

**QUARTERLY ACTIVITIES REPORT**

For the period ended 30 June 2021

**HIGHLIGHTS**

- Fully underwritten IPO closed, raising \$15 million before costs
- Admitted to the official list of the ASX and commenced trading on 16 June 2021 with ticker LM8
- Drilling contractor, Blue Spec Drilling Pty Ltd, retained to commence exploration programme
- Mobilisation activities well underway
- Exploration to focus on identified nickel targets utilising RC and diamond drilling
- DHEM survey technique to be used for target generation using both planned and historical WMC drill holes
- Lunnon to re-commence review of historical WMC data; up to 350km of diamond core available

Lunnon Metals Limited (ASX: LM8) (the "Company" or "Lunnon") is pleased to report on activities during the June 2021 quarter.

**KAMBALDA NICKEL PROJECT**

During the quarter, the Company crystallised a 51% interest in the Kambalda Nickel Project ("KNP") via an existing Joint Venture Agreement with St Ives Gold Mining Company Pty Ltd ("St Ives"), a wholly owned subsidiary of global gold major Gold Fields Ltd, and a significant Western Australian gold producing operation in its own right. Lunnon then subsequently acquired the residual 49% interest in the KNP from St Ives by issuing shares in consideration for acquiring that interest.

Lunnon now holds 100% of the mineral rights at KNP, subject to certain rights retained by St Ives. Full details of the Company's IPO and the transactions involved are in the Prospectus submitted to the ASX dated 22 April 2021 and lodged with the ASX on 11 June 2021.

KNP, shown in its regional location in Figure 1 below, is approximately 23 km<sup>2</sup> in size comprising 19 contiguous granted mining leases situated within the Kambalda Nickel District which extends for more than 70 kilometres south from the township of Kambalda ("Tenements"). The Tenements acquired are listed later in this report. This world-renowned nickel district has produced in excess of 1.4 million tonnes of nickel metal since its discovery in 1966 by WMC Resources Ltd ("WMC").

**LUNNON METALS LIMITED**  
ABN: 82 600 008 848**BOARD/MANAGEMENT****Mr Liam Twigger**  
NON-EXECUTIVE CHAIRPERSON**Mr Ian Junk**  
NON-EXECUTIVE DIRECTOR**Mr Ashley McDonald**  
NON-EXECUTIVE DIRECTOR**Mr Edmund Ainscough**  
MANAGING DIRECTOR**Mr Aaron Wehrle**  
EXPLORATION &  
GEOLOGY MANAGER**OFFICE**Suite 5/11 Ventnor Avenue  
WEST PERTH WA 6005**POSTAL ADDRESS**PO BOX 470  
WEST PERTH WA 6872**CONTACT DETAILS**+61 8 9226 0887  
info@lunnonmetals.com.au**lunnonmetals.com.au****SHARE REGISTRY**

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**ASX CODE: LM8**

As the Company spent almost the entirety of the June quarter engaged in activities directly related to the IPO and capital raising, no substantive exploration activities occurred during the quarter. In the latter part of the quarter work centred on detailed final drill hole design for the initial exploration programme and proposed budget for the September quarter together with the necessary on-ground logistics associated with start-up.

