

June 2022 Quarterly Activities Report

Highlights

- Sales revenue of A\$4.36m & Operating Cash Flow of (\$2.375m)
- Production totalled 170,171oz Ag & 170oz Au
- Silver production slow to ramp up during Quarter but plant currently running at steady state production levels of 100t/hr
- Continued increase in silver stockpile head grade month on month
- 'Transition to silver' production issues now overcome with positive cash flow and profitability expected over Sept Quarter
- After further Due Diligence the proposed purchase of the Reefion flotation plant will not proceed.

Wonawinta Silver Project

- Wonawinta Silver production commenced late March 2022
- First silver pour conducted 27 April 2022 making Manuka the only primary silver producer on the ASX
- Production rate target remains 150,000oz Ag per month
- Comprehensive ground gravity program over Wonawinta ML and adjacent EL's completed yielding a number of potentially exciting sulphide zones for further investigation.
- Silver project expenditure to date A\$4.9m (includes metallurgical test work, capital improvements and operational costs relating to start-up)

Mt Boppy Gold Project

- Updated Mt Boppy JORC mineral resource estimate released: 44,820oz Au @ 4.95g/t Au (of which 42,720oz Au in measured and indicated category)
- Cost per resource ounce <\$50/oz

Overview of the June Quarter 2022

The June Quarter marked the Company's first full quarter of silver production and no contribution from mining Mt Boppy gold ores. The silver production ramp-up has not been without its challenges. Chief among them was the sufficient feedstock for processing, and balanced plant operations which were not forthcoming. In amongst our plant operational issues, our contractors encountered equipment issues, a COVID-19 wave through their workforce, and the general staffing challenges confronting most mining related companies at present.

Our steady state production target of >150,000oz Ag per month was not achieved for any meaningful term during the June Quarter. Pleasingly, however, as at time of writing, the Project has enjoyed >14 days of consecutive production at over 100t/hour, which in turn makes achieving our monthly targets more likely. The Company believes the vast majority of 'transition to silver' production issues have now been overcome, with positive cash flow and profitability expected over Sept Quarter.

It was also noted in the March Quarter that progress of the near-mine exploration program (conducted on targets surrounding Mt Boppy) was impacted by adverse on-site weather conditions. Drilling at our final two targets, Racecourse and Bullseye, which was anticipated in end in May, remained impacted by soggy ground conditions but will recommence when conditions become suitable. It is worth noting that the cost of discovery per resource ounce at Mt Boppy is less than \$50/oz and further exploration is targeted aimed at further boosting the resource.

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 and which was delayed by the impacts of Covid-19, is now scheduled for the second half of CY22.

The first phase of the ground gravity program was completed and, as per Figure 1 below, identified a number of exciting targets.

As part of its due diligence process Manuka management conducted a site visit to the Reefion flotation plant during the Quarter as provided for under the Asset Sale Agreement. Following this, management has decided against the purchase. The significant increase in labour, transport and relocation costs over the past 6 months, together with the likely cost of required modification, greatly reduced the initial appeal of the purchase.

Operating Summary

Wonawinta Silver Project:

- Silver processing operations commenced as planned during March,
- Target mill feed level for steady state production was not consistently achieved during the Quarter but was reached post Quarter end
- The Company believes it has now overcome all its silver transitioning issues and expects positive cashflows and profitability over the coming quarter
- The decline in the silver price since March 2022 has delayed the announcement of the Maiden Wonawinta Silver Ore Reserve
- Ground gravity program completed on ML1659, EL6155 and EL7345 following substantial Covid-19 driven delays and highlighted a number of potentially exciting sulphide zones, which will be drilled in due course.

Operating Summary

Summary		June Quarter	Financial Year (YTD)
Tonnes Milled	t	113,587	113,587
Silver in Circuit (30-06-22)	oz	58,234	58,234
Silver Recovered	oz	170,171	170,171
Silver Sold	oz	128,348	128,348
Gold Sold	oz	370	370
Silver Recoveries		55%	55%
Revenues	AUD \$'000	4,391	4,391

Resource Growth and Exploration Outlook

Data collection and interpretation of the first phase of ground gravity over ML1659 was complete mid-June. This interpretation has identified a significant gravity high in the SW limb of the Wonawinta anticline proximal to drill locations (DBO 003) in one of the fences drilled in the Wonawinta Deeps program in 2021 which intersected sulphide mineralisation (see Figure 1 below). Field mapping of the lithological boundaries and identification of geological structure was performed along the lines of gravity highs (EW and NS) to improve confidence in the geological interpretation. These features will be drilled tested in the Sept Quarter, together with down hole electromagnetic (DHEM) surveys of previously cored holes to confirm sulphides potential.

A second phase of ground gravity data collection and interpretation will commence once results from drill testing of the currently identified targets has been completed. This body of work is currently scheduled to occur early Q4 CY22.

