

LUNNON METALS LIMITED  
ABN: 82 600 008 848

#### BOARD/MANAGEMENT

**Mr Liam Twigger**  
NON-EXECUTIVE CHAIRPERSON

**Mr Ian Junk**  
NON-EXECUTIVE DIRECTOR

**Ms Deborah Lord**  
NON-EXECUTIVE DIRECTOR

**Mr Ashley McDonald**  
NON-EXECUTIVE DIRECTOR

**Mr Edmund Ainscough**  
MANAGING DIRECTOR

**Mr Aaron Wehrle**  
EXPLORATION &  
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**SHARE REGISTRY**  
Automic Group

**ASX CODE:** LM8

# QUARTERLY ACTIVITIES REPORT

24 OCTOBER 2022

For the period ended 30 September 2022

## HIGHLIGHTS – Kambalda Nickel Project

- Baker Shoot infill and extensional drilling returned multiple significant intercepts, including the best assay results returned to date, namely:
  - **23m @ 6.78% Ni;**
  - **19m @ 6.01% Ni; and**
  - **6m @ 10.95% Ni.**
- The data recorded in drilling at Baker is reconciling closely with the June 2022 Mineral Resource Estimation (**MRE**) in regard to locality and position of nickel mineralisation but frequent, significantly thicker and better grade assay results have been returned in the key nickel mineralised zones.
- Significant levels of copper, cobalt, palladium and platinum continue to be recorded where the nickel grades are highest.
- Initial metallurgical test work at Baker delivers high nickel recoveries whilst producing a very clean concentrate that is high in saleable nickel, copper and cobalt with low deleterious element content.
- Permitting activity is progressing at both Baker and Foster.
- Assessment of opportunities at newly acquired Silver Lake and Fisher mines commenced with exciting prospects identified at Silver Lake Hanging Wall and Long South channels.

## CORPORATE

- 30 September 2022 cash balance of \$27.5 million (30 June 2022: \$32.9 million).
- During the quarter the Company announced:
  - Recruitment of Mr. Hayden Bartrop as Chief Financial Officer to commence in early 2023.
  - Completion of the acquisition of mineral rights over the historical Silver Lake and Fisher nickel mines in Kambalda.
  - Issue of 21.5 million shares to major shareholder St Ives Gold Mining Co. Pty Ltd (**St Ives**), a wholly owned subsidiary of Gold Fields Ltd, as consideration for the Silver Lake and Fisher transaction.

## DECEMBER QUARTER 2022 OUTLOOK

- Reporting of assay results from remaining Baker and Warren diamond drill holes.
- Mineral Resource update for Baker Shoot.
- Mineral Resource update for Warren Shoot.
- First time Mineral Resource for the S16C surface from the Historical Core Programme at Foster mine.
- Exploration target prepared and announced for Silver Lake Hanging Wall prospect.
- Updates to discovery programme for recently completed nickel rights area at Silver Lake and Fisher mines, Kambalda.

Commenting on the September quarter, **Managing Director Ed Ainscough** said:

*"We ended the June quarter on a high reporting the initial Mineral Resource at Baker but we didn't imagine that the quality of the assay results from the infill programme in the September quarter would be so strong. Along with excellent progress on the metallurgical test work and permitting front, the de-risking of a potential future Baker development is really starting to take shape. Add to this the completion of the deal with Gold Fields, giving us access to two further historical WMC nickel mines, Silver Lake and Fisher, in the heart of the world-famous Kambalda camp and Lunnon Metals is delivering on its goal of setting itself up for SUCCESS in 2022, with an even bigger and better 2023 on the cards."*

Lunnon Metals Limited (**ASX: LM8**) (the **Company** or **Lunnon Metals**) is pleased to report on activities during the September 2022 quarter.

## **KAMBALDA NICKEL PROJECT (KNP)**

With the completion of the transaction announced with Gold Fields Ltd in April 2022 and the addition of a second project at the KNP, the Company has decided to name its two projects as follows:

**Foster-Baker:** covers the group of 19 contiguous tenements (23km<sup>2</sup> in total area) that the Company acquired 100% upon listing in June 2021. Located immediately to the south of Lake Lefroy, this area plays host to the recent Baker Shoot discovery and the historical Foster and Jan Shaft nickel mines that produced over 91kt of nickel metal combined.

**Silver Lake-Fisher:** covers the group of 19 contiguous tenements (19.9km<sup>2</sup> in total area) over which the Company recently acquired nickel rights comprising the whole or portions of these tenements, together with access rights to a further tenement covering portal entry to the Fisher nickel mine. Located in the heart of Kambalda, on the immediate north side of Lake Lefroy, the rights acquired cover both the historical Silver Lake and Fisher nickel mines which produced over 161kt of nickel metal combined prior to closure in the 1980s.

### Safety, Environment and Community

No significant safety or environmental incidents occurred during the quarter.

The Company notes the easing of the various Western Australian government Covid-19 related directives and mandates. Only one Company staff member contracted Covid-19 during the quarter and throughout the course of the pandemic there has been no material impact on activities at the KNP or in the Perth office.

The Company continues to progress discussions with the Ngadju Native Title Corporation towards a formal agreement detailing the manner by which the Company and the Ngadju people can develop a mutually beneficial relationship should the Foster-Baker elements of the KNP progress towards development and possible future production.

### Drilling Programme Physicals

Total project to date drill metres stands at just under 44,300m, some 58% more metres than the original plan of 28,000m presented in the Company's June 2021 Prospectus. Approximately 7,250m of this total was completed in the September quarter including 3,870m of reverse circulation (**RC**) (17 holes compared to 56 holes during the busy June quarter when the Baker infill programme commenced) and just under 3,400m of diamond (15 holes).

Baker was again the focus of activity, with drilling also occurring in the East Cooe and Somerset areas (early-stage reconnaissance), the 85H surface at the Foster mine, and on the Warren Shoot. In total, over 19,400m (105 holes) have now been drilled into the Baker discovery.

The Company highlights that all RC and diamond drill holes completed which have intersected potentially economic mineralisation at Baker, Warren or Foster are subject to a programme of grouting from end of hole to above the nickel intercept of interest.

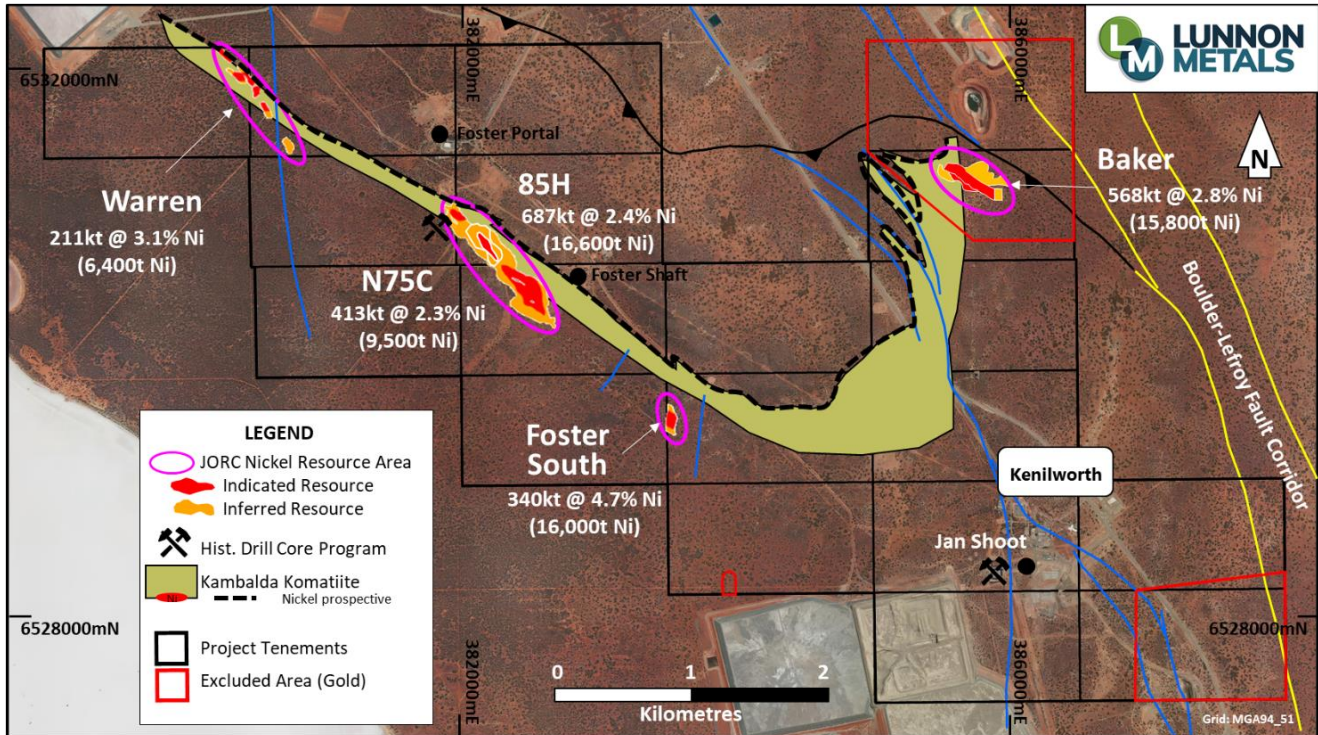


Figure 1: Plan of the Foster-Baker component of the Kambalda Nickel Project showing location of reported programmes and the current Mineral Resource represented in plan projection with addition of N75C and Baker Mineral Resource figures.

