



ASX Announcement

22 April 2022

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 March 2022

Triton Minerals Limited (ASX: TON) (“Triton” or “the Company”) provides its activity report for the quarter ending 31 March 2022 (“the Quarter”).

HIGHLIGHTS:

Ancuabe Project Development

- **Strategic Review and Desktop Study** - Completed an extensive review of the various alternatives for bringing the **Ancuabe Graphite Project (the Project)** into production in the short term, which demonstrated the Project could be developed initially via a Commercial Pilot Plant (**CPP**) as part of a two-stage development strategy, using a modular build approach which would provide the most efficient and cost-effective solution to developing the Project ⁵.
- **Developed the Ancuabe Two Staged Strategic Development Plan⁵:**
 - **Stage 1** – development and construction of CPP processing plant that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate.
 - **Stage 2** – expansion to a large-scale operation as planned in the 2017 DFS¹ incorporating value-add enhancements identified in Stage 1.
- **Value Enhanced Products and Marketing Strategy Study** – commenced investigating value-add opportunities through products and marketing, primarily for the lithium-ion battery and graphite foil applications, aimed to increase shareholder value⁵.
- **Scoping Study for Stage 1** – commenced the investigation of the Stage 1 processing plant that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate.
- **Debt Funding** – continued engagement and discussions with western debt providers.
- **BOOT Arrangements** – executed a MOU with HIMOINSA Southern Africa for the development of a modular, cost effective and sustainable power solution for the Project ^{3/4}.
- **High Grade Mining Option** – commenced a review of the T16 pit to determine if high grade mine plan can be developed for the Stage 1 CPP.
- **Approvals** – commenced final approvals to commence production.
- **Offtake** - discussions with the Project off taker YXGC (Yichang Xincheng Graphite Co Ltd) for the production of a bulk graphite concentrate, to potentially reduce initial capital expenditure associated with concentrate sizing circuit ².

Corporate Activities

- **Cash on hand** – as at 31 March 2022 - **\$3.2M**

ANCUABE DEVELOPMENT ACTIVITIES

On 21 October 2021 the Company announced the commencement of a **Strategic Review** of the Project, focused on bringing the Company's flagship project into production in the short term, at a small scale, on a commercially viable basis.

The primary objective of the strategic review was to establish a Commercial Pilot Plant (**CPP**), which can be brought into production in the near term, aiming to produce commercially viable quantities of concentrate to prove the viability of both the product and of the large-scale project (60ktpa) in the medium-longer term.

As well as providing validation of the process for potential funding partners, product from the CPP will enable the Company to generate further interest from potential offtake partners. The Strategic Review focussed on investigating the potential for scaling down the operations considered in the DFS, initially targeting production on a smaller scale, with the CPP proposed to be located at the Ancuabe site in Mozambique.

In the DFS completed in 2017 for the Project, Triton established the project as a globally significant graphite development project with strong returns (US\$298m, IRR 37%), targeting production of 60ktpa of high purity large flake graphite concentrate over a long mine life (27 years), with short payback period (3.7 years).

Work Completed in the Quarter

The Company continues to make good progress on developing the Ancuabe Project with the following work completed or substantially progressed during the quarter:

Strategic Review and Desktop Study

The completion of the Strategic Review and Desktop Study of the Project for the CPP, demonstrated that the Project could be developed on a CPP basis, and it revealed that utilising a two-stage, modular build approach would provide the most efficient and cost-effective solution to developing the Project.

The **Ancuabe Staged Strategic Development Plan** is the development of the project in two stages as follows:

- **Stage 1** - development and construction of CPP for a small-scale processing plant, capable of producing flake graphite concentrate on a commercial basis.
- **Stage 2** - expansion to a large-scale mine as envisioned in the 2017 DFS incorporating value-add enhancements identified in Stage 1.

Stage 1 of the CPP will consist of the construction of a small-scale processing plant, capable of producing flake graphite concentrate on a commercial basis, which will allow the company to sell commercial sized parcels of "run of mine" graphite flake concentrate to off-takers. It is planned to investigate a processing plant that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate.

The modular plant not only allows a smaller and cheaper plant to be constructed but can be completed in short time frame also allows for scaling up to the large-scale project as planned in the DFS. The scoping study will investigate other options to reduce up-front capital costs such as dry-stack tailings, single of bulk concentrate and de watering requirements. Direct funding would be lower with the use of BOOT's, contractors and leasing (for example).

Triton is aiming to bring the CPP into production within 18 months or by the September Quarter 2023, therefore it has immediately commenced a scoping study (in March 2022). Whilst undertaking the scoping study, the company will assess the capabilities of the plant and undertake a similar comprehensive costing review exercise to ascertain the possibility of utilising a modular build methodology for process plant.

Stage 2 of the CPP will be an expansion of Stage 1 to the full 2017 DFS capacity of 1 Mtpa of ore processed for 60 k tpa of graphite concentrate produced.

