

March 2022 Quarterly Activities Report

Highlights

General

- **Sales revenue of A\$9.95m**
- **EBITDA of A\$1.75m**
- **Gold production of 2,958oz @ 3.88g/t with outstanding recoveries ~77%**
- **Phase 1 of Mt Boppy gold production completed on 9 March 2022**
- **Wonawinta silver processing operations commenced 30 March 2022**
- **Balance sheet continues to strengthen due to continued cash generation – net debt at 31 March of ~A\$6.5m**
- **First Wonawinta Silver pour occurred on 27 April 2022**

Mt Boppy Gold Project

- **Phase 1 mining at Mt Boppy completed end November 2021, with profitable production completed 9 March 2022**
- **Updated Mt Boppy mineral resource estimate due May 2022**

Wonawinta Silver Project

- **Wonawinta Silver production commenced late March 2022**
- **First silver pour conducted 27 April 2022**
- **Targeted production rate of 150,000oz Ag per month will make Manuka the only primary silver producer on the ASX**
- **Comprehensive ground gravity program over Wonawinta ML and adjacent EL's commenced shortly after Quarter-end**
- **Silver project expenditure to date A\$4.9m (includes metallurgical test work, capital improvements and operational costs relating to start-up)**

Company Review for March Quarter 2022

Gold production for the March Quarter reduced as the Company completed Phase 1 gold production from Mt Boppy and began the transition to silver production at its 100% owned Wonawinta silver project. As at the end of April the Company has had its first silver pour, and, at steady state production, will be producing >150,000oz Ag per month).

The 'beneath pit' Mt Boppy drill program was also completed during the March Quarter¹ and will form part of an updated mineral resource estimate to be announced during May 2022. The near-mine exploration program (conducted on targets surrounding Mt Boppy) has become somewhat extended, due to adverse on-site weather conditions. Drilling at our final two targets, Racecourse and Bullseye, is now scheduled to end in May.

The long-planned aerial VTEM project (2,241 line-kilometres) to be flown over the entirety of EL5842 (surrounding the Mt Boppy mine) plus select Wonawinta target areas in our western Cobar basin land package is expected to mobilise late May. This has been delayed by the impacts of Covid-19.

Mt Boppy Gold Project Quarterly Summary:

- 2,958 ounces of gold produced, and 3,815 ounces sold at an average price of A\$2,609/oz;
- Plant recoveries averaged 76.94% for the Quarter versus target of 75%
- ~41,000 oz gold produced from Phase 1 production at Mt Boppy (and total revenues from gold sales exceeding A\$100m)²

Operating Summary

Summary		March Quarter	Financial Year (YTD)
Tonnes Milled	t	30,826	204,351
Gold in Circuit (31-03-2)	oz	365	365
Gold Recovered	oz	2,958	18,596
Gold Sold	oz	3,815	19,570
Gold Recoveries	%	76.94	76.33
Revenues	AUD \$'000	9,955	48,938

¹ See ASX release 28 March 2022

² See ASX release 4 March 2022

Summary		March Quarter	Financial Year (YTD)
Ore Mined	t	-	194,598
Waste Mined	t	-	51,560
Total Mined	t	-	246,158
Total Hauled (incl. mined & residual stockpiles)	t	25,869	211,101
Average Head Grade	g/t	3.88	3.71

Wonawinta Silver Project:

- Silver processing operations commence as planned during March,
- The first silver pour occurred in late April 2022 and at steady state production, will be producing >150,000oz Ag per month
- As previously advised, the production plan is to screen out low grade clay ores resulting in processing of ~430,000t grading >83g Ag/t, which is expected to generate >900,000oz silver over seven months
- The Company expects to announce its Maiden Wonawinta Silver Ore Reserve mid-year
- The Company has started its ground gravity program (on ML1659, EL6155 and EL7345) following substantial Covid-19 driven delays.

Resource Growth and Exploration Outlook

In the December Quarterly report, Manuka updated its four stage exploration program, over both its eastern Cobar Basin tenements (Mt Boppy and Canbelego) and western Cobar Basin tenements (including Wonawinta, Smiths Tank, Wirlong, McKinnons, Guzzi, Gunderoo and Goldwing). This included the status of the geophysics and drilling programs.

It noted that while border quarantine issues arising from Covid-19 had delayed the commencement of the geophysics programs, the drilling program at Mt Boppy was progressing. We are able to now provide greater clarity to the ground gravity and helicopter-borne electromagnetic (VTEM) programs which will commence as per the following, late April (ground gravity) and mid-May (VTEM). The current exploration program at Mt Boppy and the neighbouring targets will complete in the first week of May 2022. The geophysics programs are vital to the next phase of our exploration, as it assists our knowledge of the geological structures controlling our targets.