## FOSTER-BAKER PROJECT – DISCOVERY PROGRAMME

### Baker Shoot

RC and diamond drilling assay results from Baker that were received during the quarter delivered the best nickel assay intercepts recorded to date. The planned programme of over 8,000m of RC drilling and 3,000m of diamond drilling seeking to infill the June 2022 MRE was undertaken on an approximate 20m spacing in key areas for later potential mine design purposes. The programme was also designed attempting to convert Inferred mineralisation to an Indicated level of confidence and extend the Inferred Resource if possible. While 8,033m of RC was drilled as per plan, 4,048m of diamond drilling was completed. This total included additional holes for geotechnical assessment purposes drilled outside the June 2022 MRE.

There were multiple significant intersections reported to the ASX during the September quarter including the following stand out results (above a 1.0% Ni cut-off):

#### ECO22RC\_048:

23m @ 6.78% Ni, 0.45% Cu, 0.12 % Co, 0.98g/t Pd, 0.26g/t Pt (134m) including:

- 14m @ 8.13% Ni, 0.53% Cu, 0.14% Co, 1.13g/t Pd, 0.31 g/t Pt (134m);
- an intervening 2m of komatiite grading less than 0.50% Ni; and
- 7m @ 5.92% Ni, 0.40% Cu, 0.11% Co, 0.96g/t Pd, 0.24g/t Pt (150m).

**ECO22RC\_067:**

19m @ 6.01% Ni, 0.59% Cu, 0.10% Co, 1.09g/t Pd, 0.67g/t Pt (139m) including:

- 10m @ 4.36% Ni, 0.46% Cu, 0.07% Co, 0.87g/t Pd, 0.49 g/t Pt (139m);
- an intervening 1m of komatiite grading less than 0.50% Ni; and
- 8m @ 8.78% Ni, 0.83% Cu, 0.15% Co, 1.50g/t Pd, 0.98g/t Pt (150m).

**ECO22DD\_010:**

6.00m @ 10.95% Ni, 1.24% Cu, 0.18% Co, 2.6g/t Pd, 1.0g/t Pt (from 166.9m).

All priority RC drill assay results have been reported during the quarter. Geotechnical logging and rock property test work was undertaken on diamond drill holes which intersected the nickel mineralisation prior to being cut, sampled and dispatched for assaying. Consequently, assay results from the diamond holes subject to this protocol were delayed and will be reported in the December 2022 quarter. The relevant announcements for all reported Baker results are included in the Corporate section, later in this report.

In general terms the reported intercepts from the drilling programme received to date have been at the approximate locality and depth predicted by the June 2022 MRE. Frequently, better than expected widths and grades have been recorded on the key higher-grade surfaces. Select drill hole assay results underperformed against the MRE on the periphery of the Inferred Resource.

Previously reported local pinching-out of the mineralised nickel surfaces adjacent to the thickest and highest-grade zones continued to be observed and will provide an important constraint to define the margins of the very highest-grade mineralisation that will carry significant value in future mine design exercises. It has been a feature of the programme that significant levels of elements Cu, Co, Pd and Pt continue to present where the nickel grades are highest.

The results of the initial metallurgical testing on core collected from the first three diamond holes drilled at Baker (in December 2021) were reported to the ASX on 1 September 2022. The composite sample comprised 170kg of diamond drill core and returned a calculated head grade: 2.81% Ni, 0.27% Cu, 0.057% Co, 16.4% Fe, 20.6% MgO, 7.29% S, 18 ppm As.

Results were:

- Nickel recovery 86% with a concentrate grade of 16.9% Ni;
- Copper recovery 95.5% with a concentrate grade of 1.88% Cu;
- Cobalt recovery 85.3% with a concentrate grade of 0.35% Co;
- Arsenic in concentrate graded 95 ppm;
- Fe:MgO ratio of 16.8 to 1; and
- Sulphur at 36.8%.



Figure 2: Nickel concentrate grading 16.9% Ni returned from initial metallurgical test work at Baker.



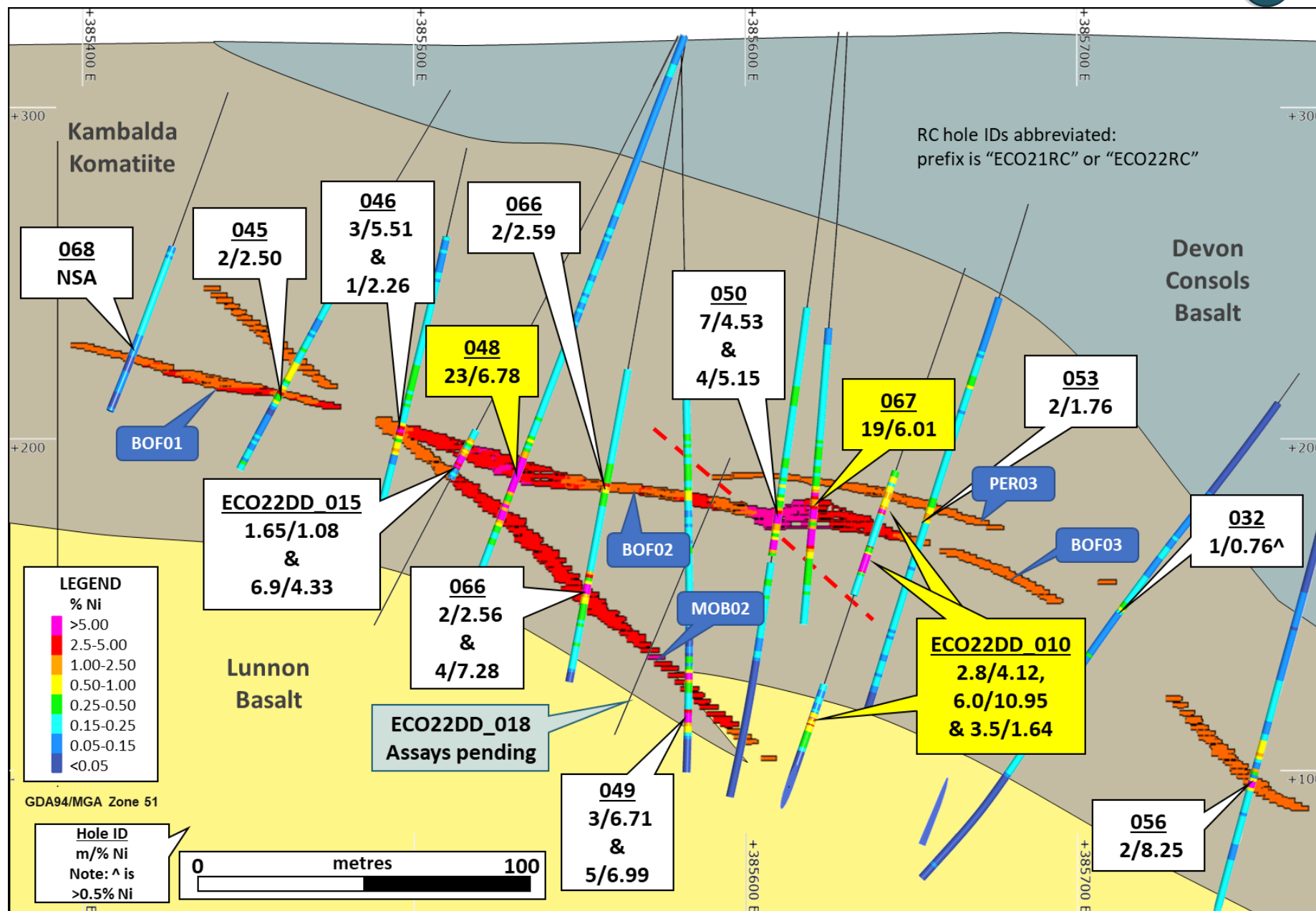


Figure 3: Baker Cross Section 6,531,180mN showing stand out drill assay results received during the quarter (yellow call-outs).