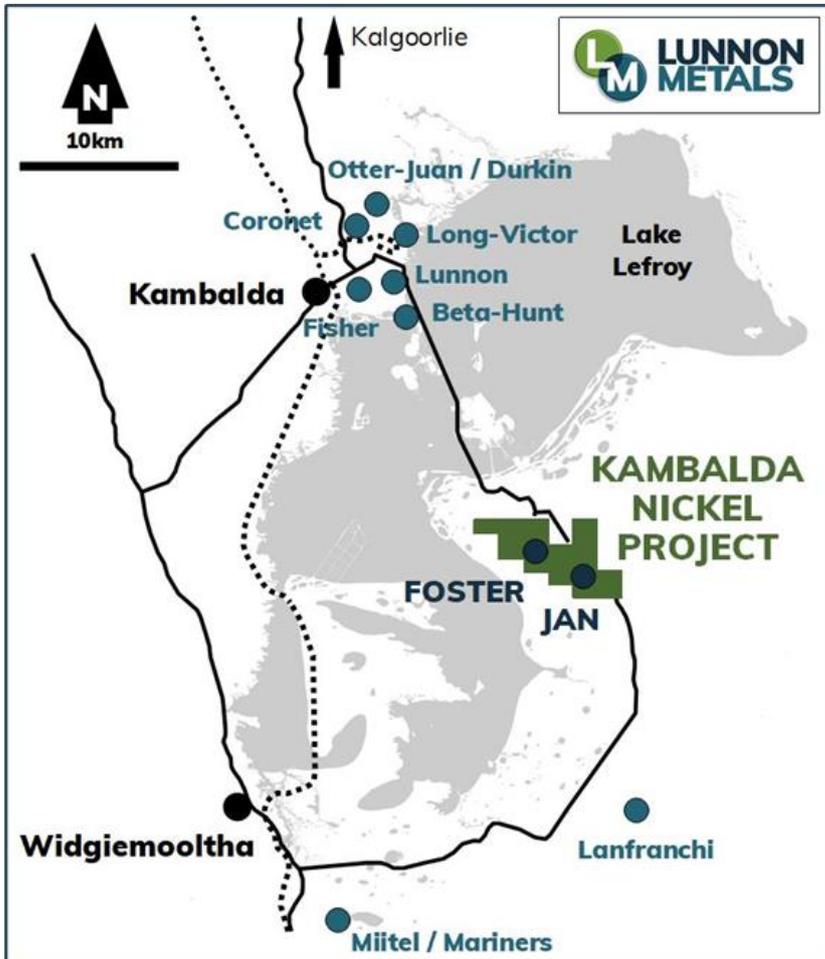


Figure 1: Regional Location of the Kambalda Nickel Project and other nearby nickel deposits

### Drilling Programme

The Company engaged Blue Spec Drilling Pty Ltd (Blue Spec) late in the quarter as its contractor to undertake reverse circulation (RC) and diamond drilling at the KNP. Blue Spec is a Kalgoorlie based, international drilling company with operations throughout Australia and South America and a fleet of 20 multipurpose drill rigs. Blue Spec will provide all necessary supervision, labour, transport, plant and equipment required to execute the Company's surface RC and diamond drilling programme.

Lunnon's focus is to now work with Blue Spec to ensure a safe and efficient mobilisation of the fleet to Kambalda to allow that programme to commence. This is a significant first step in testing the portfolio of nickel and gold exploration targets presented in the Prospectus announced on the ASX on 11 June 2021.



## Discussion on Exploration Approach

The initial nickel focussed drill programmes (described below), together with the full portfolio of identified nickel and gold targets, will be the subject of an aggressive drilling campaign. Surface exploration activities will use a combination of RC and diamond drilling methods, subject to the relevant targeted depth below surface, to test both empirical and conceptual nickel opportunities.

Subject to the outcome of these initial holes, near surface targets will then receive follow up, closer spaced RC drilling to define potential nickel mineralisation, coupled with select diamond drilling to ensure both structural, metallurgical and geotechnical data is collected to assist the future analysis and reporting of any discovered nickel mineralisation.

A significant proportion of these holes will also undergo Down Hole Transient Electro-Magnetic surveys ("DHTEM"). DHTEM survey is widely recognised as a fundamental tool in brownfields nickel exploration and resource delineation. In terms of the exploration process, these surveys can assist the progress of targets from early stage anomalies through to reported mineral resources rapidly, if successful. The Company highlights that a number of strategically located, historical drill holes, originally completed by WMC, did not undergo DHTEM at the time of their original drilling. As such, where practical, these holes will be re-entered and surveyed with this technique, maximising the value of the significant historical investment in surface drilling by WMC.