The planned exploration program metrics and progress to date on our Western Cobar basin tenements follow, and both RC drilling and ground gravity programs start in early May:

Western Cobar Basin program (Wonawinta, Wirlong, Smiths Tank, Goldwing, Guzzi, McKinnons tenements)

Program outline	September 2021 program	Program actuals completed to date
Metres	17,000	3,584
No. of holes	90	35
Total cost	\$2.25m	\$836k

Cashflow and Hedging

Manuka generated \$1.75 million in positive EBITDA over the March Quarter. Operating cash flow for the Quarter was -\$294k, and for the 9 months to end of March was \$11.3m. Commencement of silver processing occurred during March. The commissioning of the silver production line followed a planned transition phase, and encountered various minor commissioning issues. The Company sees an expected return to generating healthy operating cashflows from May onwards.

The Company did not have any open hedge contracts as at 31 March 2022.

The amount outstanding at Quarter end to the Company's senior secured lender, TransAsia Private Capital (TA) was US\$8.0m million. This amount is due in a single repayment on 30 September 2022. As noted in the Company's half-yearly accounts, TA has advised they will be accommodating if an extension is required.

Total borrowings at 31 March 2022 were A\$11.27 million. Unused facilities available at Quarter end were A\$1.4 million and the cash balance was \$4.9 million. Net Debt was at its lowest level since IPO, at ~A\$6.5m.

In accordance with ASX Listing Rule 5.3.3, during the quarter, the Company made cash payments of \$0.139 million to related parties and their associates (refer items 6.1 and 6.2 of the Appendix 5B). This was the aggregate amount paid to the directors including salary, directors' fees, consulting fees and superannuation.

Statement of commitments

The following information is provided pursuant to Listing Rule 5.3.4 for the period ending 31 March 2022. Use of Funds estimates for 'Exploration and in-drilling activities' were fully expended as at 31 March 2021. At that point, actual exploration expenditure exceeded original estimates by \$0.582M due to expansion of the in-fill drilling program at Wonawinta and additional depth extension drilling at Mt Boppy, which have now been completed. Since 31 March 2021, additional funds have been expended on expanded exploration and drilling programs as outlined above (also refer item 2.1(d) in the Appendix 5B). These additional

activities have not been included in the table below as prospectus funds were fully expended during the period ended 31 March 2021.

Use of Funds³	Estimate	Actual	Variance
Type	(as per prospectus 22 May 2020)	from admission to 31 Mar 2022	Under / (Over)
	\$000	\$000	\$000
Exploration and in-drilling activities	3,579	4,161	(582)
Interest on convertible notes	1,761	1,780	(19)
Unpaid cash costs of the Offer	965	1,103	(48)
Working capital	3,071	3,071	-
Total Use of Funds	9,376	10,025	(649)

Mining Exploration Activities

In accordance with ASX Listing Rule 5.3.1 cash outflows for the quarter ended 31 March 2022 in relation to exploration and evaluation activities were \$0.725 million (refer Item 2.1(d) of the Appendix 5B) and predominantly comprised expenditure on:

- Drill programs were conducted on a number of prospects proximal to the Mt Boppy mine
 - Hardwicks – 3 km NW of Mt Boppy – 4 scissor holes (264m) to bisect a manganiferous shear zone. Highlights from this program included;
 - HDW008 -5m @ 3.5 g/t Au (from 25m downhole)
 - HDW016 – 4m @2.49 g/t Au or 10m @1.47g/t Au (from 21m downhole)
 - HDW012 – 1m @2.58g/t from 37m
 - Racecourse – 1 km N of Mt Boppy – 6 RC holes (1,200m) to test the Racecourse fault which appears to be a splinter off the main Mt Boppy fault. Results are pending from this program

Near term future prospects to be tested include the Bullseye area which is a large IP anomaly 600m east of the Boppy pit where 3 RC holes are expected to be complete in early May.

³ The above table is a statement of current intentions. Investors should note that the allocation of funds set out in the above table may change depending on a number of factors including the results of exploration, outcome of development activities, regulatory developments and market and general economic conditions. In light of this the Board reserves the right to alter the way the funds are applied.

Mining Development Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 March 2022 in relation to mining development activities were \$2.82 million (refer items 1.2(b) and 2.1(f) of the Appendix 5B) and again comprised outgoings in relation to pre-mining development studies, consultants engaged on development of the Wonawinta Silver Project which includes design of a structured pilot test program on the silver stockpiles which when executed will provide valuable information into mining studies and process flowsheet design for the eventual development of the Wonawinta resource. Metallurgical test work and tenement administration/ management comprise the balance.

