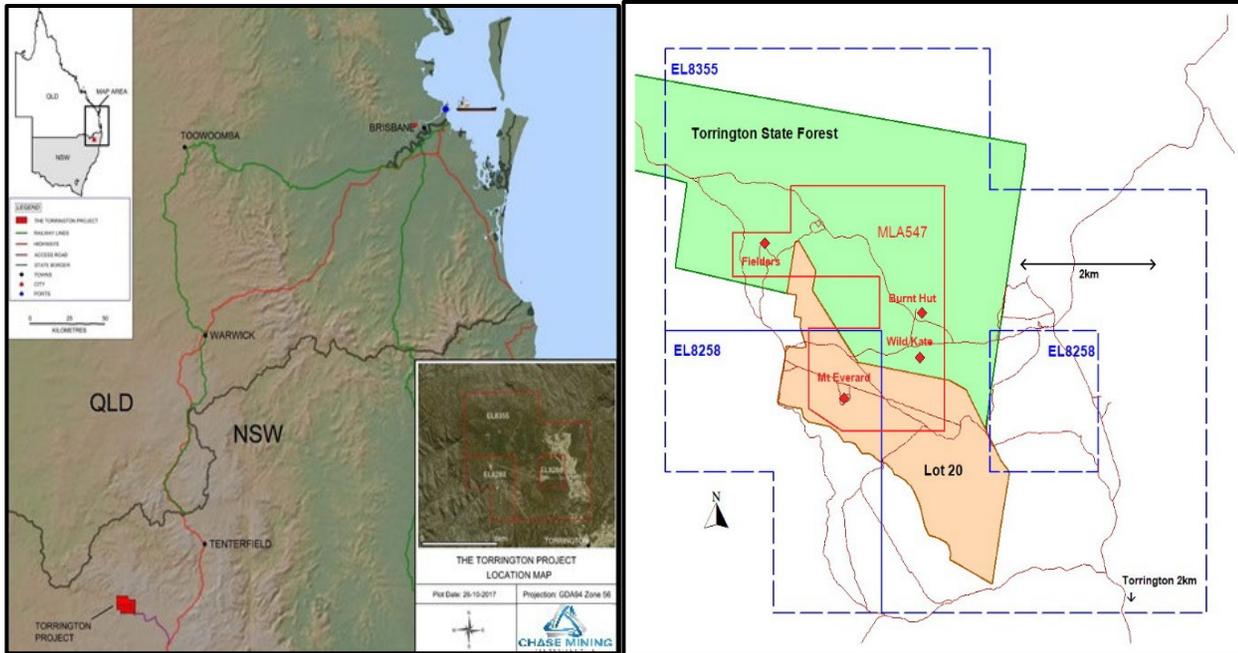
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**Australia:** The Company’s wholly owned subsidiary Torrington Minerals Pty Ltd (TMPL) holds two Exploration Licences EL 8258 and EL 8355. The tenements comprise 18 units covering ~51km<sup>2</sup> located in northern New South Wales, 240km south-west of Brisbane (Queensland) in proximity to the Torrington Township approximately 65km by road south-west of the local Shire town of Tenterfield (see locality Figures below).



**Torrington Topaz and Tungsten Project – Tenement Locality Map**

EL 8258 comprising 4 units (~12km<sup>2</sup>) has been renewed to 16 April 2023, and EL 8355 comprising 13 units (~39km<sup>2</sup>) has been renewed to 18 March 2024 (see Table 1).

**TABLE 1**

Project	Tenement. No.	% Interest	Expires	Location
Torrington 1	EL 8258	100%	16/04/2023	NSW Australia
Torrington 2	EL 8355	100%	18/03/2024	NSW Australia

**MINING LEASE APPLICATION – MLA547**

In October 2017 TMPL lodged a Mining Lease application (MLA547) over the main silicite bodies at Torrington. The Figure above right shows the location of the 651-hectare (0.65km<sup>2</sup>) MLA within EL 8258 and EL 8355. The Background Paper / Application for SEARs for the Torrington Topaz and Tungsten Project was lodged with the NSW Department of Planning and Environment on 24 September 2019 towards finalising the MLA and EIS process. On 7 February 2020 the Company received the Environmental Assessment Requirements (EARs) for the proposed Torrington Topaz and Tungsten Project. The requirements were based on the information provided and prepared in consultation with the relevant government agencies. The agencies’ advice for the project’s EIS development were provided for the Company’s information.

**NOTE:** The 2018/19 drought followed by the catastrophic 2019/20 bushfires in the greater Torrington area adversely affected or curtailed most work on site including the EIS related studies. Latest is the excess rain and localized flooding. Access remains problematic due to safety concerns as large trees and limbs continue to fall. COVID-19 restrictions until early July 2022 continued to delay any activity by consultants and contractors to advance the project.

## Appendix 5B

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

Name of entity

CHASE MINING CORPORATION LIMITED

ABN

12 118 788 846

Quarter ended ("current quarter")

30 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(3)	(12)
(e) administration and corporate costs	(94)	(558)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	296	363
1.8 Other (provide details if material)		
- GST refunds	4	130
- Payments for research and development	(6)	(14)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>203</b>	<b>(80)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(91)	(348)
(e) investments	-	-

## 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 (12 months) \$A'000
	(f) other non-current assets	(2)	(2)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	100	100
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>7</b>	<b>(250)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,570
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	-	(91)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,479</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,229	1,290
4.2	Net cash from / (used in) operating activities (item 1.9 above)	203	(80)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7	(250)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,479

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	5	5
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,444</b>	<b>2,444</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,444	2,229
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,444</b>	<b>2,229</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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

Director fees, advisory fees and salaries paid to related parties during the quarter totalled \$120,700.

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	93 <sup>1</sup>
8.2 Capitalised exploration & evaluation (Item 2.1(d))	91
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	184
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,444
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,444
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	13.3
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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: N/A	
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: N/A	
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: N/A	

<sup>1</sup> 8.1 has been adjusted to remove the effect of an exploration incentive received from the Quebec Government totalling \$296k.

## 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: 27 July 2022

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.