



30 April 2020

FYI Activity Report for the quarter ended 31 March 2020

Highlights:

- Secured A\$80m strategic project development equity financing facility for HPA project
- Outstanding DFS results:
 - **NPV (@10% after tax) of US\$543m**
 - **IRR 46%**
 - **Project payback of 3.6 years**
 - **Total operating cash cost of US\$6,217 per tonne HPA produced**
 - **Competitively positioned project capex of US\$189m or US\$23,575/t installed capacity**
- HPA product development and customer engagement progress continues despite COVID-19.
- FYI's HPA project is fully integrated with guaranteed product provenance.
- FYI's Mining Proposal and associated Mine Closure Plan formally approved by the Western Australian Department of Mines, Industry Regulation and Safety
- FYI has implemented a number of actions to ensure the safety of its staff and to preserve shareholder funds.
- FYI Resources Managing Director, Roland Hill will present at NWR Communications' Small Cap Resources virtual conference on 7 May 2020

FYI Resources Ltd (**ASX: FYI**) ("**FYI**" or "**the Company**") is pleased to release its Quarterly Activities report for the period ending 31 March 2020.

Outstanding DFS outcome

During the quarter, the Company released a Definitive Feasibility Study (DFS) for the production of high purity alumina (HPA) from kaolin feedstock to be mined from the 100% owned Cadoux project. The results of the DFS highlight the outstanding project economics of FYI's HPA project. FYI's DFS was completed to a bankable standard (-5%/+10% accuracy for capital and opex calculations) and supported by extensive R&D test work and successful pilot plant production (refer announcement 11 March 2020). No fixed offtake agreements are in place as yet, therefore the feasibility study is not referred to as being "Bankable".

In support of the project economics demonstrated in the DFS, the Company announced the funding participation of Luxembourg-based private equity group, GEM Global Yield LLC SCS (GEM) to coincide with the release of the DFS.

\$80m equity financing facility

FYI has arranged an A\$80 million equity financing facility with GEM. The strategic project development equity financing facility ('Equity Commitment') of up to A\$80 million between FYI and GEM is a significant de-risking event for the Company. The funding provides FYI with capital support for the Company's development of its HPA project, particularly at key funding requirement stages.

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30 April 2020

GEM was founded in 1991 and is a USD \$3.4 billion alternative investment group that manages a diverse set of investment vehicles focused on emerging markets across the world. GEM has completed over 370 transactions in 70 countries. GEM is focused on emerging markets and undervalued or growth opportunities. The Equity Commitment reflects GEM's strong conviction in the robust project metrics of FYI's long life, high quality, high margin HPA project.

The Equity Commitment may be used for working capital but is primarily directed towards the capital requirements of the HPA project construction and fabrication of long lead items. The funding potentially provides up to 30% of FYI's forecasted project capital costs of US\$189 million as outlined in the DFS. The funding also could potentially represent 100% of the equity component required (if the Equity Commitment were to be fully drawn down).

The Equity Commitment Agreement is a staged facility and is entirely at FYI's election – in setting price and amount of capital raised, depending on the market at the time. The facility will enable project development in line with FYI's time schedule. As this facility is not solely intended to be an on-going working capital facility, it will not preclude FYI from undertaking further financing activities to complete the total project funding package or restrict additional capital raisings through its shareholders or other investors. The summary terms of the Equity Commitment are set out in the announcement released 11 March 2020.

In addition to the Equity Commitment, the Company has been actively pursuing a number of additional financing options, including offtake and project finance, to assemble a syndicated financing solution for the total capital requirements of its HPA project. It is envisaged that with this Equity Commitment already secured, other components of the overall financing needs of the Company will be more accessible.

It is anticipated that first drawdown of the Equity Commitment will commence as working capital demands or to coincide with the Final Investment Decision (FID) and approval for project construction.

DFS reconfirmed 2018 PFS, positioning FYI Resources as a world class HPA participant

FYI's DFS result reconfirmed the Company's 2018 Pre-Feasibility Study (PFS) results released in September 2018, further demonstrating the quality of FYI's HPA project as illustrated by the outstanding economic metrics. The DFS outlines the pathway forward to developing the Company's fully integrated HPA business within the favourable operating jurisdiction of Western Australia.