The current options for the Stage 2 expansion are expected to occur in either one, two or three expansion phases. The final Stage 2 expansion plan will be based upon the performance of the process plant in Stage 1, incorporating value-add enhancements identified in Stage 1 and also the prevailing market demand for flake graphite at the time.

It is estimated that the Stage 1 CPP will operate for at least 2 years, prior to the Stage 2 expansion, which will allow the process circuit to be proven and optimised.

The Stage 2 CPP expansion is expected to involve the installation and construction of additional processing plant and support service services for a fully operational, large-scale mine as envisioned in the 2017 DFS, incorporating value-add enhancements.

***NOTE:** The Company has not yet made a production decision in respect of Stage 1 or 2 and will assess the results of a definitive feasibility study before making a production decision in respect of each of the Phases moving forward.*

Triton has also commenced a **Value Enhanced Products and Marketing Strategy Study**, in which Triton will investigate value-added adding opportunities through products and marketing, primarily for the lithium-ion battery and graphite foil applications, to build a vertically integrated business model to supply premium quality graphite products into a diverse range of premium markets.

This is aimed to increase shareholder value, through the up lift in value for graphite from downstream processing and marketing activities. Triton is currently investigating the following opportunities:

- **Product Development** – to cater to a diverse range of products for premium customers
- **Marketing** – finding the premium niches in a highly fragmented market
- **Key Strategic Partnerships** - project development, marketing and product development
- **Social License to Operate Requirements** – responsible sourcing, ensure ethical and sustainable production, green supply (i.e.: CO2 footprint) and traceability of supply.

The Value Enhanced Products and Marketing Strategy will leverage off the large and high-quality resource at the Project and which is expected to produce a premium quality graphite with a wide concentrate product range of Expandable (56%), Battery (20%) and Refractory (24%) graphite.

Stage 1 Scoping Study - During the quarter the following works were commenced or completed:

- **Engineering and Design:** CPC Design completed a flow sheet for a range of options, following which the Company decided to pursue a bulk concentrate (as opposed to producing a range of concentrate sizes due to the potentially lower capital expenditure requirements for this option. From this, CPC completed a process design criteria and equipment listing and commenced pricing of equipment, estimation of project operating costs. In conjunction with this the Triton project team commenced a first principles estimate for other project area's such as project owners' costs and mining, overheads (for example).
- **Modular Equipment Suppliers** – commenced investigating modular equipment and suppliers.
- **Benchmarking** – commenced a benchmarking exercise against other small scale and modular graphite projects.

Other Works - During the quarter the following other works were commenced or completed on the development of the Ancuabe project:

- **JHT Laboratory Scale Pilot Plant** - at the same time as developing the Stage 1 Commercial Pilot Plant, as part of the JHT Strategic Alliance the Company intends to also progress the development of a laboratory scale Pilot Plant in Jinan, China. The purpose of the laboratory scale Pilot Plant is to assist with the Stage 1 CPP production process, product sales and value adding which would be achieved through such things as larger scale metallurgical test work for the optimisation of the main CPP plant, quality testing of concentrate to ensure meeting and improving off take specifications specs for buyers and identification of value enhancements and opportunity for downstream processing. This will also assist with the investment decision for Stage 2.
- **Funding** – continued investigating funding options for the CPP development as follows:
 - ✓ **Debt Funding** – continued engagement and discussions with western debt providers.
 - ✓ **BOOT Arrangements** – as part of the alternative funding options continued engaging with contractors and service providers for BOOT arrangements. During the quarter the company executed a MOU with HIMOINSA Southern Africa for the development of a modular, cost effective and sustainable power solution for the Project.
- **Service Contractors** – continued engaging with contractors who have had experience in both graphite and developments in Mozambique and Africa in general, from contractors such as mining, crushing and processing plant, services and logistics.
- **Value Enhanced Products Strategy and Marketing Study** – commenced investigating value-added adding opportunities through products and marketing, primarily for the lithium-ion battery and graphite foil applications, to build a vertically integrated business model to supply premium quality graphite products into a diverse range of premium markets.
- **High Grade Mining Option** – commenced a review of the T16 pit to determine if high grade mine plan can be developed for the Stage 1 CPP.
- **Approvals** – commenced final approvals to commence production namely the DUAT (land use agreement) and RAP (site land user relocation agreement) plus the other minor approvals.
- **Offtake** - commenced discussion with Tritons off taker YXGC (Yichang Xincheng Graphite Co Ltd) for the production of a bulk graphite concentrate. The production of a bulk concentrate is being investigated in order to reduce initial capital, through eliminating the requirement of a concentrate sizing circuit and product handling, with concentrate sizing and bagging being completed by YXGC.

