

December 2022 Quarterly Activities Report

Key Points

- Sales revenue of A\$2.794m from 61,600 oz Ag & 243oz Au sold, total production of 54,214oz Ag & 243oz Au.
- Operating Cash Flow was (\$3.31m).
- \$4.1m raised via placement with up to ~50% of this earmarked for Cobar Basin exploration, driven by outcomes from the pending Strategic Exploration Review.
- Consistent presence of 'background gold' from Wonawinta silver production throughout the Qtr.
- Previously identified ~15% gold payable level (as % of sales) continued throughout the Dec Qtr¹.
- Commencement of the high-grade silver fines circuit, intended to run in tandem with the coarse material circuit, taking plant capacity from ~850kta to circa 1.0Mta with minimal increase in opex or capex.
- Silver production lower in Dec Qtr, largely due to the extreme rain which saw Cobar declared a natural disaster area on 14 Sept 2022, as well as ore crushing factors.
- The recently commissioned deslime circuit contributed to improving silver recoveries which reaching 70% for the Qtr (vs 55% in June Qtr & 60% in Sept Qtr) and hit our target level of 75% in month of Dec.
- ~80kt of high grade silver fines, of the original 515kt stockpile, remain to be processed.
- Processing of the remaining ~200,000t of 40-50g/t Ag material will be deferred until silver mining commences.

¹ After adjusting gold payables down for one-offs

- **Purchase of emerging VTM (vanadium titanomagnetite) producer Trans-Tasman Resources Limited completed during the Qtr.**

Wonawinta Silver Stockpile Trials Project

- **This Qtr. was 3rd quarter of Wonawinta Silver production from the ROM pad stockpiles.**
- **The initial stockpiles comprised 515,000t @ 70g/t Ag) as well as a further ~200,000t @ ~ 45g/t Ag.**
- **A total of ~420koz Ag (in addition to 721oz Au) has been produced at the Project as at Dec 31, below our initial target due to lower than expected, but steadily improving, recoveries as well as extreme weather significantly impacting stockpile processing.**
- **A key objective of the Trial was to gain insight into any potential metallurgical and production challenges posed by Wonawinta ore lithologies and mitigate this risk prior to the commencement of mining at the Project - this has been largely achieved.**

Mt Boppy Gold Project

- **Mr Philip Bentley² appointed as Chief Geologist during the Qtr. and his Strategic Exploration Review of the Manuka tenements will be announced imminently.**
- **Pending the Review and subsequent exploration drilling, Manuka plans to recommence Mt Boppy gold mining and production once an additional >75,000oz gold resource has been defined (expected within 12 months)**
- **Next phase of the Mt Boppy exploration program to commence early 2023**
- **Test work also underway on the screening and reprocessing of historic tailings and ROM pad mineralised material at Mt Boppy, which can be brought into production within a 60 day window. An update on this project will be provided separately.**

Trans-Tasman Resources Limited (TTR) – South Taranaki Bight Project

- **Manuka completed the purchase of TTR in November 2022**

² MSc Mineral Exploration (Rhodes University SA), MSc Economic Geology (Victoria University NZ) BSc (Hons) Geology (Victoria University Wellington)

- TTR is an emerging VTM (vanadium titanomagnetite) Project, which exposes Manuka to commodities listed as critical minerals in EU & USA, namely vanadium and titanium.
- A Bankable Feasibility Study (BFS) for a shallow offshore iron sands project has commenced.
- Manuka's vision is for a project initially recovering ~5 million tonnes of vanadiferous titanomagnetite (VTM) iron ore concentrate per annum over a 20-year mine life (mining licence MP55581 granted).
- TTR has a 5Mtpa mining licence already approved
- The next milestone for TTR is to resecure its EPA marine discharge consent to commence mining operations.
- The EPA's DMC (Decision Making Committee) will commence this process in mid February 2023.

Overview of the December Quarter 2022

As in the previous quarter, weather during most of the Dec Qtr posed ongoing challenges for the plant. The clay base of the high grade fines is prone to clogging when wet, and this proved to be the case for much of the Quarter. The implications of the excessive wet weather on the fines was largely unforeseen, and simple low cost solutions are being considered for future implementation when a decision to commence mining is made.

The Company commenced testing pulps from the exploration drill samples retained from the in-fill program which led to the May 2022 Wonawinta Resource Update, and additional testing will continue into early 2023. The company has been awarded \$300,000 in co-funding for this purpose under the NSW Government Critical Minerals and High-Tech Metals Activation Fund. The results will be ongoing and add to our knowledge of the deposits and pits which contribute to our Resource Estimate. Since the start of the stockpile program we have had gold payables equating to 15% of total revenues. These numbers would equate to 0.1 – 0.15g/t gold which border on assay detection limits, but if confirmed would have a material positive impact on the Mineral Resource, and mine plan (and consequent profitability).

