

ASX Announcement
26 July 2024

JUNE 2024 QUARTERLY REPORT

Develop prepares Woodlawn copper-zinc mine for production and cashflow

Funding and offtake discussions well advanced; Short lead time and low-risk pathway to operational start-up of fully-developed and approved project

Key Points

Woodlawn Copper-Zinc Project, NSW:

- Funding and offtake discussions are well advanced; Strong interest from Tier-1 banks and global commodity traders
- Production and Re-Start Study sees NPV jump 37% to A\$658m with forecast free cashflow of A\$1b over the 10-year mine plan
- Re-start is low-risk, with 80% of the mine plan underpinned by Reserves and ~A\$400m of capital already placed into the mine build, including the first two years of production already fully developed
- Potential to further increase the NPV and cashflow at the completion of offtake terms and debt financing in the September quarter

Pioneer Dome Lithium Project, WA:

- Updated Pioneer Dome Scoping Study showed the project will generate substantial Net Present Value (NPV) at consensus prices for 6 per cent spodumene concentrate; The project is significantly leveraged to price increases
- The strong findings were based on a seven-year mine life and assumed Develop builds all site infrastructure (including processing and accommodation facilities); Forecast average annual steady state SC5.5 concentrate production is ~200kt; Life of Mine 1.13Mt
- Deposit is open with significant potential for growth in inventory and mine-life

Develop Mining Services:

- FY24 Mining Services Revenue was A\$142m (10% above forecast); FY25 Revenue expected to grow ~50% to A\$200-\$220m
- Production activities continued to increase at the Bellevue Gold Mine under Develop's mining contract. Mining physicals and revenue are set grow significantly in FY25
- Mining services agreement at Karora Resources' Beta Hunt Mine is progressing well with advance ahead of contract schedule. Underground development contract at the Mt Marion Mine saw the commencement of the decline in early June

Corporate:

- Cash at bank increased to A\$41m and no corporate debt; This cash balance is expected to grow later in FY25 due to the expanding cashflows from the Mining Services division
- A\$11.55M received from Directors exercising options

Develop (ASX: DVP) is pleased to report on a productive June quarter which saw the Company make strong progress at its Woodlawn and Pioneer Dome projects and drive significant growth in its Mining Services business.

Develop Managing Director Bill Beament said: “Woodlawn’s enviable status as a high-quality copper and zinc asset with a developed mine and near-new processing plant is reflected in the strong interest we have received from global financiers and commodity traders.

“The project has a short and low-risk runway to production in a tier-one location, making it one of a very small but highly desirable class of premier projects for investors, financiers and customers alike.

“Given the strong appetite shown by these global groups. I am confident we will shortly secure attractive funding and offtake terms which will unlock the huge value of the Woodlawn mine”.

Occupational Health, Safety, Environmental and Social

Group lost time injury frequency rate “LTIFR” was 0.0 (injuries per million work hours), National metalliferous mining average is 2.4.

There has been no material environmental or heritage incidents in the past quarter, and the Company received no stakeholder complaints or grievances.

Woodlawn Copper-Zinc Mine (NSW)

Develop’s Woodlawn Copper-Zinc Mine is in the world class Lachlan Fold belt in NSW. Historically, the Mine operated from 1978 to 1998 and was Australia’s second highest grade base metal mine at the time, processing 13.8Mt @ 9.1% Zn, 1.6% Cu, 3.6% Pb, 74gpt Ag and 0.5gpt Au¹.

Since acquiring the Project in mid-2022 Develop have completed an aggressive exploration and growth drilling programme that has resulted in an increase to the Resource by 55% to 11.3Mt @ 1.8% Cu, 5.8% Zn, 2.1% Pb, 46gpt Ag & 0.5gpt Au and Reserves by 94% to 6.0Mt @ 1.5% Cu, 3.6% Zn, 1.3% Pb, 29gpt Ag & 0.4gpt Au (see ASX announcements 22 March and 03 April 2024).

The production restart study for Woodlawn (see ASX announcement 03 April 2024) showed the low risk, low capex and significant free cashflow generation of the project. The mine is fully permitted, with processing and other infrastructure already in place and 80% of the 10 year mine plan is under pinned by Reserves, Further derisking of the project has been achieved by having the first two years of production already fully developed and the grade-controlled drilling complete. See below for the key financial metric from the study.