Managing Director Ed Ainscough said:

*"It is an excellent outcome to be able to secure the services of Blue Spec in the current tight market for exploration drilling services. They come highly recommended and it is pleasing to be able to work with a local firm from the immediate Kambalda/Kalgoorlie region on this our first exploration programme post listing on the ASX. We have a number of high-ranking targets located near existing resources which we will focus on in our first round of drilling. The experience the Lunnon team has in the Kambalda region, coupled with the benefit of historical exploration and production data from the period of WMC ownership of these assets, gives us great confidence in the choice of targets for our initial exploration activities as a public listed company."*

Drilling activity is scheduled to commence early in the current September quarter with the initial targets to be tested as follows (see Figure 2 for location of programmes detailed below within the KNP):

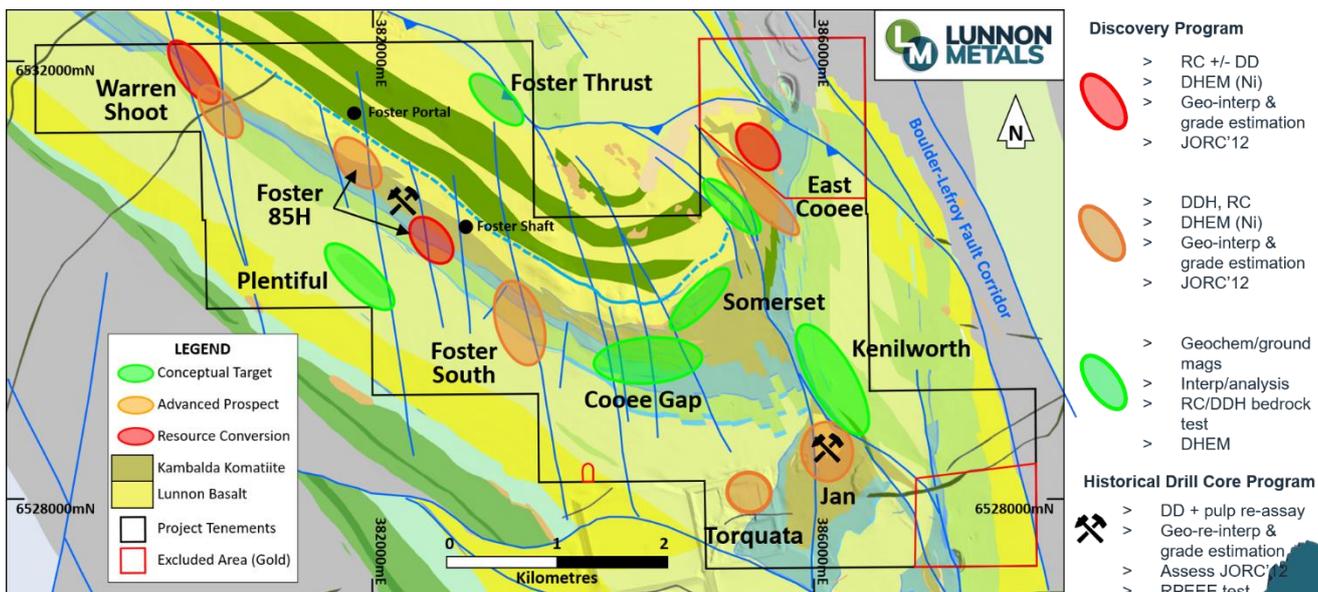
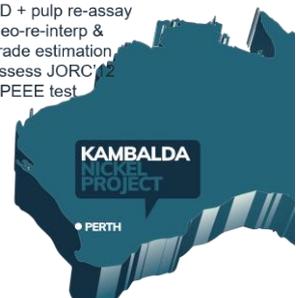