Key DFS outcomes and assumptions

The DFS review assumes 25 years production from the Company's 100% owned high quality Ore Reserve located on the Cadoux kaolin project. The DFS defines an integrated production model of HPA with an initial mining and kaolin beneficiation phase at Cadoux followed by a hydrochloric acid (HCl) leach and precipitation stage of the kaolin feedstock at the proposed HPA refinery in Kwinana.

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NPV post tax (@10%)	US\$543m
IRR	46%
Payback period (years) (post tax) (inc ramp up)	3.6
Assumed exchange rate A\$/US\$	0.70
Life of Project Reserve (years)	25
Total Sales (initial 25 years) no escalation	US\$4.7b
Total Project net operating cash flow (25 years)	US\$2.4b
Annual EBITDA (average)	US\$133m
Cash flow after finance and tax	US\$88m
Capex (8,000 tpa)	US\$198m
Capex/t (US\$/t)	US\$23,575
Life of Mine C1 costs, FOB Kwinana (US\$/t)	US\$6,217
Tonnes Processed (initial 25 years) (kt)	198
Production Target (tpa) (initial 25 years)	8,000
Proven + Probable Ore Reserves @ 24.8% Al ₂ O ₃ (kt)	3,205
Ore Reserve life (years)	25
JORC Resources (million tonnes)	11.3

Table 1: DFS highlights

25-year Ore Reserve

The Cadoux Ore Reserve was updated as part of finalising the DFS. The Proven and Probable Ore Reserve for the project is calculated at **3.2 Mt @ 24.8% Al₂O₃** as reported in accordance with the JORC Code and is all contained within the area of the Company approved Mining Lease (M70/1388).

The Ore Reserve is based on the Mineral Resource Estimate (**MRE**) totalling **11.3 Mt @ 22.5% Al₂O₃** as per table below (refer ASX announcement 29 October 2018).

Deposit	Resource Category	Volume Cubic Metres	Metric Tonnes (Dry)	Al ₂ O ₃ Grade (%)	Fe ₂ O ₃ Grade (%)	K ₂ O Grade (%)
Cadoux	Measured	292,300	480,500	23.56	1.24	1.18
	Indicated	3,501,300	5,742,700	23.36	1.19	1.09
	Inferred	3,111,700	5,045,500	21.45	0.59	0.91
All Categories	Total	6,905,300	11,268,700	22.51	0.92	1.02

Table -2 Mineral Resource Estimate as at 29 October 2018

FYI completed the work required to convert the Measured and Indicated Mineral Resource to Proven and Probable Ore Reserves.

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30 April 2020

The table below summarises the Proven and Probable Ore Reserve that will be produced from the mining of the Measured and Indicated Mineral Resource and processing in a purpose built, beneficiation plant in Cadoux and refinery in Kwinana.

Category	Ore	Al ₂ O ₃	Fe ₂ O ₃	K ₂ O	TiO ₂
	Kt	%	%	%	%
Proved	290	24.9%	1.1%	0.5%	0.8%
Probable	2,914	24.8%	1.1%	0.6%	0.9%
Total	3,205	24.8%	1.1%	0.5%	0.9%

Table -3 Updated Ore Reserve

Cadoux Mining Proposal Granted

The approval of the Mine Plan (MP) and Mine Closure Plan (MCP) for the Cadoux mining lease represent a significant development milestone in FYI's HPA strategy. Together, they constitute the key regulatory approvals required to allow works to commence on site at Cadoux detailing information on the identification, evaluation and management of significant environmental impacts relevant to FYI's proposed mining operations as well as a comprehensive outline of the MP's mining schedule and project economics over the life of the mine.

Project Enhancements

Lead Agency

Through the WA Premier's Department and Cabinet and the Department of Jobs, Tourism, Science and Industry (JTSI), the Company was granted Lead Agency support by the Western Australian Government. JTSI, as the Lead Agency, may provide high level assistance to FYI with project development.

