



ASX Announcement

31 January 2023

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 December 2022

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

HIGHLIGHTS:

- **Country Visit** – Triton hosted a delegation from proposed cornerstone investor Shandong Yulong to Mozambique¹, who visited the Ancuabe Project, Balama North Project (Nicanda Hill, Nicanda West and Cobra Plains deposits), peer projects and infrastructure locations for due diligence and early engineering purposes.
- **Site Visit Satisfies Due Diligence Requirement** – a condition precedent to the A\$5.0 million conditional investment by proposed cornerstone investor Shandong Yulong².
- **Triton recommits to Development of Ancuabe Project on Large Scale basis (60ktpa of high purity large flake graphite concentrate)** – the Board of Triton and the proposed cornerstone investor recommitted to the development of the Ancuabe Project on large scale basis as per the 2017 DFS^{3,4}. Decision was based on strong and increasing demand for graphite from both battery and industrial applications and the potentially exceptional returns from the project, as well as the strong support of its proposed cornerstone shareholder, Shandong Yulong.
- **DFS Update** - commenced an update of the 2017 DFS - focused on refreshing the key inputs such as basket pricing, upfront capital expenditure, operating expenditure and sustaining capital expenditure³.
- **Ancuabe Project Approvals** – gained approval of the DUAT (land use agreement) and RAP (site land user relocation agreement) and submitted the application for approval of the environmental license by the Mozambique cabinet.
- **New Chairman** - appointment of Mr Zhang as Non-Executive Chairman⁵.
- **Approval of Strategic Placement for a Cornerstone investment of A\$5M** - during the quarter progress made on approvals such as FIRB, Chinese Outward Investment, Triton shareholder, due diligence by Shandong Yulong (satisfied via the site visit)⁷.
- **Cash on hand** as at 31 December 2022 - **A\$3M** with conditional commitments for a further **A\$5M** from Tranche Two of Capital Raising.

ANCUABE PROJECT DEVELOPMENT

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

- **Country Visit**

During the quarter the Company hosted a country visit with representatives and principals from its proposed cornerstone shareholder, Shandong Yulong, in Mozambique for due diligence and early engineering purposes. The delegation also included representatives from a major Chinese mineral processing equipment supplier.

This follows a proposed A\$5.0 million conditional cornerstone investment by Shandong Yulong, as announced to ASX on 5 September 2022. The site visit satisfies the due diligence requirement.

The site visit was extensive, over a period of 11 days and visited:

- ✓ **Ancuabe Project and Balama North Project (Nicanda Hill, Nicanda West and Cobra Plains deposits)** – these site visits provided the delegation with an opportunity to inspect the sites, the surrounding community and regional infrastructure that the project will operate within.
- ✓ **AMG GK Mine** – an operating graphite mine located 12kms to the West of the Ancuabe Project - provided the delegation with an overview and understanding of the operational, logistics, community and security considerations of operating a graphite mine in Mozambique.
- ✓ **Nipepe Mine** – a 1.2Mtpa graphite project, broadly comparable to the Ancuabe Project, which is currently under construction, this visit allowed the delegation to see a graphite project of the same size as Ancuabe being constructed and developed. It also provided an understanding and appreciation of project development in Mozambique such as: road logistics, community support, and relocation requirements, security and power supply. The major Chinese mineral processing equipment supplier who accompanied the delegation on the country visit, is the supplier of the main components of the process plant of the Nipepe project, which provided Shandong Yulong and Company representatives confidence in the providers ability to build processing equipment in Mozambique of a comparable size to that required by the Ancuabe Graphite Project.
- ✓ **Pemba Port** – the preferred export port for Ancuabe concentrate.

The delegation gained an appreciation of the extent and success of Chinese investment activities in Mozambique, which is both prominent and welcomed in Mozambique. Chinese investment and businesses are involved not just in mining projects but in range of other businesses such as cement manufacturing, civil contracting, security, real estate development, logistics, hotels, restaurants, casinos and shopping centres, which demonstrates the opportunity to collaborate with local Chinese businesses all of which further strengthened Shandong Yulong's confidence in the project.

As part of these meetings with the Government, discussions were held with respect to the potential reinstatement of Nicanda Hill and discussions continue in this regard.

Triton is pleased to report that further recent actions carried out by the government of Mozambique and its regional and international partners are already seeing an improvement in the security status and stability in the Cabo Delgado province, which is evidenced by a return to operations in the district.

- **Recommitment to the Development of Ancuabe Project on large scale basis**

Following the Mozambique Site Visit by the cornerstone investor, the Board of Triton and the proposed cornerstone investor recommitted to the development of the Ancuabe Project on large scale basis as per the 2017 DFS.

The large-scale development for the Ancuabe Project, targets mining and processing of 1Mtpa of ore and the production of 60ktpa of high purity large flake graphite concentrate. The 2017 DFS Triton established the project as a globally significant graphite development project with strong returns (US\$298m, IRR 37%), over a long mine life (27 years), with short payback period (3.7 years).

The decision to move straight to the large-scale development of the Ancuabe Project has been based on strong and increasing demand for graphite from both battery and industrial applications and the potentially exceptional returns from the project, as well as the strong support of its proposed cornerstone shareholder, Shandong Yulong.

- **2017 DFS Update**

Following the recommitted to the development of the Ancyabe Project on large scale basis as per the 2017 DFS, the Company has commenced an update of the DFS.