The production and metallurgical results from the deslime circuit are positive and confirm the rationale behind our expectations of increasing plant capacity by between 200,000 – 250,000t/year. This equates to a >25% increase in plant throughput, which is an important lever to optimise profitability from the project.

Our Chief Geologist Phil Bentley has largely completed a full geological review on all the Company's tenements and identified a full ranking of targets and prospects. A summary of the review will be released through the ASX shortly. We have committed to a detailed exploration program for the next two years and carry great optimism within the Company on its success

In early December 2022 the Company undertook a capital raising of A\$4.1m for working capital and exploration activities. A total of circa 39 million shares were issued at 10.5 cents per share, plus one 17 cent option for every two shares expiring December 2025.

Operating Summary

Wonawinta Silver Project:

- Tonnes milled during the Dec Qtr were down substantially both against budget and the previous quarter. This was due to both weather related issues and ramp up of the deslime circuit (which has a smaller capacity than the main mill)
- Costs over the Quarter were halved and will remain at the reduced level until the larger mill is again restarted (which will occur once the decision to start processing silver or gold occurs).
- The deslime circuit does lead to increased recoveries (the plant achieved a steady increase over the past three months, to the 75% recovery achieved for the month of December). This obviously which makes it a key contributor to future metallurgical outcomes.
- The Company has made the decision to not process the 200,000t lower grade stockpiles during the term of the current trial project and will focus on optimising all facets of processing the high grade fines stockpiles.

Operating Summary

<i>Summary</i>		<i>Dec Quarter</i>	<i>Financial Year (YTD)</i>
Tonnes Milled	t	55,396	190,584
Silver in Circuit (31-12-22)	oz	73,680	73,680
Silver Recovered	oz	54,214	262,469
Silver Sold	oz	61,600	245,230
Gold Sold	oz	243	551
Silver Recoveries		75%	64%
Revenues	AUD \$'000	2,794	8,809

Resource Growth and Exploration Outlook

There were two bodies of geological work undertaken during the Dec Qtr;

- the first was the sampling program to help determine existence of gold within the Wonawinta Resource (silver),

- the second was the start of a substantial exercise, which included familiarising and reviewing the vast historical work programs and reports over the majority of our tenement package and understanding their controlling structures, as a starting point for the building of Manuka's first comprehensive Strategic Exploration Review

Mt Boppy Gold Project Quarterly Summary

Following completion of the Resource Update released in July 2022, Manuka continues to evaluate future mining scenarios for Mt Boppy and the surrounding areas. The current mineral resource estimate³ is a total of 281,850 tonnes @ 4.95 g/t. 6% of the resource is in the Inferred category with the remaining 94% in the Measured and Indicated category. Currently Manuka is targeting an additional >75,000oz insitu gold from the proposed exploration program prior to restarting mining.

Mt Boppy resource growth will obviously be a key focus in our Strategic Exploration Review

Cashflow and Hedging

Manuka generated (\$2.81) million in negative EBITDA over the December Quarter. Operating cash flow for the Quarter was (\$3.31) million.

The Company did not have any open hedge contracts as at 31 December 2022, although it did generate \$120k from a silver hedge position in October.

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 2023.

Total borrowings as at 31 December 2022 were A\$15.4 million. Unused facilities available at Quarter end were A\$266,000 and the cash balance was \$952,000.

In accordance with ASX Listing Rule 5.3.3, during the quarter, the Company made cash payments of \$0.159 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.

Mining Exploration Activities

In accordance with ASX Listing Rule 5.3.1 cash outflows for the quarter ended 31 December 2022 in relation to exploration and evaluation activities were \$0.301 million (refer Item 2.1(d) of the Appendix 5B) and predominantly comprised expenditure on:

³ 29 July 2022 ASX disclosure

- Field activities focussed on stockpile sampling and assessment in consultation with metallurgical department. This included identification of ore grade stockpiles located on the Wonawinta ROM;
- Leapfrog modelling on the eastern edge of the Mt Boppy Gold Project to extend the existing model of structures and mineralisation;

A holistic strategic review of the Company's entire tenement package with planning underway for a restart of work programs on western Cobar and Canbelego tenements subject to continued improvements in weather which had prevented field program (including drilling) over the second half of the year.

Mining Development Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 December 2022 in relation to mining development activities were \$5,000 (refer items 1.2(b) and 2.1(f) of the Appendix 5B). These outflows relate to final outgoings for to the transition to silver production.

Mining Production Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 December 2022 in relation to mining production activities were \$3.5 million (refer Item 1.2(c) of the Appendix 5B) and comprised the following:

Mining and crushing contractors	\$0.67 million
Processing	\$2.83 million

Mining Tenements

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

Tenement Location: **Wonawinta Silver Project** is situated approximately 90 kilometres 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.

