

September 2022 Quarterly Activities Report

Key Points

- Sales revenue of A\$6.015m from 183,630 oz Ag & 308oz Au with Operating Cash Flow of (\$2.213m)
- Production totalled 208,255oz Ag & 308oz Au
- Consistent occurrence of 'background gold' at Wonawinta since commencement of stockpile processing of ~15% gold payable (as % of sales)
- In March Qtr Manuka will begin assaying samples from its late 2020 Wonawinta 14,000mt infill drill program for gold as the prevalence of 'background gold' thus far should have a material positive impact on the Mineral Resource, and mine plan
- Silver production up 20% on June Quarter, but processing still 30% below forecast throughput, due to weather and factors beyond the Company's control
- Silver recoveries improved from 55% in June Quarter to 60% September Quarter (target remains 75%)
- High-grade silver circuit commenced operations in early October following weather delays and is expected to produce over 300,000oz Ag (as well as a further ~100,000oz Ag from the ROM material)
- Manuka remains optimistic about profitability from silver production over the coming quarter as recently commissioned deslimmer circuit begins to positively impact recoveries
- Manuka agreed terms and entered into a binding agreement to purchase emerging VTM (vanadium titanomagnetite) producer Trans-Tasman Resources Limited during the Quarter

Wonawinta Silver Project

- This marks the 2nd quarter of Wonawinta Silver production (processing silver grading stockpiles located on our ROM pad)
- To date a combination of lower recoveries and reduced processing tonnages has negatively impacted silver production
- The high clay content in the stockpiles makes processing wet material very difficult following excessive rainfall
- Stockpile processing now expected to continue into early 2023.

Mt Boppy Gold Project

- Independent mine planning is well advanced, awaiting final pit cut back costings
- Updated Mt Boppy JORC Mineral Resource estimate released on 29 July showing 44,820oz Au @ 4.95g/t Au (of which 42,720oz Au in measured and indicated category)
- Next phase of Mt Boppy exploration program to commence early 2023

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

- Announced agreement to purchase 100% of TTR in a scrip transaction through the ASX on 1 August 2022
- TTR is an emerging VTM (vanadium titano magnetite) project, vanadium & titanium are listed as critical minerals in EU & USA
- Both Manuka and TTR shareholder approvals received, with overwhelming support for the transaction.
- Currently awaiting New Zealand regulatory consent to the change of control – expected first week of November 2022, with transaction completion expected shortly thereafter.
- Manuka believes that the combination of global tensions, the focus on renewable energy and security of supply of critical mineral from environmentally responsible producers, should prove to be extremely valuable.

Overview of the June Quarter 2022

The September Quarter was notable for its weather related challenges, as well as a very pleasing and consistent gold payable at Wonawinta which has attached itself to all silver

production to date. The gold payable equates to ~15% of total revenues (which converts to gold grades of 0.15g/t in the ROM stockpiles). Historical assays from the Wonawinta pits do not appear to have been tested for gold, and neither was our 14,000mt in-fill RC program completed late 2020 and announced in April 2021. In early 2023 the Company will be retesting a number of the pulps from that program, as the prevalence of gold equating to 15% of total revenues is expected to have a material positive impact on the Mineral Resource, and mine plan (and consequent profitability).

Conceived from the start as a trial production program, the processing of the Wonawinta ROM stockpile ores has yielded important metallurgical testwork data as well as operational changes, all targeted at improving recoveries. While the program has not achieved our profit objective for the stockpiles, due to both a 25% fall in the AUD silver price since May, and lower ore throughput, the lessons learnt to date will be invaluable for the transition to mining at Wonawinta.

Due to the low unit value of a silver ounce, processing needs to be conducted both with a high degree of consistency and on a bulk scale. Stoppages need to be minimised and this has not been the case with the 'Trial phase' program to date. We expect confirmation of the effectiveness of the desliming circuit in early November, and at this stage see the separation of the fine grade clays away from the CIL as vital. To date it appears confirmed that washing away the fine clay fractions reduces total feed material through the leach tanks by up to 50%. Metallurgical test work, confirmed by initial production findings, see an uplift in the feed grades to the leach circuit, which to date has been as high as double the pre-treated levels.

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 scheduled for first half of CY2023, following delays due to COVID and, more recently, adverse weather.