This test work programme has delivered extremely promising results based on the metallurgical processing flowsheet at BHP Nickel West's (**Nickel West**) Kambalda Concentrator. The test work showed high nickel recoveries whilst producing a very clean concentrate that is high in saleable nickel, copper and cobalt, with low level deleterious element content.

An updated MRE is scheduled for completion in the December quarter, subject to receipt of the final diamond drill hole assays noted above. The updated MRE will be a comprehensive geo-metallurgy model that will enable preliminary mine design work to begin in the new year. Once these processes are complete, outcomes will be reported to the ASX and the Company will be positioned to engage in discussions with potential off-take partners.

## Warren Shoot

Lunnon Metals' programme at Warren is designed to demonstrate that this separate channel has the potential to host substantially more than the current MRE figure of 6,400t<sup>1</sup> of nickel metal. The Foster channel, 1.5km to the immediate south-east, has an endowment of over 103,000t of nickel at 2.92% Ni (>61,000t mined previously up to 1994 and 42,100t<sup>1</sup> in the Company's current JORC 2012 Mineral Resource estimate).

Diamond drilling activity at the KNP was focused at Baker during the September quarter resulting in a delay in the recommencement of drilling at Warren.

Diamond hole WRN22DD\_005, reported visually on 16 May 2022, intersected a 1.06m wide nickel sulphide zone hosted in a basalt-basalt pinch out position, below the main Kambalda Komatiite-Lunnon Basalt contact. The intersection was on the up-plunge northern edge of the targeted Down Hole Transient Electro-Magnetic (**DHTEM**) conductive plate. Assay results above a 1.0% Ni cut off were:

- **1.06m @ 5.28% Ni, 0.43% Cu, 0.13% Co, 1.27g/t Pd & 0.82g/t Pt** (351.34m)

WRN22DD\_004W1, drilled in the down dip position on the mid-section line of the same DHTEM plate, intersected nickel mineralisation in a number of places indicative of potential basalt-basalt pinch outs in the down dip direction. A significant intercept above a 1.0% Ni cut off was:

- **5.60m @ 1.06% Ni, 0.14% Cu, 0.03% Co** (401.4m)

Two further parent holes, and an additional wedge hole from one of these parents, were drilled to determine the extent of the nickel mineralisation associated with the DHTEM plate. Visual observations and summary logging for holes WRN22DD\_006, WRN22DD\_006W1 and WRN22DD\_007 were reported on 5 July 2022.

However, as implemented at Baker Shoot, diamond drill holes with significant nickel intercepts were selected to undergo geotechnical logging and rock property test work prior to being cut, sampled and dispatched for assaying. Consequently, these assay results are still pending but should be reported in the December quarter.

Just prior to the quarter's end, diamond drilling restarted at Warren targeting the down plunge nickel mineralisation adjacent to WRN21DD\_001 which intersected the Warren channel approximately 300m further down plunge (see ASX lodgement dated 4 April 2022 for summary).

An update to the Warren MRE will be completed in the December quarter when all drilling is complete and all assays received.

<sup>1</sup> Full details of the Mineral Resource reported at Warren were included in the Prospectus and associated ITAR lodged on the ASX on 11 September 2021. A breakdown of the current KNP Mineral Resource is tabulated and appended to this report.

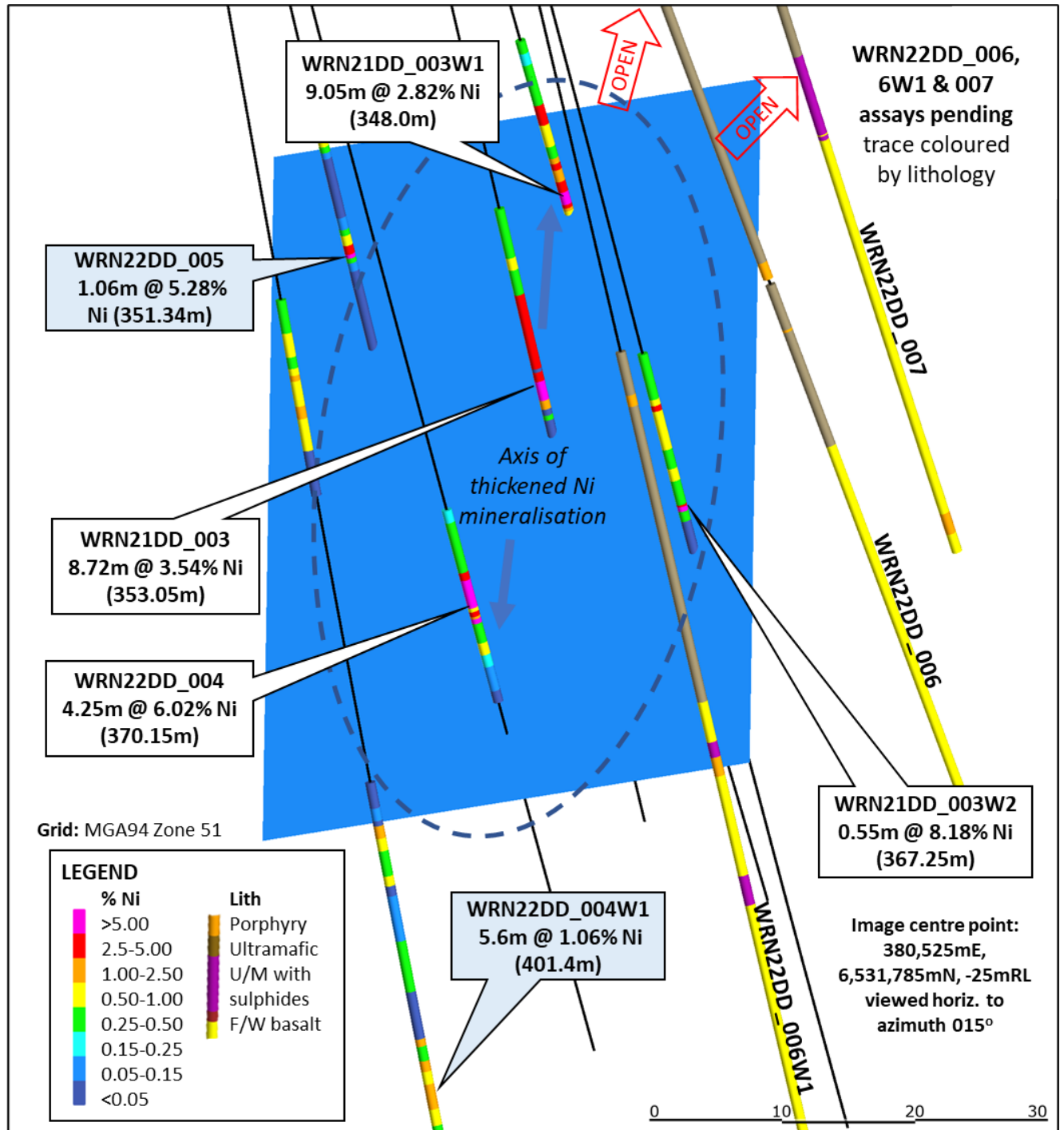


Figure 4: Isometric perspective view of DHTM conductive plate showing all nine drill hole traces for Lunnon Metals' programme – last reported assay results shaded blue background.

## WA Government – Exploration Incentive Scheme (EIS) Grant – Kenilworth Target

The final report and data were successfully submitted to the Western Australian government. The Company acknowledges the contribution of the Western Australian government's EIS Grant towards the funding of this hole.

**Nickel objectives** - one of the prime objectives of the EIS co-funded drill hole was to test and resolve the previously unexplained 800m long geophysical magnetic anomaly located within and parallel to the Jan Thrust Complex. The concept that the anomaly was the result of a massive (nickel) sulphide body at depth on the Kambalda Komatiite – Lunnon Basalt contact was not directly tested because the drill hole did not reach the contact target depth due to drilling difficulties. Thus, this possibility cannot be conclusively ruled out (see Figure 5).

Unfortunately, the potential for the DHTM survey to identify off-hole conductors at depth (i.e., massive sulphide bodies) was also unsuccessful, owing to blockages down hole preventing the survey from reaching end-of-hole. Therefore, no drilling to date has intersected the basal contact in this location leaving the potential for mineralised nickel positions open. So called "fertility ratios" (comparison of elemental levels) applied to the 387m of Kambalda Komatiite intersected showed encouraging results. The key Kambalda Ratio measure (Ni/Cr x Zn/Cu) and the Ultramafic Facies analysis (Ni/Cr and Ni/Ti) were at elevated levels and both potentially indicate proximity to nearby prospective ultramafic flows, which often can be host to nickel mineralisation. Both measures show an increasing level of prospectivity down hole and thus potentially vectoring towards more fertile ultramafic flows at depth in this area.