The DFS update is focused on refreshing the key inputs such as basket pricing, upfront capital expenditure, operating expenditure and sustaining capital expenditure. However, the DFS Update does not include a review or additional works upon the underlying assumptions such as geology (Resources and Reserves), mine planning, process metallurgy/process flow sheet and concentrate metallurgy.

Further to the DFS Update, Triton has engaged Perth based engineering and procurement consultants for an Early Contractor Involvement process which will involve a major Chinese equipment supplier, mining and civils contractors.

- **Funding**

In addition to the A\$8.5M Capital Raising, the Company has continued to investigate funding options for the development of Ancyabe and a comprehensive funding package is being developed including debt, equity and other options.

Triton's proposed cornerstone shareholder, Shandong Yulong, is also proposed to be selected as the Company's preferred Chinese debt arranger. Triton is engaging with Chinese investment funds and agencies which may be able to provide debt funding at competitive rates. Access to Shandong Yulong's resource integration advantage within China for potential funding, offtake and other development initiatives provides Triton has the potential of fast tracking the Ancyabe Project into development.

- **Approvals**

Triton gained approval of the DUAT (land use agreement) and RAP (site land user relocation agreement) and submitted the application for approval of the environmental license to the Mozambique cabinet (final approval required for production), expected in the June 2023 Quarter.

CORPORATE INFORMATION

On the 5 September 2022, the Company announced a cornerstone investment of 178,571,429 fully paid ordinary shares (**Shares**) at an issue price of A\$0.028 per Share to raise a total of A\$5M, with a free-attaching option with an expiry date of 31 December 2025 and an exercise price of A\$0.04 (**Options**) (**Strategic Placement**), from Shanghai Stock Exchange Main Board Listed Shandong Yulong. Funds raised from the Strategic Placement will be used towards the development of the Company's Ancyabe Project, including through the advancement of studies, approvals and the construction of a Commercial Pilot Plant and working capital purposes.

The Strategic Placement is conditional shareholder approval and Australian and Chinese regulatory approvals and during the quarter progress was made on these approvals.

Shandong Yulong Gold Co., Ltd., established in 1999 and registered in Jinan High-tech Zone, is a company listed on the main board of Shanghai Stock Exchange (stock abbreviation: Yulong Stock, stock code: 601028). Shandong Yulong, which has a market cap of ~\$4 billion, is primarily engaged in the trading of minerals, non ferrous metals, coal, chemicals and other bulk commodities. In addition, it is an active explorer across a range of minerals and is committed to becoming a high-growth international mining company with a global vision. Jinan Hi-tech Holding Group holds 29% of Shandong Yulong.

On 11 November 2022, the Company announced the appointment of Mr Zhang by the Board as Non-Executive Chairman. Mr Zhang replaces Mr Max Ji, who will remain as a Non-Executive Director.

As of 31st December 2022, the Company held A\$3M in cash, with conditional commitments for a further **A\$5M** from Tranche Two of Capital Raising.

Payments to related parties (as set out in section 6 of the Appendix 5B) totalled **\$105,000**, this relates to payments of directors' fees and consulting fees for the Quarter. The 5B – statement of consolidated cash flows, is attached to this report.

TENEMENTS

- **Ancuabe (MC913 2C)** - The Company holds a 100% beneficial interest in the Ancuabe Mining Concession. During the Quarter the payment of \$824,000 in CGT associated with the purchase of the final 20% of the Ancuabe Licence was completed. Registration of legal ownership of this final 20% is expected in the March 2023 Quarter.
- **Nicanda Hill (EL5966)** - As previously advised, the Company was advised that the area of the Nicanda Hill licence was reserved for public tender. This was notwithstanding the best efforts of the Company to have the Nicanda Hill licence renewed. Triton through its advisers in Mozambique has appealed to the Minister and other relevant authorities. Triton is making every effort to obtain a renewal of the licence and will 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.

FOOTNOTES

1. **ASX Announcement - 25 November 2022** - Mozambique Site Visit by Cornerstone Investor
2. **ASX Announcement - 5 September** - Investment of A\$5m by Cornerstone Investor
3. **ASX Announcement - 2 December 2022** - Triton Recommits to Development Of Ancuabe Project
4. **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.
5. **ASX Announcement - 11 October 2022** - Appointment of Chairman
6. **ASX Announcement - 7 September 2022** - \$8.5m Capital Raising to Ancuabe Development
7. **ASX Announcement - 13 December 2022** - Ancuabe Project Funding update

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 December 2022

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	-	-
(b) development	(292)	(1,536)
(c) production	-	-
(d) staff costs	(277)	(934)
(e) administration and corporate costs	(354)	(1,264)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash used in operating activities	(922)	(3,754)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(824)	(824)
(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	(824)	(824)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,937
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	-	(300)
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	-	3,637
4. Net decrease in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	4,770	3,956
4.2	Net cash used in operating activities (item 1.9 above)	(922)	(4,578)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(824)	-
4.4	Net cash (used in)/from financing activities (item 3.10 above)	-	3,637
4.5	Effect of movement in exchange rates on cash held	4	13
4.6	Cash and cash equivalents at end of period	3,028	3,028

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

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	3,028	4,770
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)	3,028	4,770

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	105
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.

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	-	-
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)	(922)
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)	(922)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,028
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,028
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.28
<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:31 January .2023.....

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.