



15 November 2021

ASX Market Announcements

CHAIRMAN'S ADDRESS TO THE 2021 ANNUAL GENERAL MEETING

Dear Shareholders,

During the 2021 financial year, the Covid-19 pandemic with government imposed travel restrictions and lockdowns has continued to adversely impact business activities. We experienced delays in implementing some of our planned exploration and in receiving results of samples that we sent to the laboratory.

Nevertheless, as detailed in our Annual Report, we completed significant amount of soil and rock sampling, survey, geological mapping and drilling with interesting results within our two Broken Hill tenements, EL 8745 Kanbarra and EL 8747 Stirling Vale. We were encouraged to expand further in that region so we applied for 3 new tenements that were granted in August 2021, namely EL 9220 Enmore, EL 9224 Eureka and EL 9230 Mt Darling, to explore for battery metals, including copper, zinc, nickel and cobalt, and gold.

We have also applied for and been granted in August 2021 a new tenement EL 9252 McAlpine adjoining our existing tenement EL 8954 Brungle Creek near Tumut to explore for copper, cobalt and chromium.

With the expectation of increased global take up of electric vehicles that will create significant supply deficits of battery minerals within 2 years we are now well positioned in our exploration strategy in that sector.

In spite of the lockdowns in NSW until mid-October 2021, we have during that period contracted and completed substantial data analyses and geological mapping to identify targets for sampling, surveys and if warranted, drilling for all the tenements in Broken Hill and Tumut regions. As travel restrictions in regional NSW have now been lifted we are planning field-based work in the near future.

Rare earths elements ("REE") have been declared critical minerals of the future by Australia, USA and European Union and the current world significant dependence on supply from China has spurred those countries to encourage production from other sources with government financial support. REE are used in manufacture of magnets for electric vehicles and wind turbines and in electronic devices.



We are planning to expansion into that promising mineral sector and consequently have applied in August and September 2021 for 3 new tenements covering areas totaling approximately 2,777 square kilometres within the Loxton Sands or equivalent of the Murray Basin and Otway in South Australia. **Australian Rare Earth (ASX:AR3) has recently announced¹ a JORC inferred mineral resource at their Koppamurra project, located south of our application tenements, prospective for ionic clay REE deposit.** We look forward to the grant of those tenements so that we can implement field exploration in early 2022.

During the year, we disposed of EL 6400 Koonenberry in NSW. We settled the transaction in August 2021 and received \$97,360 cash and 15 million shares in ASX listed Odin Metals Limited (ASX:“ODM”) which provides us continued exposure to gold and copper exploration potential in the Koonenberry region without the need to allocate funds. ODM has announced completion of an electromagnetic survey in the last quarter and a 5,000 metre reverse circulation drilling program for the current December quarter.

Our corporate overheads remain under control even with increased exploration activities in 2021. Financial year 2022 presents another period of potentially high exploration activities with the newly granted tenements near Broken Hill and Tumut and the forthcoming grant of the REE tenements in SA. We require additional capital to fund the exploration work and have proposed a motion at this meeting to allow us to raise additional equity capital in the next 3 months while mindful of dilution of our shareholders’ interests.

In financial year 2021, we raised \$683,400 in new equity capital for exploration and working capital and distributed \$150,000 in Junior Minerals Exploration Incentive (“JMEI”) credits, equivalent to \$0.2195 for each \$1 raised, to those shareholders and investors who participated in the capital raisings. If they are eligible, they should be able to claim that credit as refundable tax offset or franking credit in their 2021 tax return.

In September 2021 following our application, the Commissioner of Taxation has allocated the Company JMEI credits of \$500,000 that may be distributed to eligible investors when the Company raises new equity capital and conducts eligible exploration activities in the income year ending 30 June 2022. The distribution of the allocated exploration credits in 2022 may not be at the same rate per \$1 invested as in 2021 because it will be based on the actual amount of capital raised, the eligible exploration expenditure incurred and the tax loss of the Company in the income year 2022.

I wish to thank all our shareholders for their continued support as we look forward to successful exploration in 2022.

Boris Patkin,
Chairman

¹ see AR3’s ASX announcement of 13 July 2021 and AR3’s prospectus dated 7 May 2021 released on ASX announcement platform on 29 June 2021