

December 2021 Quarterly Activities Report

Highlights

General

- Sales revenue of A\$16.2m
- Net Operating Cashflow of A\$3.6m
- Gold production of >5,549oz @ 2.8g/t with recoveries >75%;
- Mt Boppy gold production to continue until February 2022, silver processing operations to commence in March 2022
- Balance sheet continues to strengthen due to continued cash generation and debt repayment – Net Debt at 31 December of A\$7.4m (reduction >A\$1m vs 30 September)
- Exploration program well underway, currently awaiting assays on ~4,500m of completed drilling beneath Mt Boppy pit;
- Mining halted at Mt Boppy following 30 November weather event which reduced anticipated grade and ounce recoveries in December
- Approximately 3,000oz gold in blasted ore remaining in pit following November event for future extraction
- Wonawinta Silver production to commence in March 2022
- Exploration continues across both Mt Boppy and Wonawinta with 93 holes of an increased program of 175 planned holes, currently completed (and waiting on assays on majority).

Mt Boppy Gold Project

- Six months of consecutive monthly profitable performance;
- The production of 5,549oz gold was Mt Boppy's 2nd best production Quarter to date
- Average grade impacted marginally by inability to return to the mining of higher grade ores in December due to November weather event

- **Mt Boppy main lode extension and exploratory drilling program (Canbelego campaign) commenced early October, and to date 58 holes out of a revised program scope of 85 holes have been completed.**

Wonawinta Silver Project

- **Wonawinta Silver production to commence in March 2022**
- **Intensified drill program now underway testing for Cobar style lead-zinc-silver mineralisation and copper-gold deposits within group exploration tenements**
- **Completed 27 hole program on our Wirlong target (adjacent to southern ML boundary) and 8 hole program on Smiths Tank target (adjacent to western ML boundary) to date**
- **Other targets include Gunderoo, McKinnons and McKinnons North, Tango, 3-Mile, Guzzi and Goldwing & drilling will commence in current Quarter**

Company Review for December Quarter 2021

Production for the December Quarter was the Company's second best to date. While Manuka continued to enjoy the benefits of good steady production, the November weather event which halted all mining from the beginning of December affected the grade of ores processed (the Company had planned to blend the recently blasted higher grade ores from the 165RL but this broken material remains in the pit until mining resumes).

Total quantity of ore processed during the Quarter was 82,625t which is down 10% versus the September Quarter (90,900t). This differential was due to a combination of weather and plant downtime between Christmas and New Year.

Mt Boppy Gold Project Quarterly Summary:

- 5,549 ounces of gold produced and 6,471 ounces sold at an average price of A\$2,472/oz;
- A total of 81,810 tonnes of ore was mined, negatively impacted in December by the November weather event (see ASX release 13 December 2021)
- Plant recoveries averaged 75.04% for the Quarter in line with the target level of 75%
- Manuka has completed the final Mt Boppy Phase 1 drill and blast. It awaits ~4,500m of assays from the laboratory from the now completed 'beneath pit' drill programs.

Following receipt of these assays, a plan and timetable will be completed for the recommencement of mining activities at Mt Boppy.

Operating Summary

Summary		December Quarter	Financial Year (YTD)
Tonnes Milled	t	82,625	173,525
Gold in Circuit (31-12-21)	oz	1,228	1,228
Gold Recovered	oz	5,549	15,638
Gold Sold	oz	6,471	15,755
Gold Recoveries	%	75.04	76.22
Revenues	AUD \$'000	16,224	38,983

Summary		December Quarter	Financial Year (YTD)
Ore Mined	t	81,810	194,598
Waste Mined	t	10,240	51,560
Total Mined	t	92,050	246,158
Total Hauled (incl. mined & residual stockpiles)	t	83,336	185,232
Average Head Grade	g/t	2.8	3.68

Wonawinta Silver Project:

- Silver processing operations forecast to commence in March
- Silver production operations will commence with plant operations optimized using stockpiled material of over 720,000t, near the Wonawinta Plant, including 515,000t grading 70g/t Ag
- Production plan will screen out low grade clay ores resulting in processing of ~430,000t grading >83g Ag/t, and generating 900,000oz silver over seven months
- Data gained during this phase of operations will allow for flowsheet refinement upon commencement of mining when new pits are developed
- The geophysics program continues to be affected by Covid-19 driven interstate quarantine restrictions and is now expected to be completed during Q3 2022.

Resource Growth and Exploration Outlook

In the September Quarterly report, Manuka outlined a four stage exploration program, over both its eastern Cobar Basin tenements (Mt Boppy and Canbelego) and western Cobar Basin tenements (including Wonawinta, Smiths Tank, Wirlong, Mckinnons, Guzzi, Gunderoo and Goldwing). This included geophysics and drilling programs.

While border quarantine issues arising from Covid-19 delayed the commencement of the geophysics programs, the drilling program is well progressed. The exploration budget and targets for Mt Boppy initially announced in September 2021, were materially increased in November 2021 as can be seen in the table below.

Planned exploration program metrics and progress to date are as follows:

Eastern Cobar Basin program (Mt Boppy and Canbelego tenements)

Program outline	September 2021 program	November 2021 revised program	Program actuals completed to date
Metres	12,800	18,800	6,734
No. of holes	60	85	58
Total cost	\$1.6m	\$2.2m	\$1.09m

Western Cobar Basin program (Wonawinta, Wirlong, Smiths Tank, Goldwing, Guzzi, McKinnons tenements)

Program outline	September 2021 program	Program actuals completed to date
Metres	17,000	3,584
No. of holes	90	35
Total cost	\$2.25m	\$836k

Cashflow and Hedging

Manuka generated \$3.3 million in positive Operating Cash Flow over the December Quarter. Cash generation is expected to continue for the remainder of Phase 1 gold production which ends in February. Commencement of silver processing will occur during March following a brief transition phase, and is once again expected to generate healthy operating cashflows.