<i>Tenement</i>	<i>Percentage held / earning</i>	<i>Change during quarter</i>
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 kilometres 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%	-

Tenement Location: **Taranaki EEZ New Zealand**

There were no tenements disposed of during the quarter, tenements acquired in New Zealand as a result of the acquisition⁴ of Trans-Tasman Resources Limited were;

Tenement	Percentage held / earning	Change during quarter
MMP 55581	100%	100%
MEP 54068	100%	100%

About Manuka Resources Limited

Manuka Resources Limited (ASX: MKR) is an Australian mining and exploration company with key assets located in the Cobar Basin, central west New South Wales. In addition to its recent acquisition of Trans-Tasman Resources Limited, it is the 100% owner of two fully permitted mining projects, one gold and one silver, both within the Cobar Basin, which include the following:

- Mt Boppy Gold mine and neighbouring tenements, hosting an existing open pit resource⁵ of 281,850 tonnes grading 4.95 g/t gold, based on a cut-off grade of 1.6 g/t for material within its current open pit design and a cut-off grade of 3.0 g/t for material below the current pit design. The Mt Boppy project having ceased current open pit mining activities in Q4 2021, is in advanced exploration as additional exploration is conducted beneath the pit floor and nearby prospects.
- Wonawinta silver project, with mine, processing plant and neighbouring tenements, hosting 51 million ounces of silver in a JORC resource⁶ grading 42 g/t silver at a cut-off grade of 20 g/t silver. The Wonawinta processing plant has a nameplate capacity of 850,000 tonnes per year. Stockpile processing at Wonawinta commenced in Q2 2022 as a trial to optimise the processing plant.

There exists a number of highly prospective exploration targets on Manuka's ~1,150km tenement package within the Cobar Basin.

⁴ ASX disclosure 11 November 2022

⁵ ASX release 29 July 2022

⁶ ASX release 1 April 2021



This announcement has been approved for release by the Chairman 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 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities	2,698	8,740
1.1 Receipts from customers		
1.2 Payments for	0	0
(a) exploration & evaluation	(1)	(23)
(b) development	(3,498)	(9,536)
(c) production	(1,938)	(4,281)
(d) staff costs	(780)	(749)
(e) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(77)	(255)
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	283	577
1.9 Net cash from / (used in) operating activities	(3,314)	(5,526)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(154)	(373)
(d) exploration & evaluation	(71)	(372)
(e) investments	-	-
(f) other non-current assets – (mine properties and development)	(5)	(5)

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	(231)	(751)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,110	4,110
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	(262)	(262)
3.5	Proceeds from borrowings	1,715	3,755
3.6	Repayment of borrowings	(1,318)	(1,557)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(41)	(81)
3.10	Net cash from / (used in) financing activities	4,205	5,966

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	291	1,263
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,314)	(5,526)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	(751)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,205	5,966
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	952	952

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	952	291
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)	952	291

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	159
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: 6.1 This is made up of amounts paid to the directors including salary, directors' fees, consulting fees and superannuation.</i></p> <p><i>Note: 6.2 This is made up of amounts paid to the directors including consulting fees in respect of exploration activities.</i></p>		

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	14,823	14,558		
7.2	Credit standby arrangements	-	-		
7.3	Other (please specify)	522	522		
7.4	Total financing facilities	15,345	15,080		
7.5	Unused financing facilities available at quarter end		266		
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	11,613	13%	30/09/2023
	ResCap Investments Pty Ltd	Unsecured Working Capital Loan	2,000	16%	30/09/2023
	Growfunding Pty Ltd	Vehicle Finance	65	6%	29/04/2025 Jan 2023
	Various	Working Capital finance	950	20%	- Mar 2023
	Other Stockpile Presale - Tennant Metals - \$522k				

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,314)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(71)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,385)
8.4	Cash and cash equivalents at quarter end (item 4.6)	952
8.5	Unused finance facilities available at quarter end (item 7.5)	266
8.6	Total available funding (item 8.4 + item 8.5)	1,218
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	.36
	<i>Note: if the entity has reported positive relevant outgoings (i.e. 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 - The Company is now processing its high grade fines stockpile. It has recently removed its large ball-mill from production, and notes that there will be no further crushing required on-site. These two actions will cut the cost-base of the Company in half. As at 31 Dec the Company had 100,000t of high grade silver fines awaiting processing as well as 70,000oz silver in circuit. When processed, these together will total >200,000oz. silver. The expected silver revenues will be cashflow positive.

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: As noted in 8.8.1 above, the Company is forecasting positive cashflows and profitability over the coming quarter. The Company is currently engaged in discussions to refinance its existing debt which will bring an additional cashflow buffer. Furthermore the Company does have additional facilities from an existing lender available to it.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company expects the processing of the remaining stockpile to be cashflow positive. This statement is made on the basis of employing a substantially reduced cost regime for the next 8 weeks (until the end of silver recoveries from the stockpile).

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 2023

Authorised by:

Toni Gilholme – Company Secretary

On behalf of the Board of Directors

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 – e.g. 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".

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

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.