Figure 2: Plan View of Kambalda Nickel Project highlighting location of East Cooee, Warren & Cooee Gap/Somerset



### East Cooee

Located to the north-northwest of Jan Shaft, the East Cooee area hosts a considerable quantity of hanging wall nickel mineralisation and anomalism that has recorded sporadic phases of drill testing by WMC in the past. Two deep embayments in the prospective komatiite-basalt contact have been interpreted to be present with only a handful of diamond or RC holes drilled at suitable orientations to test these features for channel style nickel mineralisation. Lunnon ranks East Cooee as an important exploration target for both near surface RC/diamond drilling and deeper directional diamond drilling targeting the interpreted embayed trough positions at depth.

### Warren

The Warren Shoot was accessed by an independent decline branching off the main Foster decline near to its portal (see Figure 3), and limited development and stoping occurred before water ingress required the area to be blocked off in the 1990s. It is interpreted that the Warren Shoot trough is a shallow to deeply embayed feature which may potentially be sub-parallel to, and extend at depth the entirety of, the Foster Main trough. The Company's initial programme will target the Warren trough up-plunge towards the oxide boundary, which is approximately 50 metres below surface.

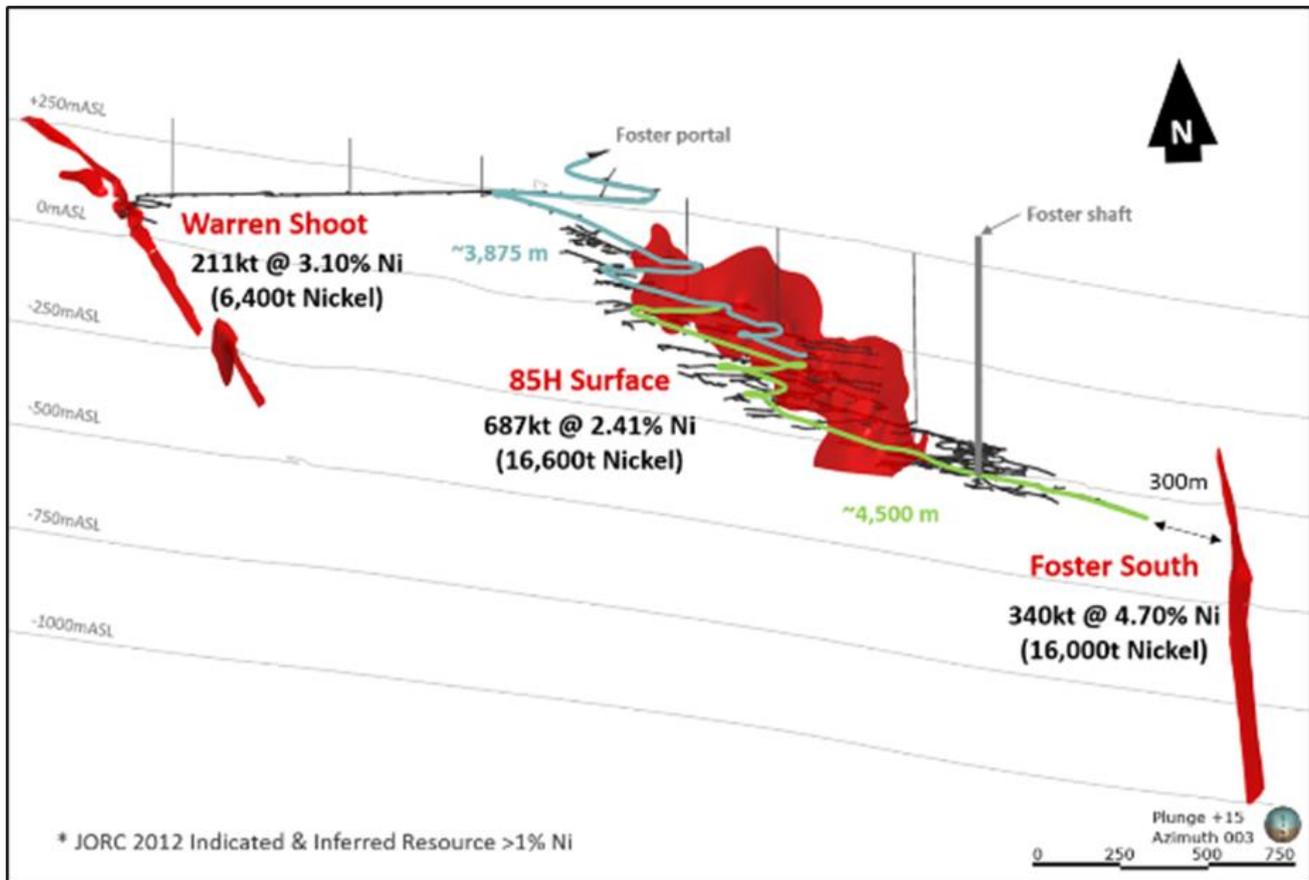


Figure 3: Perspective (view down from SW to NE) of the Foster Nickel mine workings and the relative location of geological wireframe solids informing Lunnon's current JORC 2012 Mineral Resources



## Cooee Anticline

The Company's re-interpretation of the litho-structural setting across the entire KNP area indicates that there is sufficient evidence to suggest there may be previously unidentified troughs in the Cooee Anticline area, with targets now named "Cooee Gap" and "Somerset".

Lunnon's interest in this area is particularly high given the following:

- this area is the location of the strongest and highest magnitude nickel in soils geochemical anomalism at the Project. Figure 4 below drapes the geochemical data over a 3D perspective model of the prospective komatiite-basalt contact (grey) which itself is further shaded (darker grey) to illustrate a 50m wide buffer around any historical drill testing intercept; and
- this area also records anomalous thicknesses of the hanging wall ultramafic rocks, most likely due to either structural thickening or thick original komatiite flows – both are of interest as possible indications of conceptual concealed structural or trough style mineralisation.