Future Battery Research and Development

The Future Batteries Industry Cooperative Research Program (FBI-CRC) was established during 2019 to promote and enable the growth of Australia's future battery industry development in the global battery value chain. The FBI-CRC brings together industry, researchers, government and the community to develop Australia's leading role in the global battery revolution. FYI is an associate partner to the program and is contributing in the promotion of HPA applications and battery technologies in general.

Membership of the FBI-CRC will provide FYI with access to all novel technology and applications via the associated research partners and assist with government funding applications.

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30 April 2020

Market Insight

HPA is a critical mineral to many industries and applications – particularly the LED, transparent ceramics and the global battery technology revolution. FYI has a number of points of difference with its integrated HPA product that provides a distinct market advantage.

Those benefits include:

- demonstrated targeted high purity (average 99.995% Al₂O₃);
- consistent high quality and guaranteed single source provenance;
- integrated and wholly owned production and refining chain;
- Product traceability and transparency
- reliable and dependable supply;
- ideal HPA specifications and characteristics;
- low deleterious material – particularly sodium (Na) and iron (Fe)
- long mine life and supply (>25 years) in first class jurisdiction (Western Australia), and
- low environmental and carbon footprint.

FYI has been developing various channels for off-take of its integrated HPA into a number of industry markets. These include:

- LED and sapphire glass
- battery and static power storage
- ceramic coatings
- optics and optoelectronics
- aerospace and defense
- sensors and instrumentation
- healthcare
- consumer products

It is understood from market researchers utilised by FYI, such as CRU and Allied Market Research, that demand for HPA is genuine and will rapidly proliferate in all markets if a dependable supply of high grade and quality HPA material was available – particularly in the segment that FYI is concentrating its marketing efforts - the electric vehicle (EV) market specifically for ceramic coated separators (CSS) applications for Lithium -Ion batteries.

In addition, the LED related markets which already demonstrate a robust underlying demand with an excellent growth forecast (~17% CAGR), show trends in LED production which continue to innovate and move in favour of larger, high quality applications resulting in a materially positive effect in demand of HPA. The increase in demand comes from the market participants and customers actively seeking a high quality / low deleterious HPA product for defect-free wafers.

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30 April 2020

Potential customers and market participants cite numerous cases whereby they are actively seeking out alternative sources of high quality HPA for their applications as traditional supply is being increasingly disrupted and quality is continually compromised. This results in HPA supply not meeting customer expectations and product being returned. Impurities compromise the quality, effectiveness and safety of the applications as sodium and iron impurities carry through to the finished product. This is of particular concern to EV's in the lithium-ion battery market (LIB) application with sodium causing imperfections and flaws in the separator. This affects the competency of the membrane, potentially leading to catastrophic failure, through thermal runaway (flare-up) or from the iron contributing to build of dendrites which inhibit the flow of ions between the separator and reduces the charge and discharge ability of the battery.

Customer Engagement

Whilst being affected by the COVID-19 pandemic, FYI has maintained its customer engagement strategy throughout the quarter – with the promotion and commercialising of the Company's high quality HPA product as the key focus.

With a number of potential customers and end users already in possession of the Company's trial HPA samples, FYI is routinely following up on both established leads and exploring additional lines of inquiry for the sale of HPA. This includes emphasis on LED and LIB separator markets in S.E. Asia and a more focused approach on LIB separator and specialty materials markets in Europe.

The product qualification process is a detailed procedure in assessing FYI's HPA material by potential customers by undergoing certain product performance and quality assurance tests so that the HPA meets qualification criteria for use in their various applications. The established specifications will ultimately be stipulated in off-take contracts.

Feedback to date has been positive in terms of the product quality and in the general commercial aspects of the HPA project (as set out in the DFS). FYI will continue the product engagement process with these groups with the view to reaching commercial arrangements with the engaged parties.

In addition to the initial qualifying process, several groups have requested supplementary product to test further and / or additional "finishing" product work to be undertaken by FYI so that they may broaden their qualification into other application areas.

FYI is encouraged by these requests and will continue with product development in collaboration with these parties.