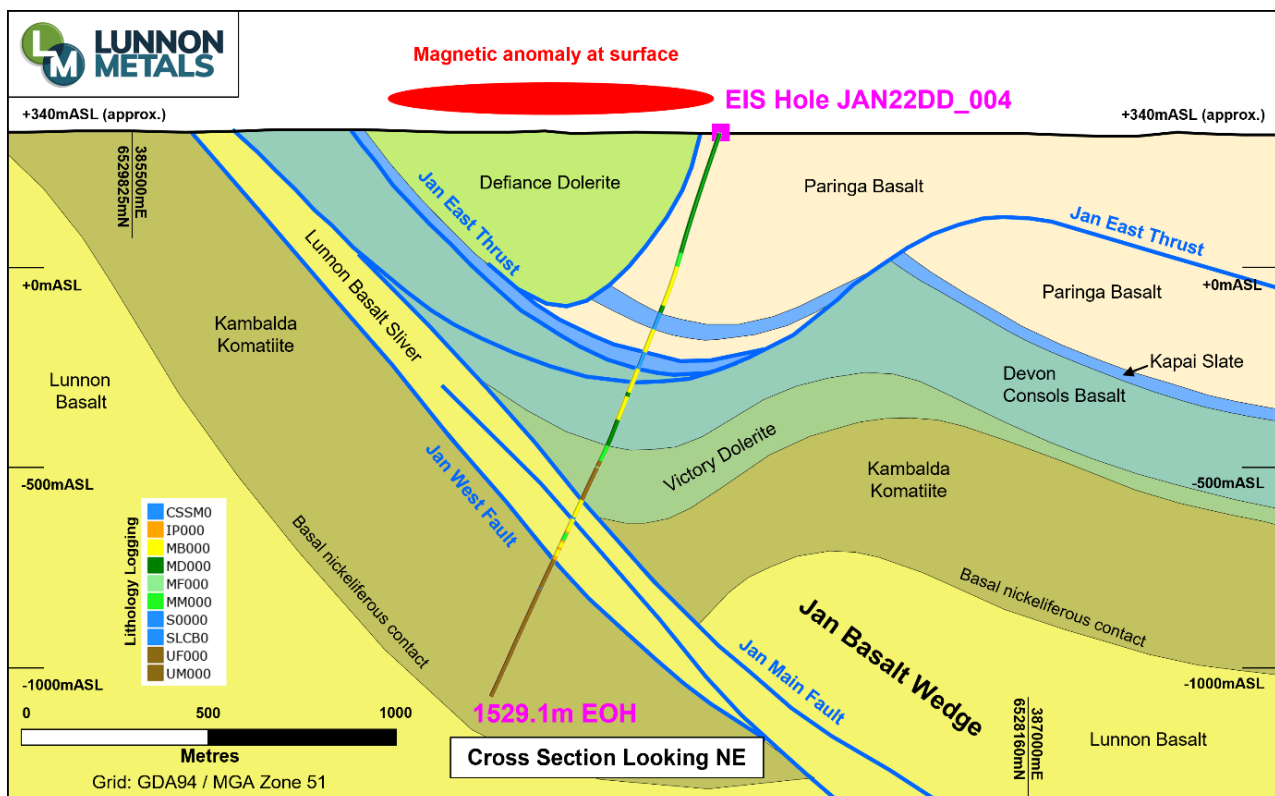


Figure 5: Updated interpretive cross section looking north-east based on observations and interpretation from the JAN22DD\_004 drill hole.



Application of multi-element "ChemStrat" analysis allowed clear identification of stratigraphy which was not discernible from direct geological logging of the drill core alone. The most significant advance was the recognition of a fault-bound sliver of basement Lunnon Basalt, higher up the hole. This offers a new exploration search space for potential nickeliferous ultramafic-basalt contact positions in this corridor which are much closer to surface than previously recognised (see Figure 6 below).

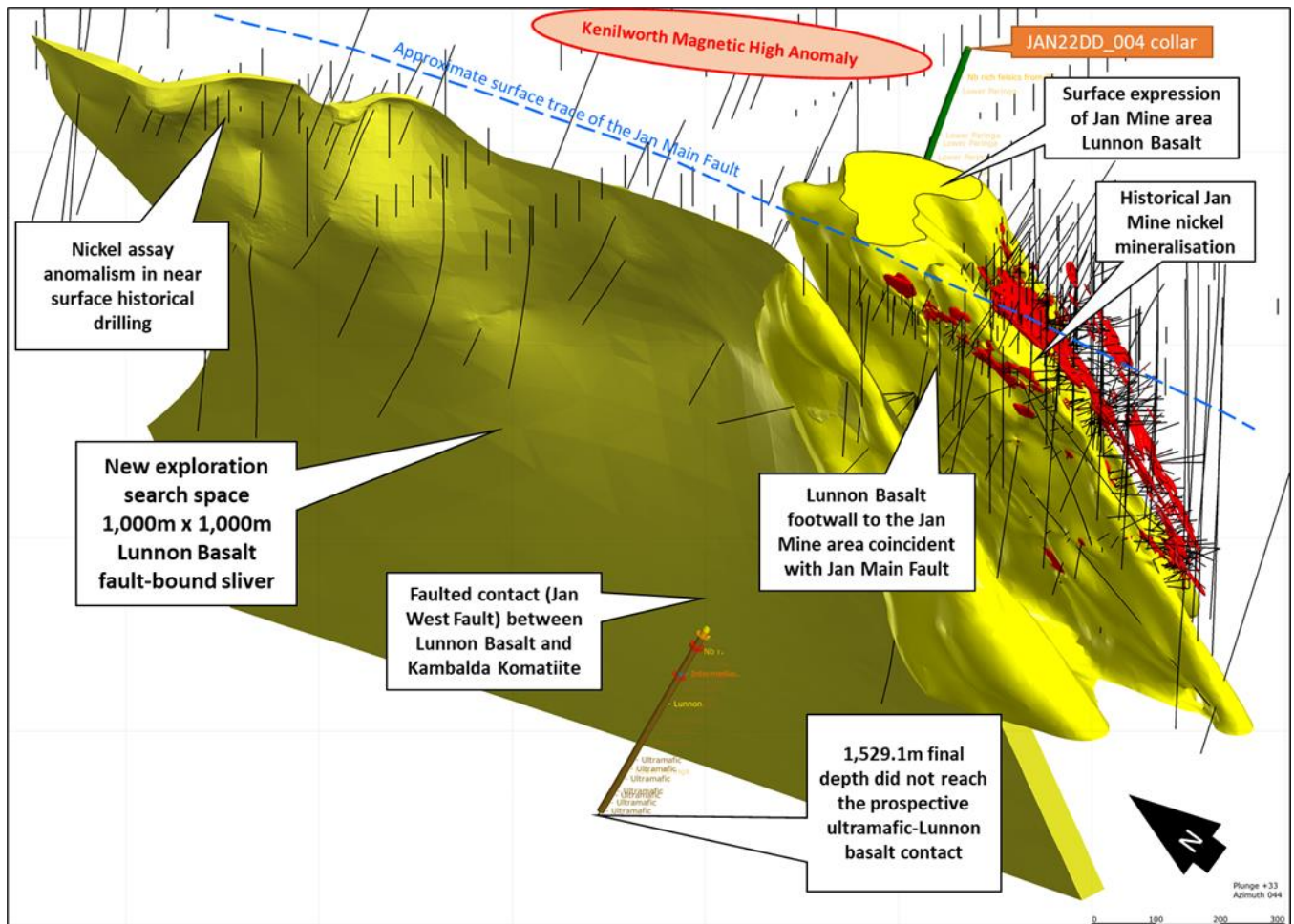


Figure 6: Isometric view looking downwards toward the north-east centred on 386,040mE and 6,529,150mN (GDA94 MGA zone 51) showing the extrapolated 1000m x 1000m Lunnon Basalt sliver from the JAN22DD\_004 drill hole intercept through to shallower historical drill holes closer to surface. It is now interpreted that this Lunnon basalt sliver extends northwards from the Jan Mine Lunnon Basalt footwall.

**Gold objectives** - all potential zones deemed prospective for gold mineralisation above the nickel bearing stratigraphy such as sediments, intrusive rock units and areas of increased structure and deformation were sampled. Only low-level gold values were found, and subsequent identification and discrimination between gold and non-gold bearing structures was only achieved through the use of gold pathfinder elements (Ag, As, Cu, Mo, Pb). Three such zones were identified, and while the gold and pathfinder elements were relatively elevated, they were still low level.