Study Outcomes	
Production Rate	0.85 Mtpa
Mine plan Mine revenue (real)	A\$2,595 million
Mine plan Free Cash flow (pre-tax real)	A\$1,003 million
Infrastructure capital	A\$42 million
Pre-tax NPV^{7%}	A\$658 million
Max Negative Cash flow	A\$67 million
Mine payback	<2 years
Average Annual Free Cash flow (real)	A\$100 million
Mine plan assumed revenue per tonne	A\$345/tonne
Average cash operating costs ¹	A\$159/tonne
Royalties	A\$16/tonne
Capital Cost	A\$34/tonne
Margin	A\$136/tonne

¹Cash operating costs include all mining, processing, transport, port, shipping/freight and site based general, TCRC’s and concentrate charges and administration costs.

The company’s technical team are currently transitioning the Woodlawn Production Re-start study to a fully detailed execution plan. This includes optimised development positioning, final stope shapes as well as additional breakdown of the mining activities to ensure interactions can be managed at an operational level. The additional clarity and resolution of the schedule will ensure a smooth ramp up to mining upon commencement and the alignment with dates for fixed infrastructure.

No new exploration was completed at the Project during the quarter.

Pioneer Dome Lithium Project (WA)

The Pioneer Dome Project is located within Western Australia's 'lithium corridor' in the Eastern Goldfields, approximately 130km South of Kalgoorlie.

The Project's Mineral Resources stands at 11.2Mt @ 1.2% Li₂O and is one of only a handful of ASX-listed lithium JORC-compliant Resources that does not have a spodumene offtake agreement. Australian spodumene is highly sort after because it qualifies for significant flow-through offshore government subsidies.

During the quarter the company announced the results of an updated Scoping Study for the Project. The updated mine plan demonstrates that the Project is set to generate exceptionally strong financial returns based on either of two production scenarios.

Table 1: Pioneer Dome summary financial model outputs

Description	Avg SC6 Price (USD/t con)	Project Revenue (A\$M)	Free Cash Flow (A\$M)	Pre-Tax NPV _{8%} (A\$M)	Pre-tax IRR (A\$M)
Bloomberg Consensus	1,393	2,172	666	373	34%
Flat Pricing (1500 SC6)	1,500	2,339	823	495	44%
Flat Pricing (2000 SC6)	2,000	3,119	1,558	1,016	76%

Build Own Concentrator Scenario:

The first scenario is based on building a processing plant, including a flotation circuit, accommodation camp and all associated infrastructure, at a cost of A\$285m. This scenario would generate significant free cashflow using a consensus price forecast of US\$1393/t. Using this scenario the project will generate A\$666m in free cashflow and have a pre-tax NPV₈ of A\$373m.

Develop would also consider adopting this option in the event that the price of 6 per cent spodumene concentrate rose to US\$1500/t. At this price the project delivers free cashflow of A\$823m.

The results in this scenario are significantly better than those contained in the previous Scoping Study of February 2023, due mainly to Develop's decision to mine Pioneer Dome predominantly via underground methods.

Small, low strip ratio pits will produce early ore and cashflow and create access points for the larger underground mines. This will deliver significant benefits, including an increased production profile compared to previous mine plans and the ability for fast and effective production ramp-up.

Mine Gate Sale or Toll Treatment Scenario:

The second scenario is based on a mine gate sale or toll treatment arrangement. This scenario includes capital cost of just A\$35-40m, saving an estimated A\$250m due to there being no need to construct a processing plant, associated infrastructure or an accommodation camp. The main orebody in the mine plan outcrops and produces ore from month 3 of the schedule meaning revenue is generated very early in the project life, especially in a mine gate sale or toll treatment scenario

Under this second scenario, the Project's NPV and cashflow increases significantly and the construction and operating risks substantially reduce.

Mining proposals for the project have been submitted to the government agencies and are expected to be approved in the September quarter.

Sulphur Springs Zinc-Copper Project (WA)

The Sulphur Springs Project located 144km south-east of Port Hedland in Western Australia's Pilbara region. The project's Mineral Resource stands at 17.4Mt at 5.8% Zn, 1.0% Cu, 0.3% Pb, 21gpt Ag & 0.2gpt Au.