Operating Summary

Wonawinta Silver Project:

- Silver processing operations commenced during March but has yet to achieve the operational efficiencies and targeted recoveries. The recent completion and commissioning of the desliming circuit which will process the high-grade fines stockpiles is expected to redress the performance to date
- The fines stockpiles have been accumulated over the past 6 months in anticipation of the commissioning of the high grade circuit
- The Company remains optimistic about profitability from silver production over the coming quarter

- The decline in the AUD silver price since March 2022 continues to delay the announcement of the Maiden Wonawinta Silver Ore Reserve

Operating Summary

<i>Summary</i>		<i>Sept Quarter</i>	<i>Financial Year (YTD)</i>
Tonnes Milled	t	135,188	135,188
Silver in Circuit (30-09-22)	oz	83,190	83,190
Silver Recovered	oz	208,255	208,255
Silver Sold	oz	183,630	183,630
Gold Sold	oz	308	308
Silver Recoveries		60%	60%
Revenues	AUD \$'000	6,015	6,015

Resource Growth and Exploration Outlook

The majority of geological work conducted over the Sept Quarter related to stockpile sampling throughout the ML for processing together with the ROM silver bearing stockpiles. We have continued desktop reviews across the tenement portfolio with a view to commencing field programs (including drilling) once weather conditions stabilise. We anticipate a comprehensive review of all our targets to occur in Q1 and will announce fully costed exploration plans and methodology to be employed to the market prior to commencement.

Mt Boppy Gold Project Quarterly Summary:

- Following the completion of the Resource Update released in July 2022, Manuka continues to evaluate future mining scenarios for Mt Boppy and the surrounding areas.

Cashflow and Hedging

Manuka generated (\$4.73) million in negative EBITDA over the September Quarter. Operating cash flow for the Quarter was -\$2.213m.

The Company did not have any open hedge contracts as at 30 September 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 2023.

Total borrowings as at 30 September 2023 were A\$15.108 million. Unused facilities available at Quarter end were A\$207,000 and the cash balance was \$291,000.

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.

Mining Exploration Activities

In accordance with ASX Listing Rule 5.3.1 cash outflows for the quarter ended 30 September 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:

- Field activities focussed on stockpile sampling and assessment in consultation with metallurgical department. This included identification of ore grade stockpiles located off the ROM at the Wonawinta plant;
- Leapfrog modelling on the eastern edge of the Mt Boppy Gold Project to extend the existing model of structures and mineralisation;
- Planning commenced for restart of drill programs on western Cobar tenements subject to continued improvements in weather which had prevented drilling in the September quarter; and
- Helicopter VTEM program for Canbelego (EL5842) survey remains in program pipeline with a start date to be fixed shortly.

Mining Development Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 30 September 2022 in relation to mining development activities were \$0.23 million (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 30 September 2022 in relation to mining production activities were \$6.04 million (refer Item 1.2(c) of the Appendix 5B) and comprised the following:

Mining and crushing contractors	\$1.01 million
Processing	\$5.03 million

Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 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.

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, and has entered into binding documentation to purchase Trans-Tasman Resource Limited (TTR):

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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Manuka Resources Limited
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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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,042	6,042
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(23)	(23)
(c) production	(6,038)	(6,038)
(d) staff costs	(2,342)	(2,342)
(e) administration and corporate costs	31	31
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(177)	(177)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	295	295
1.9 Net cash from / (used in) operating activities	(2,213)	(2,213)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(219)	(210)
(d) exploration & evaluation	(301)	(301)
(e) investments	-	-
(f) other non-current assets – (mine properties and development)	-	-

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	(520)	(520)

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	-	-
3.5	Proceeds from borrowings	2,040	2,040
3.6	Repayment of borrowings	(238)	(238)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(40)	(40)
3.10	Net cash from / (used in) financing activities	1,761	1,761

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,263	1,263
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,213)	(2,213)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(520)	(520)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,761	1,761
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	291	291

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	291	1,263
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)	291	1,263

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	-
<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	14,848	14,641		
7.2	Credit standby arrangements	-	-		
7.3	Other (please specify)	467	467		
7.4	Total financing facilities	15,315	15,108		
7.5	Unused financing facilities available at quarter end		207		
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
	Growfunding Pty Ltd	Vehicle Finance	72	6%	29/04/2025
	Various	Working Capital finance	475	20%	31/01/2023
	Other Stockpile Presale - Tennant Metals - \$467k				

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,213)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(301)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,514)
8.4	Cash and cash equivalents at quarter end (item 4.6)	291
8.5	Unused finance facilities available at quarter end (item 7.5)	207
8.6	Total available funding (item 8.4 + item 8.5)	498
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	.20
	<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 faced significant delays in the transition to Silver due to weather conditions, external contractor issues, and delays with the deslime circuit (silver high grade circuit) only becoming fully operational at the end of September 2022. Weather conditions have continued to hamper processing of fine materials in early October 2022. The Company has now 140,000t of high grade silver fines awaiting processing as well as 100,000t of coarser material, and an operational desliming circuit and expects to see the cashflow position turn around promptly as it undertakes the recovery of 400,000oz Ag.

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 and does not expect to require funding for operations. Any material unplanned delay in production will trigger a need for raising of cash to fund 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 December 2022 quarter.

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 October 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.