Corporate

In response to the containment measures being undertaken in Australia and most other countries as a result of the COVID-19 pandemic, FYI has implemented a number of actions to ensure the safety of its staff and to preserve shareholder funds, while maintaining positive progress of the HPA project.

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30 April 2020

From the 1st of March, the Non-Executive Directors have agreed to suspend payment in cash of their director fees. The Managing Director has also suspended his salary. Corporate overheads have been reduced to maintain operations and lower priority expenditure has been curtailed, including non-essential R&D activities.

These measures reflect the Company's commitment to our shareholders and broader stakeholders. The measures emphasise our determination to progress the development of the Company's HPA project following the release of the DFS.

Payments to related parties of the entity and their associates

Appendix 5B, Section 6.1 – description of payments:

Non-executive director fees	\$25,400	(including applicable superannuation)
Managing Director fees	\$16,455	
Provision of legal advice by Lyons Babington Lawyers	\$12,622	Lyons Babington Lawyers is an entity associated with Chairman, Ed Babington. The legal fees are charged on normal commercial terms.
	\$54,477	

Finance

FYI has established a binding equity agreement with GEM which allows FYI, at its election, to access funding for working capital and project development capital. FYI may make a placement to GEM at any time suitable to its funding requirements.

Planned June Quarter Activities

- Continued customer engagement and follow up on product qualification
- Respond to customer feedback enquiries and product development
- Advance project financing discussions
- Resume Final Investment Decision (FID) process

FYI Presentation and Development Update

FYI will present at NWR Communications' Virtual Small Cap Resources conference on 7 May 2020. Further details will be released closer to the date.

A corporate update and DFS presentation will be released to the Market on the morning of the conference.

Authorised for release by Roland Hill, Managing Director.

For more information please contact:

Roland Hill

Managing Director
Tel: +61 414 666 178

roland.hill@fyiresources.com.au

Simon Hinsley

Investor & Media Relations
Tel: 0401 809 653

simon@nwrcommunications.com.au

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30 April 2020

About FYI Resources Limited

FYI is developing a long life fully integrated high quality, high purity alumina (HPA) production project for both general / traditional and niche markets. FYI's corporate objective is to position itself to be a significant producer of HPA within these rapidly developing markets which include applications in LED, electric vehicle, smartphone and television screen as well as other associated high-tech product markets.

On the basis of its recently released DFS and the robust economic business case for production of HPA, FYI's Cadoux project, north-east of Perth in Western Australia, entails controlled production of a 100%-owned feedstock source, mined on a schedule to match supply requirements of a proposed refinery at Kwinana, south of Perth. FYI's ability to control the integrated process should ensure product quality, consistency and provenance – an increasingly important product selection criteria for customers who rely on knowing the origins and record of ownership in a product's supply chain.

The foundation of FYI's HPA strategy is the innovative and integrated processing flowsheet utilising moderate temperature and atmospheric pressure technologies. These factors combine resulting in world class HPA project potential.

Interest in Mineral Tenements at 31 March 2020

Tenement	Location	Interest at the beginning of the quarter	Interest at the end of the quarter
E70/4673	Western	100%	100%
M70/1388	Australia	100%	100%
WMM SPLs (6)	Thailand	100% (under application)	100% (under application)

Cautionary Statements

Substance of DFS

The DFS referred to in this announcement is a study of the potential viability of the Cadoux Kaolin Project. It has been undertaken to understand the technical and economic viability of the Project.

The DFS assumes as a 25-year Project life based only on Proved and Probable Ore Reserves (100%).

The DFS is based on the material assumptions outlined elsewhere in this announcement and the appended summary of the DFS. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by this DFS will be achieved.

To achieve the range of outcomes indicated in the DFS, funding in the order of A\$189 million will likely be required. Investors should note that there is no certainty that the Company will be able to raise the amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares.

It is also possible that the Company could pursue other "value realisation" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce the Company's proportionate ownership of the Project.

