

31st January 2022

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 DECEMBER 2021

CORPORATE

Enova Mining Limited (“Enova”, “the Company”) remains focused on the development of the Charley Creek rare earth project located in central Northern Territory, Australia.

FINANCE

As previously reported on 22nd October 2021 an additional loan arrangement amounting to \$50,000 was entered into with EMMCO Sdn. Bhd. (EMMCO, a Malaysian incorporated company). The loan is unsecured, with interest of 15% per annum and a maturity date of 22nd April 2022. A total of \$350,000 has been funded by EMMCO with funds used to support and finalise metallurgical test work of the Cattle Creek area drill samples and on-going company operational expenses.

To date the total loans committed to by Enova are tabulated below:

| Date of Original Loan | Principal AUD\$ | Flat Interest Rate per annum | Interest on Maturity AUD\$ | Due Date/Maturity |
|-----------------------|--------------------|---------------------------------|-------------------------------|----------------------|
| 9 Oct. 2020 | 50,000 | 15% | 10,701.95 | 8 Feb 2022 |
| 19 Oct 2020 | 50,000 | 15% | 10,701.95 | 19 Feb 2022 |
| 12 April 2021 | 100,000 | 15% | 15,562.50 | 12 April 2022 |
| 26 July 2021 | 100,000 | 15% | 7,561.64 | 26 Jan 2022 |
| 22 Oct 2021 | 50,000 | 15% | 3,739.73 | 22 April 2022 |

Enova Director, Mr Harun Halim Rasip, is a Director and Shareholder of EMMCO. EMMCO has given assurance that Enova will be able to roll-over the loan and will not call for settlement until Enova is in a stronger financial position.

The Company continues to investigate all available funding options and will access short-terms loans, as available. Given the level of interest in the rare-earth mineral sector, the Company is actively in discussions with investors in anticipation of short-term funding by way of private placements.

The Company and its Board closely monitor and manage its treasury to ensure adequate funds for metallurgical test work and other expense commitments are in place.

PROJECT DEVELOPMENTS

Strategic Developments

During the latter half of 2021, the global price of several significant heavy and magnet rare earth oxides increased by over 40%. Export restrictions imposed by China has raised concerns about tightening global supply. As a result, Enova's rare earth basket price increased significantly which is favourable for the Charley Creek projects' economics, in particular the projects' gravity mineral separation process option.

Strategic Direction

A combination of gravity mineral separation and leach processing operations at Cattle Creek address the extraction of rare earth minerals and scandium from different rock-types in the same area. Developing a two-process operation would delay bringing the project to market. Focus on developing the gravity separation process project early maybe more important than recognizing the full value of Cattle Creek as a two-process operation project. Substantial rises in rare earth prices have catapulted the value of the gravity separation process option. For this reason, the Enova Board are seeking a timely resource update and pit optimization/economic assessment to decide the best strategy for the Company.

Gravity mineral separation and leach processing options are synergistic, so both are included in the Company's latest operational plans. This planning allows Enova to recognize the value of each process/operational option. A baseline project concept, subject to expert peer review, has been developed to assess the resource model. The mineral processing operations included in this plan are outlined below:

- Gravity mineral separation operation: alluvial sands and metasediments will be mined and processed using gravity separation to produce monazite and xenotime concentrates. Our current plan targets 22.5 Mtpa plant feed throughput, with several beneficiation steps and desliming. Approximately 10 Mtpa of upgraded sand will be treated by spiral separation. Wet magnetic and dry electrostatic separation will further upgrade rare earth concentrates to separate gangue, ilmenite, rutile, and zircon minerals. High-quality rare-earth concentrate will be cracked by acid roasting, as needed for downstream leach separation. Numerous gravity processing trials/tests have been completed over the years which will allow expert assessment of our plans and expectations.
- Leach process operation: the gravity operation effectively strips overburden at profit to expose higher grade saprolite and weathered bedrock suitable for acid leach extraction. Our current plan targets 6 Mtpa plant feed throughput. After several beneficiation steps, approximately 1.8 Mtpa of fines will be leached. The quantity of rejected gangue may seem high but a significant scandium upgrade justifies the economics of acid leach. An onsite acid plant will produce low-cost sulphuric acid, generate heat and power for all operations. Our laboratory leach test work over the last year gives us confidence of the conditions needed for low acid consumption. Rare earths and scandium for leach extraction will be adsorbed and further separated using SX circuit refinement.

PROJECT ACTIVITY

During the December Quarter, Enova compiled all historic drilling information since 2008, and coupled it with updated data from the 2019 resource drilling programme. Using this data, SRK commenced resource modelling in November 2021. An interim model is expected in January 2022.