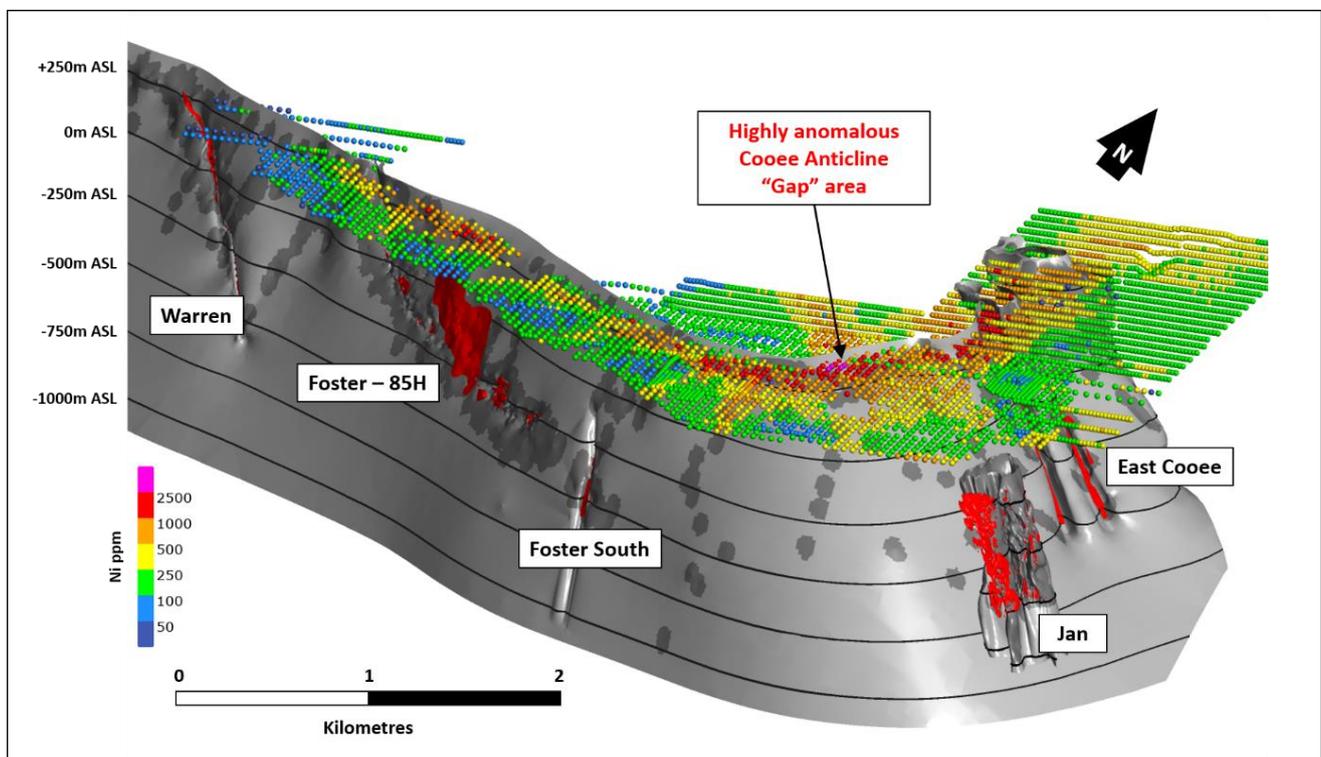


Figure 4: Gridded Nickel in Soils geochemical data (Ni ppm) combined with 3D interpreted contact between the Lunnon Basalt (in the footwall of potential nickel mineralisation) and the Kambalda Ultramafic in the hanging wall (from Company's Prospectus dated 22 April 2021).

The Company's current interpretation indicates that there are significant expanses of the key target nickel contact positioned directly below this highly anomalous Cooee Anticline "Gap" area. Accordingly, it ranks highly and will be aggressively explored, initially with strategically placed "framework" drill holes to better refine the 3D geological model.

## **Historical Drill Core Retrieval Programme**

As detailed in the Company's Prospectus, a significant proportion of the pre-IPO funds spent at the KNP were focused on a programme to review, analyse and seek to upgrade the status of WMC's last reported nickel mineralisation that remained at the time of closure of the two operating mines; Foster and Jan Shaft. A detailed audit of the available data recorded that some 350 km of historical diamond drill core, together with assay pulp rejects, originally drilled on the Company's tenements, is stored at the St Ives' Core Yard at Kambalda.

The procedure developed by Lunnon Metals involves a rigorous process of duplicate sampling of this historical core with QAQC (insertion of certified reference material or sample standards), SG determinations, check geological logging, mineralisation characterisation for metallurgical considerations, historical section and plan reviews, and paper geology logs, assays, and surveys cross referencing with the digital database. This process successfully resulted in the reporting of the Company's current Mineral Resource of 39,000 tonnes of nickel metal estimated in accordance with JORC 2012 Guidelines.

It is planned to re-commence this programme in the coming quarter focussing on the remainder of the interpreted nickel shoots/surfaces at Foster Mine.

## **CORPORATE**

### **ASX Listing**

During the quarter, the Company submitted its application to be admitted to the ASX on 22 April 2021 together with its Prospectus. The IPO raised \$15.0 million (before costs), was fully underwritten by Euroz Hartleys Limited and attracted strong demand necessitating scale-back of investors' subscriptions.

As detailed previously in this report, Lunnon moved to 51% ownership in the KNP during this process and by the issue of shares to St Ives as part of the IPO thereafter acquired the residual 49% interest. Consequently Lunnon is the 100% owner of the KNP (subject to certain retained rights of St Ives) and St Ives has become its largest shareholder, owning 31.65% of the post IPO share register.