Work to be completed in next Quarter

The Stage 1 Scoping Study is on schedule to be completed in Q2 CY2022, moving to Stage 1 project final investment decision by mid-CY2022 and commencement of Stage 1 following this. The following works are planned to be completed or commenced in the coming quarter:

- **Complete the Stage 1 Scoping Study:** which will include the following works: estimates for capex, opex and working capital, project Benchmark Exercise, financial modelling and basket price revision.
- **Stage 1 Execution** – subject to a positive outcome from the Stage 1 Scoping Study, stage gate meeting progress to execution of Stage 1.

- **Power Supply** – continue works with HIMOINSA Southern Africa under the MOU for the development of a modular, cost effective and sustainable power solution for the Ancuabe Project.
- **JHT Laboratory Scale Pilot Plant** – JHT will continue the at the same time as developing the Stage 1 Commercial Pilot Plant, as part of the JHT Strategic Alliance the Company intends to also progress the development of a laboratory scale Pilot Plant in Jinan, China.
- **Funding** – continue to progress funding options for the CPP development for debt and BOOT arrangements ⁶.
- **Service Contractors** – continue engaging with contractors who have had experience in both graphite and developments in Mozambique and Africa in general, from contractors such as mining, crushing and processing plant, services and logistics.
- **Value Enhanced Products and Marketing Strategy Study** – complete investigation of value-added adding opportunities.
- **High Grade Mining Option** – complete review of the T16 pit high grade mining options.
- **Approvals** – continue works on the final approvals: DUAT (land use agreement), RAP (site land user relocation agreement) and secondary approvals.

CORPORATE INFORMATION

As of 31 March 2022, the Company held **\$3.2M** in cash.

Payments to related parties of the Company and their associates during the quarter per Section 6 of the Appendix 5B total \$155,000 and this is comprised of Directors' fees (excl. GST) and salaries of \$155,000.

The pro-forma appendix 5B – statement of consolidated cash flows is attached to this report.

TENEMENTS

- **Ancuabe (MC913 2C)** - The Company holds a 100% beneficial interest (no change in interest from previous quarter) in the Ancuabe Mining Concession.
- **Nicanda Hill (EL5966)** - As previously advised, the Company has been advised that the Cadastre states the area of the Nicanda Hill licence is marked as reserved for public tender. This is notwithstanding the best efforts of the Company to have the Nicanda Hill licence renewed. Triton is very disappointed by this outcome. Triton has instructed its advisers in Mozambique to appeal to the Minister and other relevant authorities. Triton will make every effort to obtain a renewal of the licence and keep the market updated in this regard.
- **EL5305, EL5380, EL5365 and EL5304** - In relation to these concession Triton's wholly owned subsidiary, Grafex Limitada, remains listed as the holder of these tenements on the Cadastre. However, given the time involved in the consideration of the various extension/modification applications lodged by Grafex in relation to these tenements, the Company has commenced with its advisors the process of making fresh applications over the areas the subject of these tenements, regarding this as the best way forward. The Company will continue to review these tenements going forward, in the context of its focus being firmly on the development of Ancuabe and securing the return of Nicanda Hill.

END NOTE

Triton refers to the following ASX announcements:

1. **ASX Announcement 15 December 2017** - 'Triton delivers robust Ancuabe Definitive Feasibility Study and declares maiden Ore Reserve' and confirms that all of the material assumptions underpinning the production target, or the forecast financial information derived from the production target in the initial public report continue apply and have not materially changed.
2. **ASX Announcement 09 November 2021** - Binding Offtake Agreement Secured for Ancuabe CPP.
3. **ASX Announcement 5 April 2022** - Power Solution MoU for Ancuabe Project
4. **ASX Announcement 6 April** - Amended Announcement – Power Solution MoU for Ancuabe Project
5. **ASX Announcement 10 March** - Ancuabe Project Strategic Review & Desktop Study Completed
6. **ASX Announcement 11 January** - CPP Economics Independently Further Improved by US\$7 million

The quarterly report was authorised for release by the Board of Directors.

For further information please contact:

Investor Enquiries

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Appendix 5B

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

Name of entity

Triton Minerals Limited

ABN

99 126 042 215

Quarter ended ("current quarter")

31 March 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	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(323)	(323)
(c) production	-	-
(d) staff costs	(239)	(239)
(e) administration and corporate costs	(130)	(130)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash used in operating activities	(696)	(696)
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	-	-

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 (3 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	(39)	(39)
3.5	Proceeds from borrowings	-	-
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 used in financing activities	(39)	(39)
4.	Net decrease in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,956	3,956
4.2	Net cash used in operating activities (item 1.9 above)	(696)	(696)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash (used in)/from financing activities (item 3.10 above)	(39)	(39)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	3,220	3,220

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	3,220	3,956
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)	3,220	3,956

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	155
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash used in operating activities (item 1.9)	696
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)	696
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,220
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,220
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.6
<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?	
Answer:	
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:	
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:	
<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:21 April 2022.....

Authorised by:Board of Directors.....
(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: "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.