### **Foster Historical Core Programme (HCP)**

The HCP was a key strategic programme in the Company's Prospectus and 2-Year Work Plan at the time of its Initial Public Offering (IPO) in June 2021.

#### **S16C**

The HCP continued at Foster nickel mine with the focus being the S16C surface - a small, mineralised nickel surface on the main basalt-komatiite contact and in the immediate vicinity of the recently modelled N75C. Completion of this exercise was delayed due to the significant workload at Baker but it will be reported when complete in the December quarter.

### **SILVER LAKE-FISHER PROJECT DISCOVERY PROGRAMME**

Post quarter's end the previously announced transaction to acquire mineral rights (other than gold) over the historical WMC nickel mines of Silver Lake and Fisher (see announcement dated 12 April 2022 and Corporate, Business Development section below) was completed.

The Company presented at the Paydirt 2022 Nickel Conference (see announcement dated 6 October 2022) summarising its discovery programme for the newly acquired project area. Silver Lake and Fisher nickel mines shut in 1986 and 1988 respectively having produced a total of over 161,000 tonnes of nickel metal up to that point. The mines and their associated prospective belts are located on the immediate south, eastern and western flanks of the highly endowed Kambalda Dome, where in total some 1.1 million tonnes of nickel metal has been mined since the discovery of the Kambalda Nickel District by Dr Roy Woodall in January 1966.

To the immediate north are the Northern Operations (Durkin North, Long Shaft) operated by Mincor Resources NL and to the south, the Beta/Hunt Nickel and Gold mine, operated by TSX listed Karora Resources.

The Company is planning a three-tiered programme designed to maximise the discovery potential of this new tenure whilst also seeking to define and then grow a JORC 2012 compliant MRE:

1. 3D seismic surveys in both the Silver Lake – Long South and Fisher areas seeking to define reflectors that may represent possible accumulations of nickel sulphides at depth in mineralised channel environments. If successful, prospective targets would be tested with diamond drill holes;
2. Direct targeting of potential high-grade shoots within nickel mineralisation previously defined by WMC's diamond drilling. This programme would seek to emulate the success the Company has achieved with the discovery of the Baker Shoot on its southern project area; and
3. Application of the Company's HCP which to date has successfully added 48,500 tonnes of nickel metal to its MRE at Foster nickel mine. The Company has access to up to 260km of historical diamond core stored at WMC/Gold Fields' previous Kambalda Core Farm and will target conversion of nickel sulphide mineralisation documented on geological plans, cross-sections and past WMC Kambalda Nickel Operations "Ore Reserves" plans to JORC 2012 compliant MRE.

In regard to item 2 above, the Company has already identified an initial prospect, Silver Lake Hanging Wall (**SLHW**), that appears to display key characteristics that were present at Baker Shoot prior to its discovery in October-November 2021, namely:

- The scale of SLHW – the area of interest has dimensions of approximately 600m (plunge extent) by 200m across plunge;
- The spacing of the historical WMC drilling – SLHW was drilled on a broad, approximate 100m pattern;

- The style of the nickel mineralisation identified in that drilling – there are consistent modest width, low to modest nickel grade intercepts hosted at the base of the second komatiitic flow; and
- Indication of higher-grade potential – geological logs and assay database entries for select diamond holes document the presence of discrete narrow, but very high-grade massive nickel sulphides.

Figure 7 below details the location of the SLHW within the new nickel rights area at Silver Lake-Fisher.

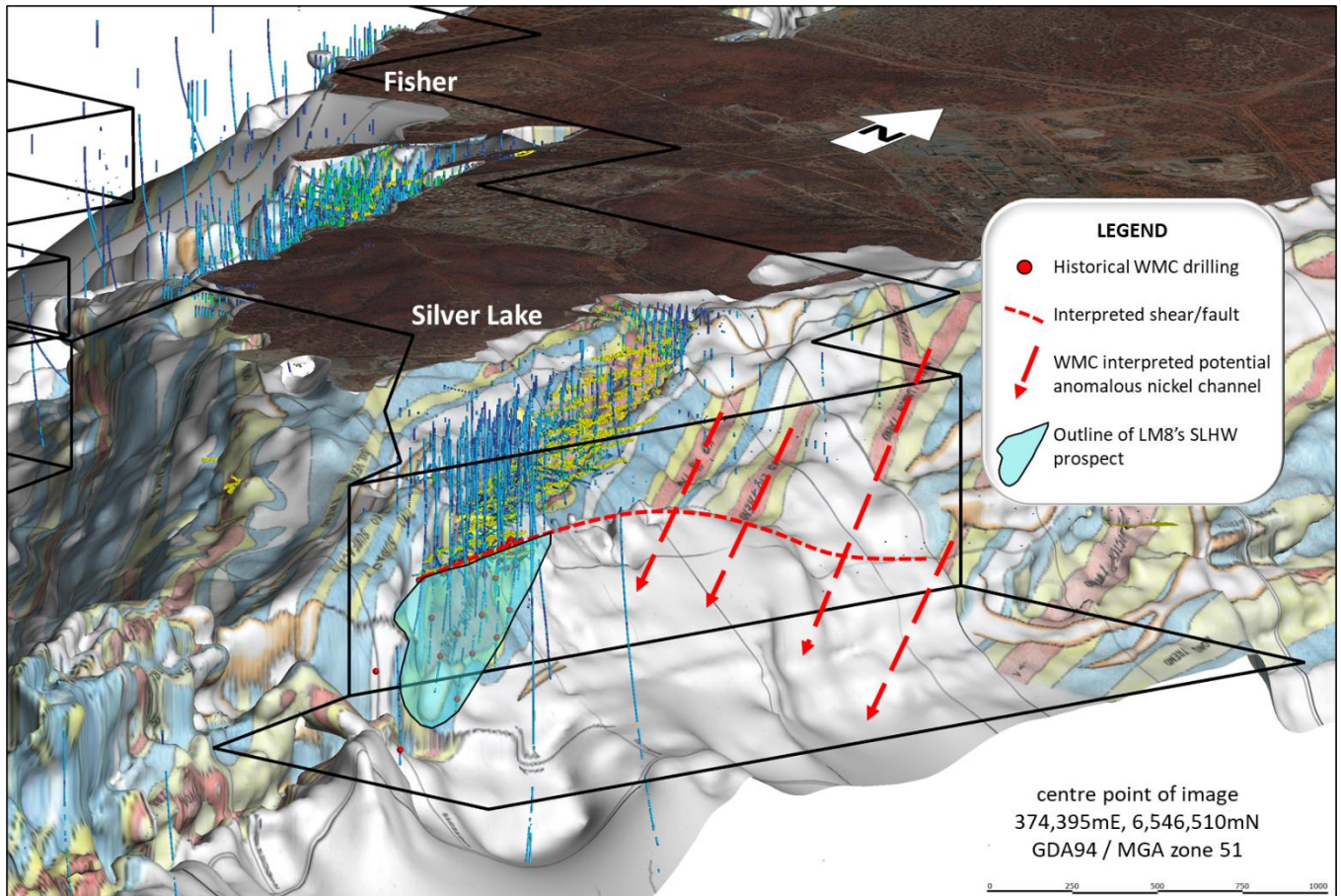


Figure 7: Isometric view (looking down to the northwest) of the Silver Lake-Fisher project area highlighting interpreted nickel trends (sourced from 1990 WMC technical report), shears and the prospective SLHW target.

Post quarter's end the Company was well advanced in estimating an Exploration Target for the SLHW prospect to assess and represent its exploration potential. The Exploration Target will be based on supporting geological information and drillhole data from WMC and geological interpretations by Lunnon Metals.

Included in the data on which the Exploration Target will be prepared are the results from surface and underground diamond drillholes, completed by WMC during the 1970s and 1980s. The details of selected SLHW drill intercepts were previously lodged with the ASX as an annexure to the Company's 2022 Australian Nickel Conference presentation slides on 6 October 2022. During review of the Silver Lake database as part of the assessment of the Exploration Target, certain intervals were upgraded relative to previously reported intercepts, with this improved data to be used in the modelled wireframe volume and reported in due course.



## **KNP SITE - GENERAL LOGISTICS**

### Drill Rig Activity

Drilling continued throughout the period utilising two drill rigs (an RC rig and a diamond rig). Now that RC drilling at Baker is complete, no further RC drilling is planned for the remainder of the calendar year. Drilling will recommence in early 2023 following data review and target generation of the new exploration space, identified in the Kenilworth EIS programme in the North Jan / East Cooee (East and West trough) areas, as well as high ranking prospects emanating from the first pass Silver Lake-Fisher target generation exercise on foot.