The Company did not have any open hedge contracts as at 31 December 2021.

Corporate

As announced on 29 June 2021, the Company extended its senior secured debt facility with TransAsia Private Capital to the end of September 2022, repayable in a single bullet payment. Nevertheless, given Manuka's strengthened cash position the Board chose to make an early debt repayment of US\$1 million against the TransAsia facility during the

December Quarter. The amount outstanding at Quarter end was US\$8.0m million.

Total borrowings at 31 December 2021 were A\$11.79 million.

Unused facilities available at Quarter end were A\$1,324k and the cash balance was \$4.28 million. Net Debt was at its lowest level since IPO, at ~A\$7.4m.

In accordance with ASX Listing Rule 5.3.3, during the quarter, the Company made cash payments of \$0.142 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 31 December 2021. 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
Type	(as per prospectus 22 May 2020)	from admission to 31 Dec 2021	Under / (Over)
	\$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)

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.

Mining Exploration Activities

In accordance with ASX Listing Rule 5.3.1 cash outflows for the quarter ended 31 December 2021 in relation to exploration and evaluation activities were \$1.570 million (refer Item 2.1(d) of the Appendix 5B) and predominantly comprised expenditure on:

- Drilling for resource extensions of the Mt Boppy pit which have comprised most of the Company's field work this quarter and which were impacted by both wet weather and challenging ground conditions, requiring careful management of the drill program;
- Completion of drilling on the southern extension of the Wonawinta resource (Wirlong) with the results yet to be interpreted and incorporated into the Wonawinta resource model²;
- Initial drill testing of eight RC holes of the Smith Tanks area situated on the western extent of the Wonawinta resource, which are yet to be interpreted and incorporated into the resource model;
- Encouraging chip samples were taken from EL6302 (historically known as McKinnons site) and EL8498 which will form the basis of future drill programs.

The Company has secured a tracked rig for February 2022 which should reduce downtime caused by unseasonal wet weather and intends to deploy this rig on our Hardwicks and Racecourse targets within the Canbelego campaign and our various targets in the western Cobar basin.

Mining Development Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 December 2021 in relation to mining development activities were \$0.67 million (refer items 1.2(b) and 2.1(f) of the Appendix 5B) and again comprised outgoings in relation to pre-mining development studies, consultants engaged on development of the Wonawinta Silver Project which includes design of a structured pilot test program on the silver stockpiles which when executed will provide valuable information into mining studies and process flowsheet design for the eventual development of the Wonawinta resource. Metallurgical test work and tenement administration/ management comprise the balance.

Mining Production Activities

In accordance with ASX Listing Rule 5.3.2 cash outflows for the quarter ended 31 December 2021 in relation to mining production activities were \$8.64 million (refer Item 1.2(c) of the Appendix 5B) and comprised the following:

Mining and crushing contractors	\$2.87 million
Hauling contractors	\$1.61 million
Processing	\$4.17 million

² Refer ASX release dated 21 October 2021

Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2021.

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%	Relinquished 10 units

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%	-

During the quarter, the Company relinquished 10 units (or 20% of total area) of tenement EL8498. Aside from this partial relinquishment, 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 gold and silver projects which include the following:

- Mt Boppy Gold mine and neighbouring tenements. The Mt Boppy project is currently in production and processing its gold ore through the Company's processing plant at Wonawinta.
- Wonawinta silver project, with mine, processing plant and neighbouring tenements. The Wonawinta processing plant has a nameplate capacity of 850,000 tonnes per year.
- Highly prospective exploration targets on its ~1125km² tenement portfolio in the Cobar Basin



This announcement has been approved for release by the Board of Directors 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

80 611 963 225

Quarter ended ("current quarter")

31 December 2021

<i>Consolidated statement of cash flows</i>	<i>Current quarter \$A'000</i>	<i>Year to date (6 months) \$A'000</i>
1. Cash flows from operating activities		
1.1 Receipts from customers	16,197	38,822
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(29)	(61)
(c) production	(8,645)	(17,428)
(d) staff costs	(1,885)	(4,018)
(e) administration and corporate costs	(1,739)	(3,062)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1,367)	(2,394)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	813	(273)
1.9 Net cash from / (used in) operating activities	3,344	11,585
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	29	(240)
(d) exploration & evaluation	(1,570)	(2,308)
(e) investments	-	-
(f) other non-current assets – (mine properties and development)	(674)	(1,133)

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)	(148)	(148)
2.6	Net cash from / (used in) investing activities	(2,363)	(3,829)

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	-	-
3.6	Repayment of borrowings	(1,824)	(4,417)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(39)	(77)
3.10	Net cash from / (used in) financing activities	(1,862)	(4,495)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,160	1,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,344	11,585
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,363)	(3,829)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,862)	(4,495)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,279	4,279

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	4,279	5,160
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)	4,279	5,160

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	142
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	13,110	11,787
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	13,110	11,787

7.5 **Unused financing facilities available at quarter end** 1,324

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	12,490	13%	22/09/2022
ResCap Investments Pty Ltd	Unsecured Working Capital Loan	2,000	16%	22,09/2022
Hindsight Trading Pty Ltd	Unsecured Working Capital Loan	85	16%	31/12/2021

8.	<i>Estimated cash available for future operating activities</i>	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	3,344
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,570)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	1,774
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,279
8.5	Unused finance facilities available at quarter end (item 7.5)	1,324
8.6	Total available funding (item 8.4 + item 8.5)	5,602
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
	<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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2022

Authorised by:
 Toni Gilholme – Company Secretary
 On behalf of the Board of Directors

Notes

- 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.
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.