The Company subsequently was admitted to the ASX and listed on 16 June 2021.

Full details of the Company's IPO and the transactions involved are detailed in the Prospectus dated 22 April 2021 and lodged with the ASX on 11 June 2021. Please refer to this Prospectus for further details regarding the IPO.

### **Cash Position**

As at 30 June 2021, Lunnon held approximately \$14.0 million (31 March 2021: \$0.56 million) in cash.

Full details regarding the Company's cash movements during the quarter can be found in the attached Appendix 5B.

For further information please visit the Company's website [www.lunnonmetals.com.au](http://www.lunnonmetals.com.au) or contact the Company, details below:

Approved and authorised for release by the Board.

Edmund Ainscough  
Managing Director  
Phone: +61 8 9226 0887  
Email: [info@lunnonmetals.com.au](mailto:info@lunnonmetals.com.au)



## **COMPETENT PERSON'S STATEMENT**

The information in this announcement that relates to geology, nickel Mineral Resources and Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr. Aaron Wehrle, 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 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.

## **DISCLAIMER**

References in this announcement may have been made to certain ASX announcements, which in turn may have included exploration results 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, payments for exploration, evaluation and development during the quarter totalled \$133,796 (exclusive of KNP exploration salaries). Details of exploration activities undertaken during the quarter are as described in the preceding quarterly and this Appendix.

For the purpose of ASX Listing Rule 5.3.2, the Company confirms there were no 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 Table at the end of this Appendix and their location shown diagrammatically in Figure 5 below.

Pursuant to ASX Listing Rule 5.3.4, the Company provides its actual expenditure on the individual items in the two year "use of funds" statement in its IPO Prospectus since the date of its admission to ASX's Official List (being 16 June 2021) against the estimated expenditure on those items and an explanation of any material differences.



Use of Funds	Prospectus estimate (2 years)	Actual use (16 June 2021 to June 2021 quarter end)	Variance
	\$ millions	\$ millions	\$ millions
Exploration at the Kambalda Nickel Project - nickel	8.8	0.063	8.737
Exploration at the Kambalda Nickel Project - gold	0.9	-	0.9
Re-establish surface infrastructure, cost/initiate dewatering	1.4	-	1.4
Corporate, administration and working capital	2.83	0.104	2.726
Expenses of the Offer	1.07	0.778	0.292
<b>Total</b>	<b>15.0</b>	<b>0.945</b>	<b>14.055</b>

The variance in relation to the actual use of funds in the table above is a result of the use of existing cash balances to meet the Company's expenditure commitments in the intervening period from 1 April 2021 and the date of admission to ASX's Official List on 16 June 2021.

Other material variances are a result of the Company being admitted to the Official List on 16 June 2021, therefore actual expenditure for only 14 days is represented against the two year "use of funds" statement.

The Company is currently on schedule to meet the business objectives underpinning the use of funds table in the Prospectus.

For the purpose of ASX Listing Rule 5.3.5, payments to related parties or associates of Lunnon during the quarter totalled \$165,177. 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** (All tenements are in location about 20 km from Kambalda – see Figure 5 below table)

Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1546	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1548	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1549	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping



Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1550	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1551	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1553	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1556	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1557	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1559	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1568	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1570	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1571	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1572	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping



Tenement	Location	Nature of Interest*	Interest at beginning of quarter	Interest at end of quarter
M15/1573	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1575	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1576	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1577	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1590	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1592	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping

\*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 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's existing or planned activities and those parts of the Tenements containing the historical nickel mines. St Ives enjoys 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.