A single diamond drilling rig will continue through to the end of 2022 at a forecast rate of approximately 1,100m per month. That drill rig is likely to remain busy at the Warren N08C resource extension area for the duration of this period.

As noted earlier, for future safety and operational reasons, any drilling that intersects potential nickel mineralisation at the Company's KNP project is grouted from below, to well above the identified nickel mineralisation. In this regard a second diamond rig may return to site to complete grouting at Baker and at the same time, if warranted, drill short wedge holes from existing diamond holes for the purposes of collecting further metallurgical sample material identified as being required after completion of the updated Baker MRE and geo-metallurgy model.

## **ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE**

### KNP Environment, Health and Safety

The Company's new Manager ESG, Helen Anderson, has had an immediate positive impact on a range of site activities in the safety and environmental areas of her role. Working off the solid base already established by the Company in preparation for compliance with the Work Health and Safety Act 2020 that commenced earlier in the year, a particular focus has been on implementing initiatives to directly address and manage mental health and wellbeing of the KNP workforce.

### KNP Permitting / Regulatory Framework

On the regulatory front the Company is advancing two key initiatives:

- Achieving a position of readiness for the commencement of the Foster dewatering programme and the subsequent re-entry of the Foster mine for exploration purposes when the time is deemed appropriate; and
- Gaining the necessary approvals (including Mining Proposal / Mine Closure Plan) to permit a possible future development of the Baker Shoot if/when the Mineral Resource evaluation work and subsequent technical studies indicate that an economic future operation is justified. Baker is hosted on granted Mining lease M15/1548.

By quarter's end License applications to undertake dewatering activities had been lodged with Department of Water and Environmental Regulation (**DWER**) with the following applications now under assessment:

- Licence under Part V Division 3, Environmental Protection Act 1986 and Environmental Protection Regulations 1987 to undertake dewatering activity at the Baker Project; and
- Licence under Part V Division 3, Environmental Protection Act 1986 and Environmental Protection Regulations 1987 to undertake dewatering activity at the Foster/Warren Project.

Post quarter's end, the Company was granted its 5C Licence to take groundwater, allowing abstraction of 4.0 GL/year at KNP. This will enable dewatering activities to proceed once prescribed dewatering activity licenses are



granted and the relevant Mining Proposal/Mine Closure Plan approved. The Company will continue to update the market on the progress of these permitting activities as key milestones are achieved.

## CORPORATE

### ASX lodgements

An active news flow was maintained throughout the period with the following announcements lodged on the ASX.

- 28 Sep 2022 Baker Diamond Hole Delivers 6.0m @ 10.95% Ni
- 09 Sep 2022 Lunnon Metals Further Strengthens Executive Team
- 01 Sep 2022 Baker Initial Metallurgical Tests Complete
- 29 Aug 2022 Baker RC Programme Results Complete
- 22 Aug 2022 Northern Lines at Baker Continue to Deliver
- 03 Aug 2022 Diggers & Dealers 2022 Company Presentation
- 02 Aug 2022 Thick, High Grade Nickel Continues at Baker
- 18 Jul 2022 Baker Fires Up - Ni Grades Over 14% in Best Hole to Date
- 11 Jul 2022 Baker Infill - Rising to the Top
- 05 Jul 2022 More Nickel Hits at Warren

Compliance lodgements made to the ASX were as follows:

- 28 Sep 2022 Notification regarding unquoted securities - LM8
- 27 Sep 2022 Date of AGM and Closing Date for Director Nominations
- 27 Sep 2022 Results of General Meeting
- 23 Sep 2022 Corporate Governance Statement and Appendix 4G
- 23 Sep 2022 Annual Report to shareholders
- 26 Aug 2022 Notice of General Meeting/Proxy Form
- 27 Jul 2022 Quarterly Cashflow Report - June 2022
- 27 Jul 2022 Quarterly Activities Report - June 2022

Subsequent to the quarter's end, and up to the date of this Quarterly Report, the Company lodged the following announcements on the ASX.

- 20 Oct 2022 WA Government EIS Hole Completed at Kenilworth
- 13 Oct 2022 Notice of Annual General Meeting/Proxy Form
- 10 Oct 2022 Change in substantial holding - St Ives
- 07 Oct 2022 Change in substantial holding - Bolong
- 06 Oct 2022 Ceasing to be a substantial holder - Mainglow
- 06 Oct 2022 Ceasing to be a substantial holder - Aurora
- 06 Oct 2022 Company Presentation at 2022 Australian Nickel Conference
- 04 Oct 2022 Notification regarding unquoted securities - LM8
- 04 Oct 2022 Completion of Acquisition of New Nickel Rights
- 04 Oct 2022 Change of Director's Interest Notice - Ian Junk
- 04 Oct 2022 Change of Director's Interest Notice - Deborah Lord

### Business Development

During the September quarter the Company received Foreign Investment Review Board approval for the acquisition of the rights to nickel on the whole, or portions, of 19 mining leases (and related access rights on an additional tenement – the **Nickel Rights**) over the historical Fisher and Silver Lake nickel mines, pursuant to a Mineral Rights Agreement (**MRA**) with major shareholder St Ives.

Subsequent to this approval, BDO Corporate Finance prepared and submitted an Independent Expert's Report which then accompanied a Notice of Meeting for an Extraordinary General Meeting of shareholders to vote on the transaction, amongst other resolutions. The meeting was held on 27 September 2022 where all resolutions were passed by the requisite majority and as a result the Company issued 21,505,376 ordinary shares in the Company to St Ives as consideration. On 4 October 2022, the Company confirmed that these shares had been issued and that completion of the acquisition of the Nickel Rights had therefore occurred. The new St Ives' shares will be escrowed for 12 months from the issue date.

Further details and background to the transaction are in the announcement to the ASX dated 12 April 2022.

### **Cash Position**

As at 30 September 2022, Lunnon Metals held approximately \$27.5 million (30 June 2022: \$32.9 million) in cash having paid the Western Australian government's stamp duty \$1.13 million due on the above transaction during the quarter, in addition to its ongoing administration and aggressive exploration programme expenses.

Full details regarding the Company's cash movements during the quarter can be found in the Appendix 5B accompanying this report. For further information regarding the Company's activities please visit the website [www.lunnonmetals.com.au](http://www.lunnonmetals.com.au) or contact the Company, details below.

Approved and authorised for release by the Board.

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## COMPETENT PERSONS' STATEMENT AND COMPLIANCE

The information in this announcement that relates to nickel and gold geology, nickel Mineral Resources, Exploration Results and the Exploration Target, is based on, and fairly represents, information and supporting documentation prepared by Mr. Aaron Wehrle, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (**AusIMM**). Mr. Wehrle is a full-time employee of Lunnon Metals Ltd, a shareholder and holder of employee options; he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Wehrle consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the mining, metallurgical and environmental Modifying Factors or assumptions as they may apply to the Company's Mineral Resource Estimations is based on, and fairly represents, information and supporting documentation prepared by Mr. Aaron Wehrle and Mr. Edmund Ainscough, who are both Competent Persons and Members of the AusIMM, full time employees of Lunnon Metals Ltd, shareholders and holders of employee options; both have sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration, the activity that they are undertaking and the relevant factors, in particular in regard the location of the KNP, to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Both Mr. Wehrle and Mr. Ainscough consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information that relates to the results from the initial nickel metallurgy test work and in the pertinent announcement dated 1 September 2022, is based on, and fairly represents, information and supporting documentation prepared by Mr. Barry Cloutt, who is a Member of the AusIMM. Mr. Cloutt is an external and independent consultant to Lunnon Metals Ltd, and has sufficient experience that is relevant to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Cloutt consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

## MINERAL RESOURCES

The detailed breakdown of the Company's Mineral Resources as at 14 September 2022 is as follows:

KNP	Cut-off (Ni %)	Indicated Tonnes	Ni (%)	Ni Tonnes	Inferred Tonnes	Ni (%)	Ni Tonnes	Total Tonnes	Ni (%)	Ni Tonnes
<b>Foster</b>										
85H	1.0	387,000	3.3	12,800	300,000	1.3	3,800	687,000	2.4	16,600
South	1.0	223,000	4.7	10,500	116,000	4.8	5,500	340,000	4.7	16,000
Warren	1.0	136,000	2.7	3,700	75,000	3.7	2,700	211,000	3.1	6,400
N75C	1.0	270,700	2.6	6,900	142,000	1.9	2,600	412,700	2.3	9,500
<b>sub total</b>		<b>1,016,700</b>	<b>3.3</b>	<b>33,900</b>	<b>633,000</b>	<b>2.3</b>	<b>14,600</b>	<b>1,650,700</b>	<b>2.9</b>	<b>48,500</b>
<b>Baker area</b>										
Baker	1.0	295,000	2.8	8,100	273,000	2.8	7,700	568,000	2.8	15,800
<b>sub total</b>		<b>295,000</b>	<b>3</b>	<b>8,100</b>	<b>273,000</b>	<b>3</b>	<b>7,700</b>	<b>568,000</b>	<b>3</b>	<b>15,800</b>
<b>Total</b>		<b>1,311,700</b>	<b>3.2</b>	<b>42,000</b>	<b>906,000</b>	<b>2.5</b>	<b>22,300</b>	<b>2,218,700</b>	<b>2.9</b>	<b>64,300</b>

*Note: Figures have been rounded and hence may not add up exactly to the given totals.*

**DISCLAIMER**

References in this announcement may have been made to certain previous ASX announcements, which in turn may have included Exploration Results, Exploration Targets and Mineral Resources. For full details, please refer to the said announcement on the said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and mentioned announcements, the Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement(s), and in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.