During the quarter Joint Venture partner Anax Metals Limited (ASX: ANX) announced positive heap leach results from Sulphur Springs ore outside of the Company's 2023 definitive feasibility study (see ANX ASX announcement 7 May 2024).

Based on the highly encouraging test work, Anax and Develop are evaluating column leach tests. Results of this upcoming work will underpin the Scoping Study that has been initiated by Develop and Anax (see ASX announcement 28 March 2024).

The Whim Creek Copper-Zinc Project is located 120 km southwest of Port Hedland and is jointly held by ANX (80%) and DVP (20%) through an unincorporated joint venture executed in October 2020.

No new exploration was completed at the Project during the quarter.

Develop Underground Mining Services Division

FY24 Mining Services Revenue was A\$142m, which was 10% above forecast. FY25 Revenue is expected to grow ~50% to ~A\$200-\$230m, from existing contracts.

The ramp up of production activities continued at the Bellevue Gold Mine, which saw a continued increase in ore production. A substantial increase in activities and revenues in FY25 is forecasted due to Bellevue Gold's expansion/growth strategy (see BGL's ASX announcement 25 July 2024).

Mining continues to progress well at Beta Hunt with performance above contract schedules. The merger between Karora Resources and Westgold Resources is expected to be finalised this month.

Site establishment activities for the Mt Marion Lithium mine are complete and the excavation of the portal went smoothly with capital advance well under way.

Corporate

Both the Woodlawn funding and offtake process commenced in the June quarter. The funding process has had strong participation from Australian/International banks and offtake financiers. The offtake process had very strong interest from commodity traders. Conditions for marketing new supply of copper, zinc and lead concentrates have been extremely favourable. The preferred funding and offtake partners will be announced in the coming weeks.

Preliminary discussions regarding strategic asset level investment for Woodlawn commenced in the June quarter. The formal process will commence in the September quarter, once the funding and offtake process for Woodlawn has been finalised.

Securities Information

Develop's issued capital at the date of this announcement is:

Security Class	Issued Capital
DVP Fully Paid Ordinary Shares	258,053,581
Unlisted Performance Rights	4,578,977
Unlisted Share Rights	21,724
Unlisted Options (various expiry dates and exercise prices)	16,515,000

Financial Information

Develop's cash position on 30 June 2024 was A\$41.3M. The company has no corporate debt.

Appendix 5B – Statement of Consolidated Cash Flows is provided in a separate report. Information as disclosed in the Cash Flow Report:

- Exploration and Evaluation during the quarter was \$A0.79M.
- Mine Property Development in the quarter was nil
- Payments to related parties of Develop and their associates during the quarter was A\$262k. Develop advises that A\$262k relates to executive directors' salaries, non-executive directors' fees and superannuation.

This announcement is authorised for release by Bill Beament, Managing Director.

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About Develop

Develop (ASX: DVP) has a twin-pronged strategy for creating value. The first of these centres on the exploration and production of future-facing metals. As part of this, the Company owns the Sulphur Springs copper-zinc-silver project in WA's Pilbara region. This project is currently the focus of ongoing exploration to grow the inventory and various development studies. Develop also owns the Woodlawn zinc-copper project in NSW. Woodlawn, which is on care and maintenance, comprises an underground mine and a new processing plant. Develop has also recently acquired the Pioneer Dome Lithium Project in WA's lithium corridor' in the Eastern Goldfields. This project is currently the focus of ongoing exploration to grow the inventory and various development studies. The second plank of Develop's strategy centres on the provision of underground mining services. As part of this, Develop has an agreement with Bellevue Gold (ASX: BGL), Mineral Resources (ASX: MIN) and Karora (TSX: KRR) to provide underground mining services at their Projects in Western Australia.