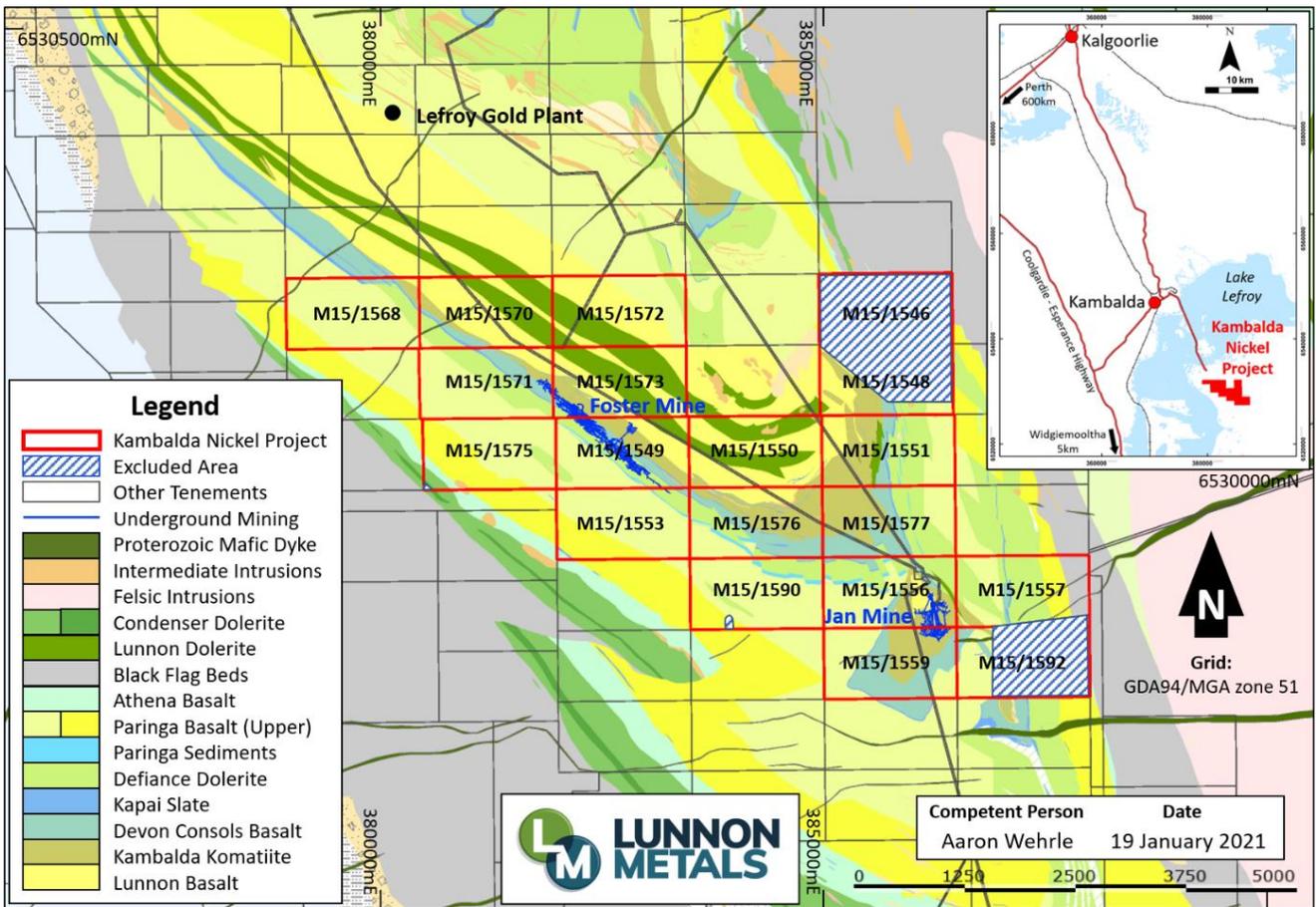


Figure 5: Tenement Map as released in the Solicitor’s Report appended to the Company’s Prospectus dated 22 April 2021 and announced to the ASX on 11 June 2021 – illustrating tenement IDs with historical mines and surface interpretive geology shown.