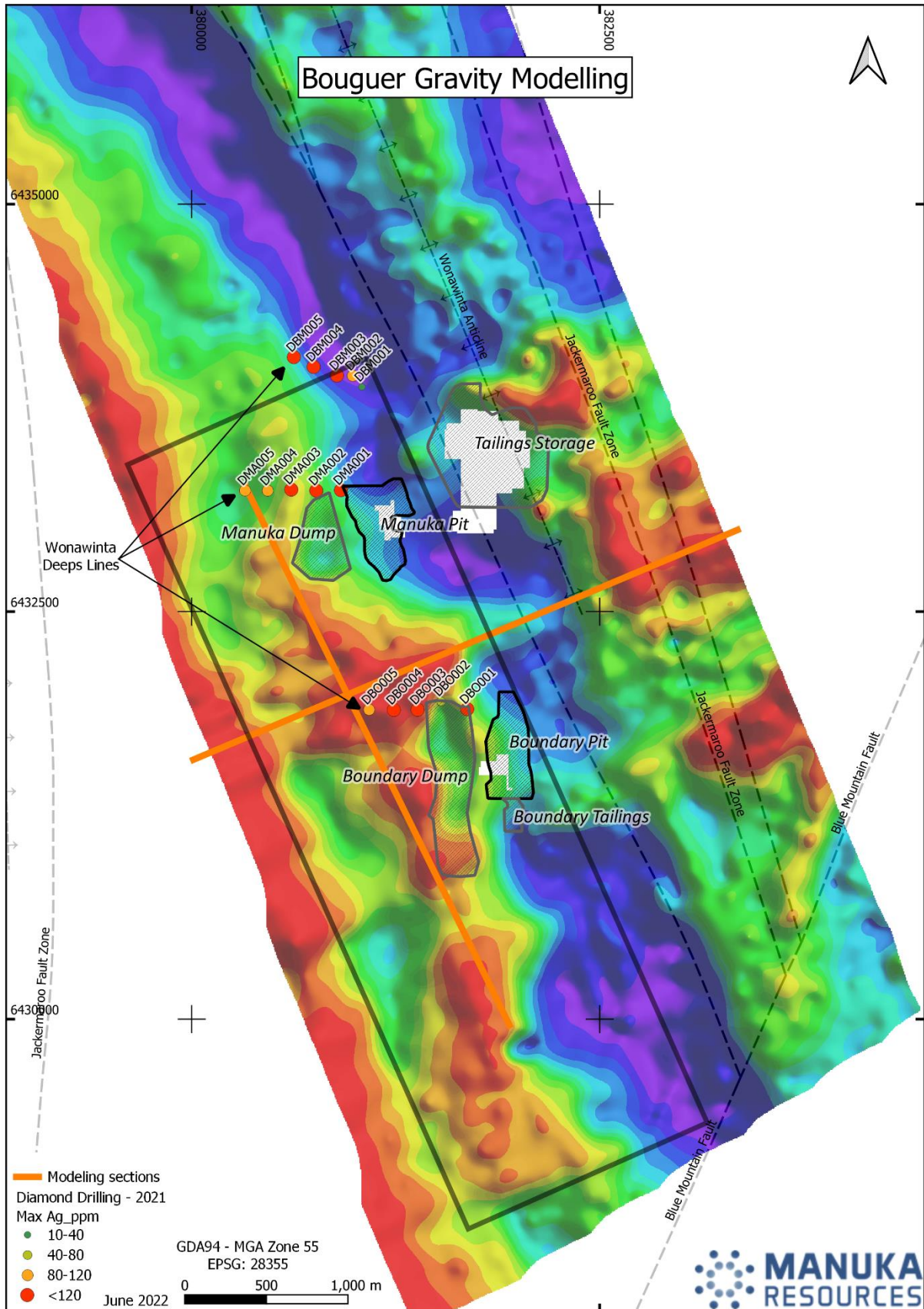


Figure 1: Ground gravity interpretations overlaid with Wonawinta Deeps drill program (released ASX 1 June 2021)

Mt Boppy Gold Project Quarterly Summary:

- As previously advised, Phase 1 of Mt Boppy gold mining completed end November 2021, and production ceased during March 2022;
- The company completed a Resource update at Mt Boppy in June 2022 (to be released end July 2022)

The Company is currently assessing its future plans for Mt Boppy, and likely to work towards growing the Resource to ~100,000oz gold before resuming mining.

Cashflow and Hedging

Manuka generated (\$5.08) million in negative EBITDA over the June Quarter. Operating cash flow for the Quarter was -\$2.375m and for the 12 months to end of June was \$8.916m. The transition to silver production took longer than forecast to reach internally targeted production efficiency levels. Quantity of ore through the plant has doubled (in comparison to the previously treated Mt Boppy gold ores), and the amount of actual metal production has increased by a factor of >25 when viewed in terms of metal in dore' (or filtercake as the case may be). Following a disappointing April and May, June production outcomes were significantly improved. As at time of writing, July has continued this rate of progress.