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30 April 2020

General and forward-looking statements

The contents of this announcement reflect various technical and economic conditions, assumptions and contingencies which are based on interpretations of current market conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly and without notice over relatively short periods of time. Consequently, actual results may vary from those detailed in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Such forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. When used in this announcement, words such as, but are not limited to, "could", "planned", "estimated", "expect", "intend", "may", "potential", "should", "projected", "scheduled", "anticipates", "believes", "predict", "foresee", "proposed", "aim", "target", "opportunity", "nominal", "conceptual" and similar expressions are forward-looking statements.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

The contents of this release are also subject to significant risks and uncertainties that include but are not limited to those inherent in mine development and production, geological, mining, metallurgical and processing technical problems, the inability to obtain and maintain mine licences, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of projects and acquisitions, changes in commodity prices and exchange rates, currency and interest rate fluctuations and other adverse economic conditions, the potential inability to market and sell products, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, environmental, native title, heritage, taxation and other legal problems, the potential inability to secure adequate financing and management's potential inability to anticipate and manage the foregoing factors and risks.

All persons should consider seeking appropriate professional legal, financial and taxation advice in reviewing this announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of this announcement nor any information contained in this announcement or subsequently communicated to any person in connection with this announcement is, or should be taken as, constituting the giving of investment or financial advice to any person. This announcement does not take into account the individual investment objective, financial or tax situation or particular needs of any person.



30 April 2020

Competent Persons Statements

Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr. Steve Craig, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full-time employee of Oreology Consulting Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the Ore Reserve announcement released 29 October 2018 and 11 March 2020 and is available to view on the Company's website at www.fyiresources.com.au.

Mineral Resources

The information in this report that relates to Mineral Resources is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is a Registered Professional Geologist in Industrial Minerals. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves". The information is extracted from the PFS announcement dated 25 September 2018 and is available to view on the Company's website at www.fyiresources.com.au.

Metallurgy

The information in this report that relates to metallurgy and metallurgical test work is based on information reviewed and compiled by Mr Daryl Evans, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Evans is an employee of Independent Metallurgical Operations Pty Ltd, and is a contractor to FYI. Mr Evans has sufficient experience that is relevant to this style of processing and type of deposit under consideration, and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Announcements in respect to metallurgical results are available to view on the Company's website at www.fyiresources.com.au.

Appendix 5B

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

Name of entity

FYI Resources Limited

ABN

85 061 289 218

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(203)	(1,504)
(b) development	-	-
(c) production	-	-
(d) staff costs	(42)	(178)
(e) administration and corporate costs	(46)	(319)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(4)	(40)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	778
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(295)	(1,262)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(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 (9 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	-	(6)
3.5	Proceeds from borrowings	-	999
3.6	Repayment of borrowings	-	(550)
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	-	443
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	416	940
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(295)	(1,262)
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)	-	443

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	121	121

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	121	416
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)	121	416

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

**Current quarter
\$A'000**

42

-

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

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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 \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	750	750

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.

The Company has arranged the forward payment of its estimated 2020 R&D tax rebate through Innovative Technology Funding Pty Ltd. The advance is for up to \$750,000 being 80% of its expected tax rebate resulting from eligible R&D expenditure for the current financial year. The principal and accrued interest (at 15% p.a.) for the facility is repayable out of the actual tax refunded. The facility is for a maximum of 12 months and is secured against the Company's R&D offset rebate.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(295)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(295)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	121
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	121
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.4

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: The Company currently expects expenditure for the June 2020 quarter to be less than \$100,000 as result of 1) deferring the directors fees, the MD salary freeze and additional measures taken to significantly reduce corporate overheads, and 2) significantly reduced operating costs following completion of the HPA project DFS and associated R&D expenditure.

Subject to the completion of a capital raising, expenditure for the September 2020 quarter would be significantly higher due to the costs associated with possible further test work, trial production and costs associated with a final investment decision for the Company's HPA project.

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?

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

Answer: Yes. The Company presently has an \$80 million equity financing facility. In addition, the Company is currently in discussions to secure additional equity funding to meet its expected working capital requirements. An announcement will be made once the Company has finalised arrangements.

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, on the basis of current discussions with potential investors to secure the required level of funding on suitable terms. The Company also has an equity finance facility of up to A\$80 million in place for funding development of the HPA project and working capital purposes.

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 April 2020

Authorised by: Roland Hill, Managing Director
(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.

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