Interest in Mining Tenements

PROJECT	TENEMENT	STATUS	LOCATION	GROUP INTEREST
Sulphur Springs	M45/494	Granted	Western Australia	100%
	M45/587	Granted	Western Australia	100%
	M45/653	Granted	Western Australia	100%
	M45/1001	Granted	Western Australia	100%
	E45/4811	Granted	Western Australia	100%
	E45/4993	Granted	Western Australia	100%
	E 45/6033	Granted	Western Australia	100%
	E 45/6034	Granted	Western Australia	100%
	L45/166	Granted	Western Australia	100%
	L45/170	Granted	Western Australia	100%
	L45/173	Granted	Western Australia	100%
	L45/179	Granted	Western Australia	100%
	L45/188	Granted	Western Australia	100%
	L45/189	Granted	Western Australia	100%
	L45/287	Granted	Western Australia	100%
M45/1254	Granted	Western Australia	100%	
E45/6666	Granted	Western Australia	100%	
Woodlawn	S(C&PL)20	Granted	New South Wales	100%
	EL7257	Granted	New South Wales	100%
	EL8325	Granted	New South Wales	100%
	EL7468	Granted	New South Wales	100%
	EL7469	Granted	New South Wales	100%
	EL8353	Granted	New South Wales	100%
	EL8623	Granted	New South Wales	100%
	EL8712	Granted	New South Wales	100%
	EL8796	Granted	New South Wales	100%
EL8797	Granted	New South Wales	100%	
EL8945	Granted	New South Wales	100%	
Juglah Dome	E25/585	Granted	Western Australia	100%
Pioneer Dome	E15/1515	Granted	Western Australia	100%
	E15/1725	Granted	Western Australia	100%
	E63/1669	Granted	Western Australia	100%
	E63/1782	Granted	Western Australia	100%
	E63/1783	Granted	Western Australia	100%
	E63/1785	Granted	Western Australia	100%
	E63/1825	Granted	Western Australia	100%
	E63/2118	Granted	Western Australia	100%
M15/1896	Granted	Western Australia	100%	

PROJECT	TENEMENT	STATUS	LOCATION	GROUP INTEREST
	M63/665	Granted	Western Australia	100%
	L63/77	Granted	Western Australia	100%
Horse Rocks	E15/1710	Granted	Western Australia	100%
Whim Creek Anax JV ¹	M47/236	Granted	Western Australia	20%
	E47/3495	Granted	Western Australia	20%
	M47/237	Granted	Western Australia	20%
	M47/238	Granted	Western Australia	20%
	M47/443	Granted	Western Australia	20%
	L47/36	Granted	Western Australia	20%
	M47/323	Granted	Western Australia	20%
	M47/324	Granted	Western Australia	20%
	M47/1455	Granted	Western Australia	20%
Alchemy JV ²	EL8318	Granted	New South Wales	20%
	EL5878	Granted	New South Wales	20%
	EL7941	Granted	New South Wales	20%
	EL8267	Granted	New South Wales	20%
	EL8356	Granted	New South Wales	20%
	EL8192	Granted	New South Wales	20%
	EL8631	Granted	New South Wales	20%
	EL8711	Granted	New South Wales	20%
SKY Metals JV ³	EL7954	Granted	New South Wales	20%
	EL8400	Granted	New South Wales	20%
	EL8573	Granted	New South Wales	20%
Golden Ridge JV ⁴	E26/186	Granted	Western Australia	25%
	E26/211	Granted	Western Australia	25%
	E26/212	Granted	Western Australia	25%
	M26/220	Granted	Western Australia	25%
	M26/222	Granted	Western Australia	25%
	M26/284	Granted	Western Australia	25%
	M26/285	Granted	Western Australia	25%
	L26/272	Granted	Western Australia	25%
Balagundi JV ⁵	E27/558	Granted	Western Australia	25%
Kangan JV ^{6,7}	E45/4948	Granted	Western Australia	30%
	E47/3318-I	Granted	Western Australia	30%
	E47/3321-I	Granted	Western Australia	30%
	E47/3945	Granted	Western Australia	30%
Acra JV ⁸	E27/278	Granted	Western Australia	25%*
	E27/438	Granted	Western Australia	25%*
	E27/491	Granted	Western Australia	25%*
	E27/520	Granted	Western Australia	25%*
	E27/548	Granted	Western Australia	25%*
	E27/579	Granted	Western Australia	25%*
	E28/2483	Granted	Western Australia	25%*
Maggie Hays Hill JV ⁹	E63/1784	Granted	Western Australia	20%
Wattle Dam JV ¹⁰	M15/1101	Granted	Western Australia	20%
	M15/1263	Granted	Western Australia	20%
	M15/1264	Granted	Western Australia	20%
	M15/1323	Granted	Western Australia	20%
	M15/1338	Granted	Western Australia	20%
	M15/1769	Granted	Western Australia	20%
	M15/1770	Granted	Western Australia	20%
	M15/1771	Granted	Western Australia	20%
	M15/1772	Granted	Western Australia	20%
	M15/1773	Granted	Western Australia	20%
Larkinvile JV ¹¹	M15/1449	Granted	Western Australia	25%