Enova compiled all the metallurgical studies and test work over the last decade and from the 2020/2021 sapolite beneficiation and leach test work undertaken in October 2021. Further work was completed by Enova during November on the establishment of a baseline project for peer review and refinement. As the resource model is under-development, best estimates of the expected resource rock-types were used to develop the operational model. This operational model will be updated as actual material type estimates from the updated resource model become available. This will then be further refined by pit optimization.

Engenium Brisbane, a Stantec Group company, commenced technical assessment of the metallurgical data compilation and process plan in December. This review is expected to be complete in early February 2022. This will form the basis of the support work for the JORC 2012 RPEEE (Reasonable Prospects of Eventual Economic Extraction test) requirements to complete the resource estimate for publication

Enova expects to issue a resource statement announcement in the first quarter of 2022.

FURTHER DEVELOPMENTS

Further funding will be required to advance the project to the Pre-Feasibility Study stage. Enova will be seeking to undertake the following project work, as broadly listed below:

Gravity Separation Plant

1. pilot scale “proof of concept” gravity plant testing,
 - confirm feed beneficiation,
 - gravity separation/concentration,
2. concentrate beneficiation by magnetic and electrostatic separation,
 - assess quality of titanium and zircon by-products,
3. generate sufficient concentrate from above work for acid-roast cracking tests and produce solutions for rare earth separation simulation

Leach Plant

1. Establish a metallurgical test facility to investigate:
 - a. leach optimization,
 - b. metal precipitation,
 - for the recovery of valuable non-rare earth metals from solution,
 - for the removal of deleterious metals
 - c. solvent extraction and ion exchange separation trials

Extension drilling for Cattle Creek

1. Drill orebody extensions identified from modelling the 2019 exploration drilling,
2. Obtain large metallurgical samples for gravity and metallurgical test work

Resource Update and Engineering Study

Environmental Engineering and Assessment

Budgets for this work will be announced closer to the time of the next fund raising and subject to further information from the resource assessment process. Enova is actively seeking interest and support from 'Sophisticated Investors'. Failing this, the Company will seek public funding, by preparing an Information Memorandum and engaging an advisor to assist in raising funds.

TENEMENTS

There has been no change in tenement holdings since the March 2020 quarter and no tenement reductions are planned in 2022.

Tenement Holdings for period ending December 2021

| Tenement | Name / Location | Group | Owner | AREA (Sub-blocks) | AREA (Km2) |
|----------|--------------------|-------------------------------|--------------------------|----------------------|---------------|
| EL 24281 | Charley Creek | GR086 Charley Creek 1 | CNPL 100% | 37 | 116.60 |
| EL 25230 | Cockroach Dam | GR086 Charley Creek 1 | CNPL 100% | 102 | 289.00 |
| EL 27358 | Hamilton Downs | GR086 Charley Creek 1 | CNPL 100% | 8 | 25.17 |
| EL 31947 | Cloughs Dam | GR086 Charley Creek 1 | CNPL 100% | 20 | 59.57 |
| | | Charley Creek 1 | | 167 | 490.34 |
| EL 28434 | Hamilton Homestead | GR339 Charley Creek 2 | CNPL 56.28% / EMR 43.72% | 4 | 12.08 |
| EL 29789 | Mulga Bore | GR339 Charley Creek 2 | CNPL 56.28% / EMR 43.72% | 4 | 12.61 |
| | | Charley Creek 2 | | 8 | 24.69 |
| | | TOTAL OF ALL TENEMENTS | | 175 | 515.03 |

Crossland Nickel Pty Ltd (CNPL) - Wholly owned by Enova
Essential Mining Resources Pty. Ltd. (EMR) - Wholly owned by Enova

Further information about Enova is available at our website www.enovamining.com.

The market will be kept appraised of developments, as required under ASX Listing Rules and in accord with continuous disclosure requirements.

Approved for release by the Board of Enova Mining Limited



Eric Vesel,
CEO/ Executive Director.
Enova Mining Limited

Contact details:
eric@enovamining.com

About the Charley Creek Project

The Charley Creek rare earth project is located 110 km W-NW of Alice Springs in the central Northern Territory, Australia (see map below, Figure 1). Enova Mining Limited, with 100% project equity, is working to re-establish a resource statement and scoping study. The project is well positioned to be a low environmental impact mine with few encumbrances. Conditions are ideal for low-cost mining, in low lying topography with dry free-dig material. Following a comprehensive drilling programme at Cattle Creek in 2019, over an area of 10 sq.km, metallurgical laboratory test-work is investigating the recovery of rare earth and scandium metals. The targeted final products are high purity rare earth and scandium oxide/hydroxide/carbonates, suitable for export to downstream high-purity product refiners, with potential industrial mineral by-products.