By committing to the transition to silver processing, the Company now has the flexibility to process gold ore from Mt Boppy, silver processing of Wonawinta ore and with its existing infrastructure, add a flotation circuit to the production facility quite economically.

To mitigate financial risk during the ramp-up of silver production the Company raised capital in the prior Quarter via a placement.

The Company did not have any open hedge contracts as at 30 June 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 as at 30 June 2022 were A\$12.585 million. Unused facilities available at Quarter end were A\$1.1 million and the cash balance was \$1.26 million.

In accordance with ASX Listing Rule 5.3.3, during the quarter, the Company made cash payments of \$0.114 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 30 June 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 Funds¹	Estimate	Actual	Variance
	(as per prospectus 22 May 2020)	from admission to 30 Jun 2022	Under / (Over)
Type	\$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 30 June 2022 in relation to exploration and evaluation activities were \$0.714 million (refer Item 2.1(d) of the Appendix 5B) and predominantly comprised expenditure on:

- Continued RC drilling of targets on EL5842 at Racecourse NE of the Mt Boppy mine and Bullseye directly east of Mt Boppy for a total of 1,095m. These programs were put on hold due to adverse weather impacts with rig remobilisation expected later in the September quarter to re-enter and complete Racecourse holes as well as drill the remaining two planned holes on Bullseye .
- Initial RC drilling on EL6302 (western Cobar basin) on the Sierra target for 362m. Again wet weather resulted in suspension of activities until conditions allow for re-mobilisation.
- Phase one of a ground gravity survey over ML1659 was completed in June with subsequent data interpretation identifying additional sulphide targets (co-incident

¹ 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.

with elevated Pb and Zn grades from the 2021 Wonawinta Deeps program) to follow up in due course.

- Sampling of stockpiles on the Wonawinta ROM continued with over 500 samples submitted to the site laboratory for analysis

Mining Development Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 30 June 2022 in relation to mining development activities were \$1.02 million (refer items 1.2(b) and 2.1(f) of the Appendix 5B). These outflows relate to further plant enhancements required for to the transition to silver production, as well as costs associated with the first fill.

Mining Production Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 30 June 2022 in relation to mining production activities were \$4.61 million (refer Item 1.2(c) of the Appendix 5B) and comprised the following:

Mining and crushing contractors	\$0.69 million
Hauling contractors	\$0.01 million
Processing	\$3.91 million

Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 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 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 largely Measured, Indicated and Inferred Resource 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 compliant silver resource 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.

A number of highly prospective exploration targets on its ~1150km² tenement portfolio in the Cobar Basin.



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	Quarter ended ("current quarter")	
80 611 963 225	30 June 2022	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,364	53,538
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	(101)
(c) production	(4,614)	(28,573)
(d) staff costs	(2,144)	(8,112)
(e) administration and corporate costs	(124)	(5,898)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(96)	(2,464)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	240	526
1.9 Net cash from / (used in) operating activities	(2,375)	8,916
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(76)	(439)
(d) exploration & evaluation	(714)	(3,747)
(e) investments	-	-
(f) other non-current assets – (mine properties and development)	(1,015)	(4,930)

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)	211	92
2.6	Net cash from / (used in) investing activities	(1,594)	(9,024)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	376	376
3.6	Repayment of borrowings	(3)	(4,561)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(41)	(133)
3.10	Net cash from / (used in) financing activities	331	353

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,900	1,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,375)	8,916
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,594)	(9,024)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	331	353
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,263	1,263

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	1,263	4,900
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)	1,263	4,900

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	114
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	13,685	12,585
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	13,685	12,585

7.5 **Unused financing facilities available at quarter end** 1,100

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%	30/09/2022
ResCap Investments Pty Ltd	Unsecured Working Capital Loan	2,000	16%	30/09/2022
Groufunding Pty Ltd	Vehicle Finance	72	6%	29/04/2025

8.	<i>Estimated cash available for future operating activities</i>	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,375)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(714)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,089)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,263
8.5	Unused finance facilities available at quarter end (item 7.5)	1,100
8.6	Total available funding (item 8.4 + item 8.5)	2,363
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.77
	<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: The Company has been transitioning to silver production during the current quarter. With 14 days of steady state production in July 2022, it is forecast that the net operating cash flows for the Company will be positive for the September 2022 quarter.	
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: No. As noted in 8.8.1 above, the Company is forecasting positive cashflows and profitability over the coming quarter and does not expect to require funding for operations.	
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 has completed its transition to silver production and expects to trade profitably and generate positive cashflows during the September 2022 quarter.	
	<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

- 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: 29 July 2022

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".
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.