Notes

- 1 Whim Creek JV Agreement: Anax Metals 80%, Develop Global 20% free carried interest to decision to mine
- 2 Alchemy JV Agreement: Alchemy Metals 80%, Develop Global 20%
- 3 Sky Metals JV Agreement: Sky Metals 80%, Develop Global 20%
- 4 Nickel sulphides rights are subject to the Australian Nickel Company Ltd Farm in/Joint venture
- 5 Balagundi Farm in/JV Agreement: Black Cat Syndicate Limited is earning a 75% Project interest
- 6 Kangan Gold JV Agreement: Novo Resources Corp holds a 70% Project Interest in gold and precious metals mineral rights
- 7 Subject to a 1.5% net smelter royalty right held by FMG Pilbara Pty Ltd
- 8 Acra JV Agreement: Northern Star Resources Limited 75% interest, Develop Global Limited 25% free carried interest.
- 9 Northern Stra Resources have withdrawn from the JV, tenements within the Acra Project are currently undergoing 100% transfer back to DVP.
- 10 Maggie Hays Lake JV Agreement: Poseidon Nickel Limited 80%, Develop Global Limited 20% & free carried interest to commencement of mining
- 11 Wattle Dam Nickel JV Agreement: Mineral Rights held by Maximus Resources Limited. Develop Global Limited 20% free carried interest in nickel sulphide minerals
- 12 Larkinville West JV Agreement: Maximus Resources Limited 75%, Develop Global Limited 25% free carried interest, except nickel rights which are subject to the Wattle Dam JV

Mineral Resources Statements

SULPHUR SPRINGS PROJECT	SULPHUR SPRINGS	Resource Category	Tonnes (kt)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
		Indicated	12,398	1.2	0.3	5.6	21.8	0.1
		Inferred	1,401	0.2	0.5	6.4	38.4	0.2
		TOTAL	13,798	1.1	0.3	5.7	23.5	0.2
SULPHUR SPRINGS PROJECT	KANGAROO CAVES	Resource Category	Tonnes (kt)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
		Indicated	2,300	0.9	0.3	5.7	13.6	0.0
		Inferred	1,300	0.5	0.4	6.5	18.0	0.0
		Total	3,600	0.8	0.3	6.0	15.0	0.0
WOODLAWN	WOODLAWN	Resource Category	Tonnes (kt)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
		Measured	1,293	2.1	1.6	5.2	47.7	0.9
		Indicated	6,833	1.8	1.7	4.7	34.6	0.4
		Inferred	3,135	1.6	3.3	8.5	70	0.5
Total	11,261	1.8	2.1	5.8	46.0	0.5		
DVP 100%		Resource Category	Tonnes (kt)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
		Measured	1,293	2.1	1.9	4.3	100	1.4
		Indicated	21,531	1.4	0.8	5.3	25.8	0.2
		Inferred	5,836	0.8	1.6	7.2	48.2	0.3
Total	28,659	1.3	1.0	5.8	31.3	0.3		
PIONEER DOME	DOME NORTH	Classification	Tonnes (Mt)	Li ₂ O %	Ta ₂ O ₅	Contained Li ₂ O (t)	Fe ₂ O ₃	
		Measured	-	-	-	-	-	
		Indicated	8.6	1.23	55	105,000	0.46	
		Inferred	2.6	0.92	62	24,000	0.55	
Total	11.2	1.2	57	129,000	0.48			

Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.

The information contained in this report references the following ASX announcements:

- ASX announcement “5 Year Growth Plan and Equity Raising Presentation” dated 25 July 2025 (ASX:BGL)
- ASX announcement “Develop receives A\$11.55m from Directors Exercising Option” dated 19 June 2024
- ASX announcement “Updated Pioneer Dome Scoping Study” dated 7 May 2024
- ASX announcement “Woodlawn Production Restart Study” dated 3 April 2024
- ASX announcement “Develop and Anax Joint Study of Sulphur Springs” dated 28 March 2024
- ASX announcement “Bioleaching Success to Boost Whim Creek Metal Production” dated 19 June 2023 (ASX:ANX)

Cautionary Statement

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