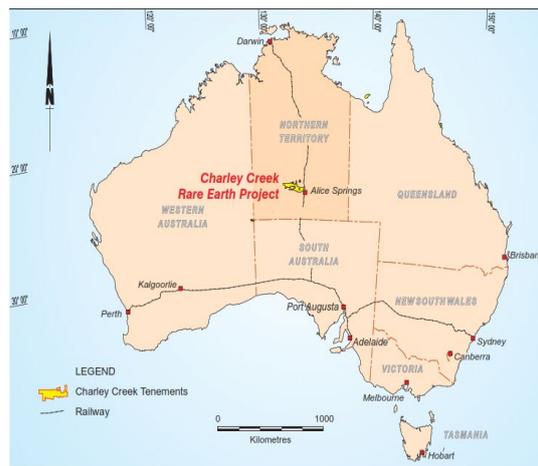


Figure 1 – Charley Creek Project Location

Disclaimer

This ASX announcement (Announcement) has been prepared by Enova Mining Limited (“Enova” or “the Company”). It should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this Announcement.

This Announcement contains summary information about Enova, its subsidiaries, and their activities, which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Enova.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Enova’s securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are many risks, both specific to Enova and of a general nature which may affect the future operating and financial performance of Enova and the value of an investment in Enova including but not limited to economic conditions, stock market fluctuations, commodity price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Enova and its projects, are forward-looking statements that: may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Enova, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Enova disclaims any intent or obligation to update publicly any forward-looking statements, whether because of new information, future events, or results or otherwise. The words ‘believe’, ‘expect’, ‘anticipate’, ‘indicate’, ‘contemplate’, ‘target’, ‘plan’, ‘intends’, ‘continue’, ‘budget’, ‘estimate’, ‘may’, ‘will’, ‘schedule’ and similar expressions identify forward-looking statements. All forward-looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. No verification: although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement has not been independently verified

Appendix 5B

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

| |
|----------------------|
| Enova Mining Limited |
|----------------------|

| |
|-----|
| ABN |
|-----|

| |
|-----------------------------------|
| Quarter ended ("current quarter") |
|-----------------------------------|

| |
|----------------|
| 64 087 595 980 |
|----------------|

| |
|------------------|
| 31 December 2021 |
|------------------|

| 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 | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (34) | (112) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (18) | (144) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (GST & Workers Compensation Insurance Refund) | 7 | 21 |
| 1.9 Net cash from / (used in) operating activities | (45) | (235) |

| | | |
|--|--|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) tenements | | |
| (c) property, plant and equipment | | |
| (d) exploration & evaluation | | |
| (e) investments | | |
| (f) other non-current assets | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 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 | | |

| | | |
|---|-----------|------------|
| 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 | 50 | 250 |
| 3.6 Repayment of borrowings | | |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (provide details if material) | | |
| 3.10 Net cash from / (used in) financing activities | 50 | 250 |

| | | |
|---|------|-------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 58 | 48 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (45) | (235) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | | |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 50 | 250 |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 63 | 63 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 63 | 58 |
| 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) | 63 | 58 |

| 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 | NIL |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | NIL |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|--|--|
| <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> | | |
| 7.1 Loan facilities | 350 | 350 |
| 7.2 Credit standby arrangements | 0 | 0 |
| 7.3 Other (please specify) | 0 | 0 |
| 7.4 Total financing facilities | 350 | 350 |
| 7.5 Unused financing facilities available at quarter end | | - |
| 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. | <p>New Loan was received on 22nd Oct 2021 from EMMCO Mining Sdn Bhd of AUD\$50,000 maturing on 22nd April 2022</p> <p>As of 31.12.2021, five Loans provided by Emmco Mining Sdn Bhd total AUD\$350,000 (Principal only) plus accrued interest of AUD\$38,326.77. Each loan having a maturity date of 08/02/2022, 19/02/2022, 12/04/2022, 26/01/2022 and 22/04/2022 respectively.</p> <p>All loans are six month term with interest charges at 15%pa.</p> <p>EMMCO is associated with Director, Mr Harun Halim Rasip.</p> | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (45) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (45) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 63 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | |
| 8.6 Total available funding (item 8.4 + item 8.5) | 63 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1.4 |
| <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? | |
| <p>Answer: Enova continue to have support from major Enova investor EMMCO. They provide assurance that funding will be required to continue activities. Currently, funding has been provided by way of loans. The company intends to complete and issue a mineral resource statement in Qtr 1, 2022. This will allow Enova to seek equity capital to fund development activities.</p> | |

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: The rare earth resource segment is currently of immense interest to investors. As mentioned, the company intends to complete and issue a mineral resource statement in Qtr 1, 2022. This will allow Enova to seek equity capital to fund development activities. The company continues to receive support from its major lender EMMCO Mining Sdn Bhd until such time that the company is in a position to seek external equity capital

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. Existing funding and potentially a further loan from its major lender EMMCO Mining Sdn Bhd will allow Enova to complete its development activities to enable a capital raise in Qtr1, 2022.

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 2022



Authorised by: The Board of Enova Mining Limited
(Name of body or officer authorising release – see note 4)

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:

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

"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.