Mining Production Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 March 2022 in relation to mining production activities were \$6.53 million (refer Item 1.2(c) of the Appendix 5B) and comprised the following:

Mining and crushing contractors	\$2.09 million
Hauling contractors	\$1.13 million
Processing	\$3.31 million

Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2022.

Tenement Location: **Wonawinta Silver Project** is situated approximately 90 kilometers to the south of Cobar, NSW, and comprises one (1) granted mining lease and seven (7) granted exploration licences as below, plus processing plant and associated infrastructure.

Tenement	Percentage held / earning	Change during quarter
ML1659	100%	-
EL6482	100%	-
EL7345	100%	-
EL6155	100%	-
EL6302	100%	-
EL7515	100%	-
EL6623	100%	-
EL8498	100%	-

Tenement Location: **Mt Boppy Gold Project** is situated approximately 45 kilometers east of Cobar, NSW, adjacent to the Barrier Highway. The Project comprises four gold leases, two mining leases, one mining purpose lease and one exploration licence which encompasses the MLs and extends the project area to the south.

Tenement	Percentage held / earning	Change during quarter
GL3255	100%	-
GL5836	100%	-
GL5848	100%	-
GL5898	100%	-
ML311	100%	-
ML1681	100%	-
MPL240	100%	-
EL5842	100%	-

There were no tenements acquired or disposed of during the quarter.

About Manuka

Manuka Resources Limited (ASX: MKR) is an Australian mining and exploration company located in the Cobar Basin, central west New South Wales. It is the 100% owner of two fully permitted gold and silver projects which include the following:

- Mt Boppy Gold mine and neighbouring tenements. The Mt Boppy project is currently in production and processing its gold ore through the Company’s processing plant at Wonawinta.
- Wonawinta silver project, with mine, processing plant and neighbouring tenements. The Wonawinta processing plant has a nameplate capacity of 850,000 tonnes per year.
- Highly prospective exploration targets on its ~1125km² tenement portfolio in the Cobar Basin.



This announcement has been approved for release by the Board of Directors of Manuka Resources Limited.

For further information contact:

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Important Information

This report includes forward-looking statements and comments about future events, including the Company's expectations about the performance of its businesses. Forward-looking words such as "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" or other similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this report to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. No Limited Party or any other person makes any representation, or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in the report will occur.

APPENDIX 5B***Mining exploration entity or oil and gas exploration entity
quarterly cash flow report******Name of entity***

Manuka Resources Ltd

ABN

80 611 963 225

Quarter ended ("current quarter")

31 March 2022

<i>Consolidated statement of cash flows</i>	<i>Current quarter \$A'000</i>	<i>Year to date (9 months) \$A'000</i>
1. Cash flows from operating activities		
1.1 Receipts from customers	10,351	49,173
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(40)	(101)
(c) production	(6,530)	(23,959)
(d) staff costs	(1,949)	(5,967)
(e) administration and corporate costs	(2,711)	(5,773)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	26	(2,368)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	559	286
1.9 Net cash from / (used in) operating activities	(294)	11,291
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(122)	(362)
(d) exploration & evaluation	(725)	(3,034)
(e) investments	-	-
(f) other non-current assets – (mine properties and development)	(2,782)	(3,915)

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

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)	29	(119)
2.6	Net cash from / (used in) investing activities	(3,601)	(7,430)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	5,000
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	(329)	(329)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(140)	(4,557)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(14)	(92)
3.10	Net cash from / (used in) financing activities	4,517	22

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,279	1,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(294)	11,291
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,601)	(7,430)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,517	22
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,900	4,900

5.	Reconciliation of cash and cash equivalents <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,900	4,279
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)	4,900	4,279

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	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: 6.1 This is made up of amounts paid to the directors including salary, directors' fees, consulting fees and superannuation.

Note: 6.2 This is made up of amounts paid to the directors including consulting fees in respect of exploration activities.

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	12,692	11,292
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	12,692	11,292

7.5 **Unused financing facilities available at quarter end** 1,400

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.

Lender	Facility type	Total Facility	Rate	Maturity
TransAsia Private Capital Limited	Secured Senior Debt Facility	10,692	13%	22/09/2022
ResCap Investments Pty Ltd	Unsecured Working Capital Loan	2,000	16%	22,09/2022

8.	<i>Estimated cash available for future operating activities</i>	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(294)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(725)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,020)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,900
8.5	Unused finance facilities available at quarter end (item 7.5)	1,400
8.6	Total available funding (item 8.4 + item 8.5)	6,301
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
	<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:	
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:	
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:	
	<i>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.</i>	

Compliance statement

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

Date: 28 April 2022

Authorised by:
 Toni Gilholme – Company Secretary
 On behalf of the Board of Directors

Notes

- 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.
6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.