## APPENDIX 1 – ADDITIONAL ASX LISTING RULE DISCLOSURES

### Compliance

For the purpose of ASX Listing Rule 5.3.1, net payments for exploration, evaluation and development during the quarter totalled \$4.76 million, as detailed in the Company's accompanying Appendix 5B statement (exclusive of salaries). This total figure includes an amount of \$3.03 million for exploration that was capitalised (principally drilling and associated expenses at Baker related to the infill and extensional programme) and also an amount of \$1.13 million paid in stamp duty assessed on the acquisition of nickel rights over the Silver Lake-Fisher project area as announced to the ASX on 12 April 2022. A minor amount of \$6,245 for property, plant and equipment purchased directly in support of the site-based exploration programme was also capitalised. Details of exploration activities undertaken during the quarter are as described in the preceding quarterly report and this Appendix.

For the purpose of ASX Listing Rule 5.3.2, the Company confirms there were no substantive mining production and development activities undertaken during the quarter. Pursuant to ASX Listing Rule 5.3.3, the details of the mining tenements and the Company's beneficial percentage interest held in those Tenements at the end of the quarter is included in the Tables at the end of this Appendix and their location shown diagrammatically in Figure 9 and Figure 10 below.

Pursuant to ASX Listing Rule 5.3.4, the Company provides its actual expenditure grouped and categorised against the items presented in the two year "Use of Funds" statement in its IPO Prospectus. This table covers the period from the date of its admission to ASX Official List (being 16 June 2021) up to 30 September 2022 and presents the actual expense against the estimated 2-year expenditure on those item groupings. An explanation of any material differences follows the table. The table includes the impact of the \$30 million capital raising in April 2022 which was naturally not contemplated at the time of the IPO.

Table 1: Use of Funds comparison – IPO 16 June 2021 to 30 September 2022

Use of Funds	Prospectus estimate (2 years) \$ millions	Actual use (16 June 2021 – September 2022 quarter end) \$ millions	Variance \$ millions
Exploration at the Kambalda Nickel Project - nickel	8.8	11.30	(2.50)
Exploration at the Kambalda Nickel Project - gold	0.9	0.30	0.60
Re-establish surface infrastructure, cost/initiate dewatering	1.4	0.19	1.21
Corporate, administration and working capital	2.83	2.85	(0.02)
Expenses of the Offer	1.07	1.10	(0.03)
Proceeds from subsequent capital raising (net of fees/costs)	-	(28.35)	28.35
<b>Total<sup>^</sup></b>	<b>15.0</b>	<b>(12.61)</b>	<b>27.61</b>

<sup>^</sup>totals may not add up due to rounding; variance under spend is now shown as a positive to correctly accommodate and reflect the \$30m capital raising.

Underpinned by the positive impact of the April 2022 \$30 million capital raising, the Company is now exceeding the *"Exploration at the Kambalda Nickel Project – nickel"* and *"Corporate, administration and working capital"* expense categories reported in the "Use of Funds" statement.

This is again due to the discovery of the Baker Shoot. As a direct consequence the relevant site exploration and administration (staffing) levels are, and will likely continue to be, higher than originally planned in light of this success at Baker, the addition of new Nickel Rights acquired from St Ives at Silver Lake-Fisher and the funding available post April 2022, all material events not contemplated and/or provided for in the budget at the time of listing.

In relation to the main expense component, Exploration, both for nickel and gold at the KNP, just under 44,300m of drilling has now been completed as compared to the 2-year forecast of approximately 28,000m at the time of IPO; i.e., approximately 58% higher than the originally envisaged drilling metres have now been completed.

This significant over performance in drilling metres also continues to be primarily due to the discovery of the Baker Shoot and the relative ease of drilling this target with RC techniques due to its shallow depth. This has allowed the Company to aggressively advance its knowledge of this potential new source of nickel mineralisation in late 2021 and throughout 2022, culminating in the reporting of the first-time JORC 2012 Mineral Resource detailed in previous ASX announcements.

Drilling activities continued throughout the September quarter. Production continues to be most active when RC drilling is ongoing at Baker Shoot but this has now ceased for the foreseeable future. In the December quarter when diamond drilling alone is planned, activity and expense levels will decrease.

The overall expense in relation to the exploration and site-based programme since the Company's IPO has now reached \$11.79 million and therefore exceeds the original forecast total of \$11.1 million for the full two years post listing. This rate of expenditure has now exceeded the Company's original forecast after the first 16 months post IPO, once more due primarily to the discovery of Baker.

In light of the \$28.35 million (net of fees/GST) resulting from the successful capital raise in April 2022, this expenditure rate will be able to be maintained, subject to the generation of new targets and ongoing positive results, beyond the previous plan contemplated in the IPO.

As in previous quarters, the timing of receipt of drilling and site support expense-based invoices already incurred may contribute to variance at the conclusion of the reporting quarter. There is no change in relation to the reconciliation of Expenses of the Offer at \$1.10 million (vs \$1.07 million estimated) previously reported. Fees attributable to the April 2022 capital raising were \$1.5 million plus GST.

In light of the discovery of Baker and the addition of the newly acquired rights at Silver Lake and Fisher, the Company has achieved and/or exceeded the business objectives underpinning the Use of Funds table in the Prospectus over the duration of the 2-year forecast period.

For the purpose of ASX Listing Rule 5.3.5, payments to related parties or associates of Lunnon Metals during the quarter totalled \$192,142. The payments were in respect of salaries, fees and superannuation to directors and a senior executive and office rental payments to Junk Super Pty Ltd, a related entity of non-executive director Ian Junk.

## Tenement Summary

**Current Foster/Jan components of the Kambalda Nickel Project** (All tenements are in location about 20km south from Kambalda – see Figure 8 below tables).

Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1546	Kambalda district, Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	100% legal & beneficial interest	100% legal & beneficial interest
M15/1548	Kambalda district, Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	100% legal & beneficial interest	100% legal & beneficial interest
M15/1549	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1550	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1551	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1553	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1556	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1557	Kambalda district, Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	100% legal & beneficial interest	100% legal & beneficial interest
M15/1559	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1568	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1570	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1571	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1572	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1573	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1575	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1576	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest
M15/1577	Kambalda district, Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	100% legal & beneficial interest	100% legal & beneficial interest

Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1590	Kambalda district, Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	100% legal & beneficial interest	100% legal & beneficial interest
M15/1592	Kambalda district, Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	100% legal & beneficial interest	100% legal & beneficial interest

\*St Ives retains rights to explore for and mine gold in the "Excluded Areas" on the Tenements as defined in the subsisting agreements between Lunnon Metals and St Ives. This right extends to gold mineralisation which extends from the Excluded Area to other parts of the Tenements with select restrictions which serve to prevent interference with, or intrusion on, Lunnon Metals' existing or planned activities and those parts of the Tenements containing the historical nickel mines. St Ives has select rights to gold in the remaining areas of the Tenements in certain limited circumstances as described in detail in the Company's Solicitor Report attached to the Prospectus submitted to the ASX dated 22 April 2021 and lodged with the ASX on 11 June 2021.

**Mineral Rights Agreement - Silver Lake/Fisher** (All tenements are in location in the immediate vicinity directly south from Kambalda see Figure 9 below table).

Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
ML15/0142	Kambalda district, Western Australia	Rights of access subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	Fisher mine portal. Access rights only – nickel rights held by BHP Nickel West Pty Ltd.
M15/1497	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1498	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1499	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 100 m ASL.
M15/1505	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1506	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.



Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1507	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 150 m ASL.
M15/1511	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1512*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from sea level.
M15/1513*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 150 m ASL (~425 m depth).
M15/1515*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1516*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1523	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 250 m ASL (~540 m depth).
M15/1524	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 250 m ASL (~540 m depth).
M15/1525	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 250 m ASL (~540 m depth).
M15/1526*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from 250 m ASL (~540 m depth).
M15/1528	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.

Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1529*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1530	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022– tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.
M15/1531*	Kambalda district, Western Australia	Mineral rights to nickel subject to deal announced 12 April 2022 – tenement held 100% by St Ives Gold Mining Co. Pty Ltd	nil	100% of nickel rights from surface.

*\*Denotes portion of tenement excluded from Mineral Rights Agreement*

*ASL – denotes above sea level. Surface elevations generally range from 290 m ASL to 300 m ASL for the tenements where the rights are from surface.*

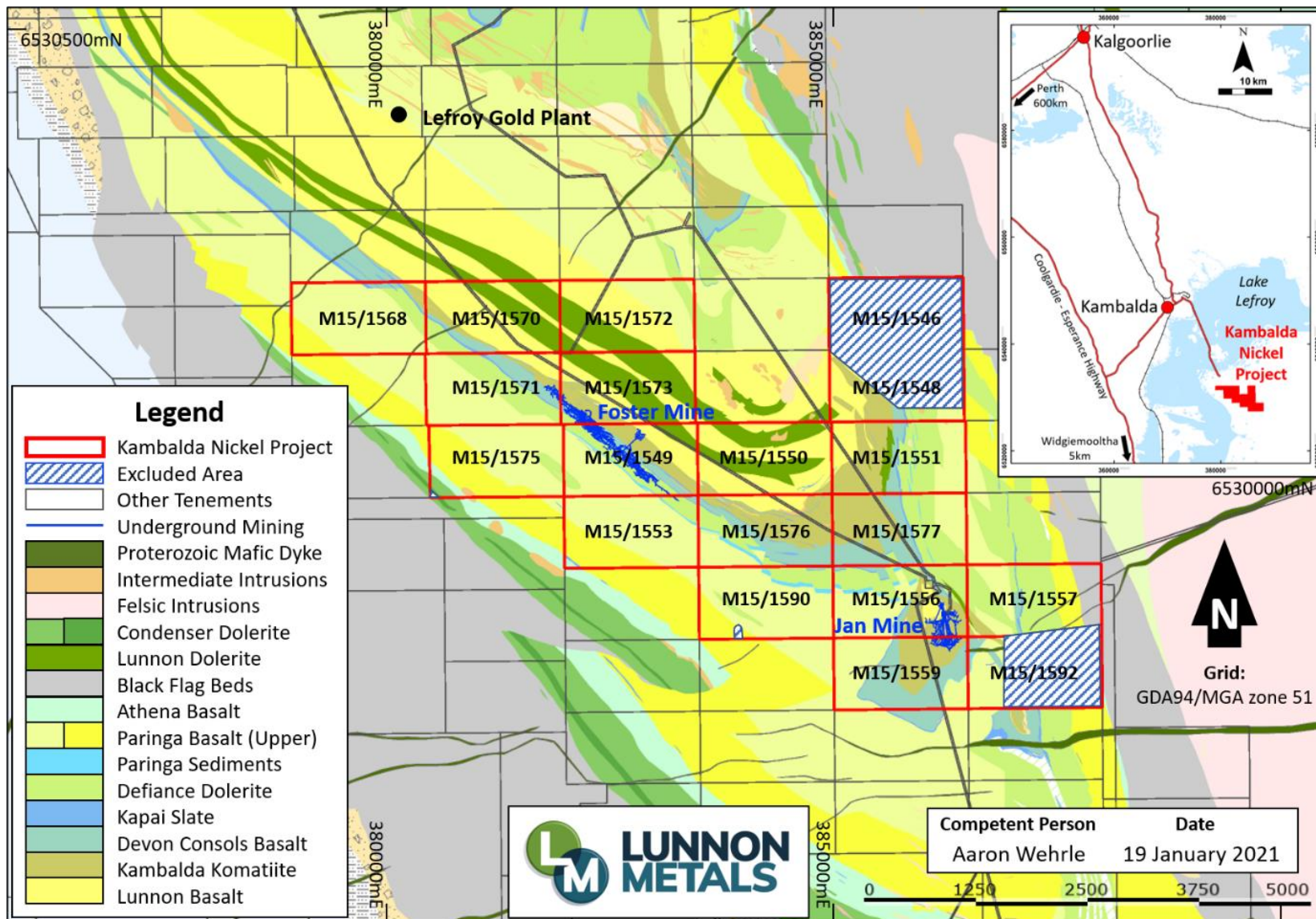


Figure 8: Tenement Map as released in the Solicitor's Report appended to the Company's Prospectus dated 22 April 2021 and announced to the ASX on 11 September 2021 – illustrating tenement IDs with historical mines and surface interpretative geology shown on the Foster-Baker project area.



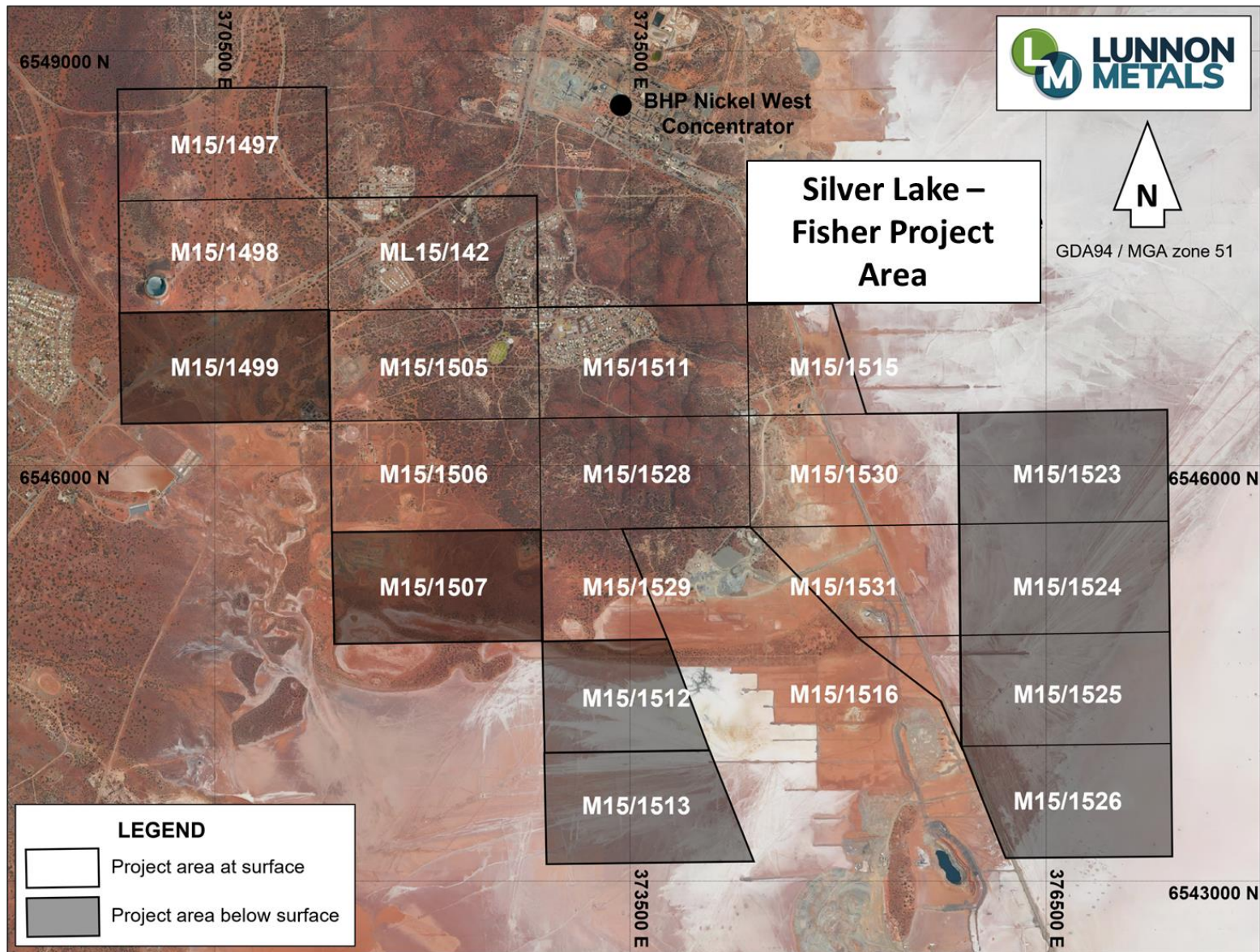


Figure 9: Tenement Map announced to the ASX on 12 April 2022 – illustrating tenement IDs for Silver Lake-Fisher Project Area.