

## QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2022

### Highlights

- **Heavily oversubscribed \$4.5m IPO completed and Company successfully commenced trading on ASX**
- **Company hit-the-ground-running with exploration plans - 41-hole drilling program completed at the Bobalong Kaolin Project in the Great Southern region of WA**
- **Drilling designed to deliver a maiden JORC Mineral Resource estimate at the Bill's Middle target - samples currently being assayed with results to be released when available**
- **Bobalong is Pinnacle's most advanced project with a Scoping Study in progress and preliminary design planning ready to commence**
- **Based on initial observations from drilling, Pinnacle will recommence discussions with potential offtake partners for a DSO kaolin product from the Bobalong Project**

Technology metals exploration and development company Pinnacle Minerals Ltd (ASX: PIM) (Pinnacle, the Company) is pleased to provide the following update on its activities for the quarter ending 31 March 2022.

Pinnacle Minerals is focused on delivering shareholder value via the systematic exploration and development of its portfolio of kaolin and halloysite prospective projects in Western Australia and South Australia (Figure 1). It is focused on delineating resources at its advanced Bobalong and Holly Kaolin Projects in WA, and the exploration of its strategically located White Knight and Camel Lake Projects in SA.

During the quarter, Pinnacle commenced trading on the ASX after completing a heavily oversubscribed \$4.5 million Initial Public Offering (IPO). Following its successful ASX listing, the Company immediately commenced its targeted fieldwork programs, with resource definition-focused drilling at the Bobalong Kaolin Project.

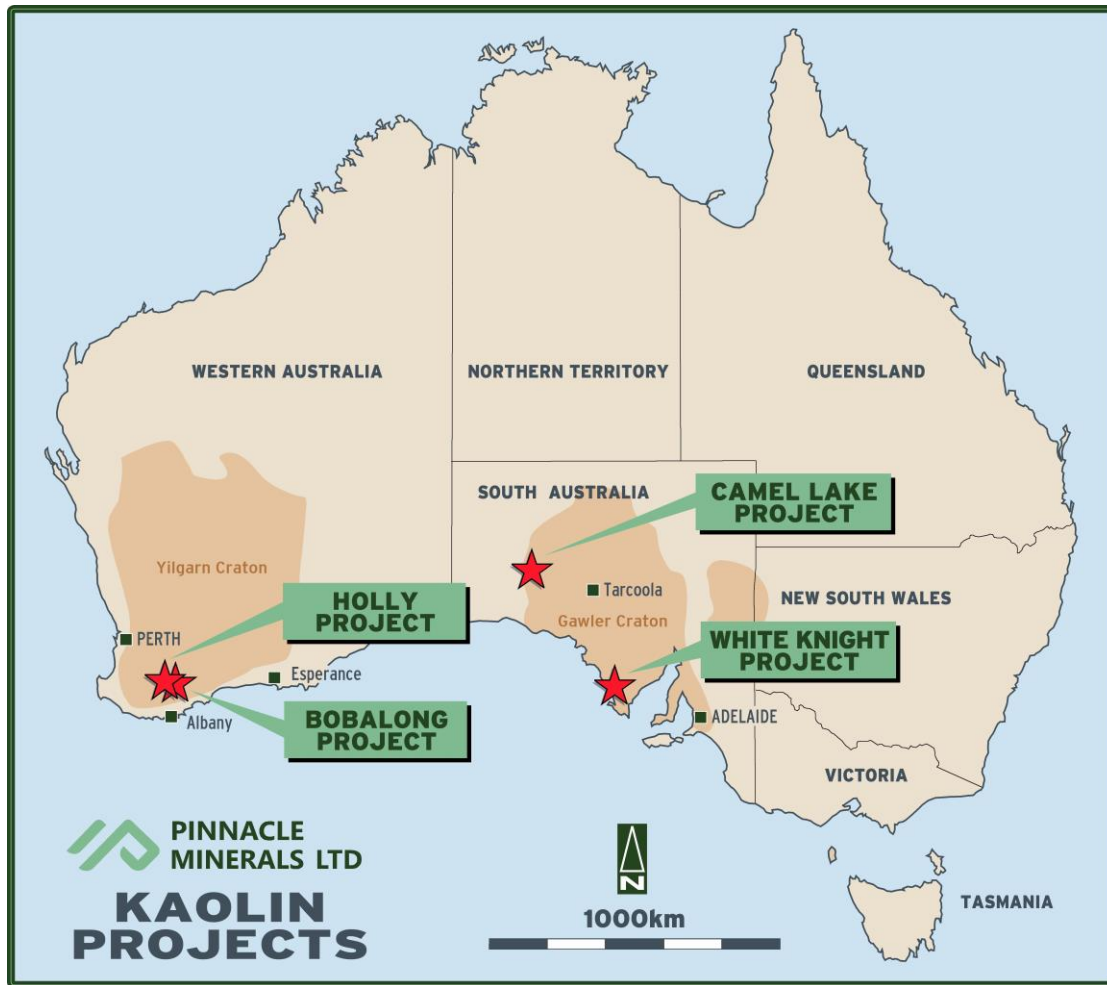
### OPERATIONS

#### Resource Definition-focused Drilling at Bobalong Kaolin Project

Pinnacle commenced drilling at the Bobalong Kaolin Project (E70/5347 and E70/5348) in the Great Southern region of Western Australia in March 2022 (ASX announcement, 28 March 2022).

The program focused on the priority Bill's Middle prospect at Bobalong where previous drilling by Pinnacle (prior to its ASX listing) delivered excellent results which indicated the potential for a high-value direct shipping ore (DSO) product.

A total of 41 auger drill holes were completed in the March 2022 program for approximately 369.5 metres (Figures 2 and 3). Samples have been sent for laboratory analysis, and results will be released when available.



**Figure 1:** Pinnacle Minerals Projects' Location Map

Drilling was designed to deliver sufficient results to confirm a maiden JORC Mineral Resource estimate at the Bill's Middle target. The program also sought to gain a deeper understanding of the geological structures at Bill's Middle, the relationship between the intrusive geological elements and the concentration of higher quality kaolin within the target area.

Based on initial observations from this drilling, Pinnacle has been encouraged to recommence discussions with potential offtake partners for a direct shipping ore (DSO) kaolin product from the Bobalong Project. The Company will provide further detailed commentary upon receipt and interpretation of the assay results.

The Bobalong Project is the Company's most advanced asset. It consists of two granted exploration licences (E70/5347 and E70/5348) covering 116.61km<sup>2</sup> near the town of Tambellup in the Great Southern region of WA.

Drilling previously undertaken at the Bill's Middle and Tambellup East targets has shown the kaolin at Bobalong to exhibit exceptional quality of 38.3% Al<sub>2</sub>O<sub>3</sub> and 45.9% SiO<sub>2</sub>, high whiteness, as well as high brightness of 80% to 85%; with a small particle size, high opacity and low impurities. Results achieved to date, indicate the potential for a high value product suitable for DSO export, via the deep-water port of Albany, 133km to the south.

Kaolin samples have already been tested at Intertek Genalysis in Australia and Wuhan University of Technology in China. The Company also plans to provide a bulk sample from the Project for product testing at both laboratories



**Figure 2:** Drill hole location plan at the Bill's Middle target at the Bobalong Kaolin Project

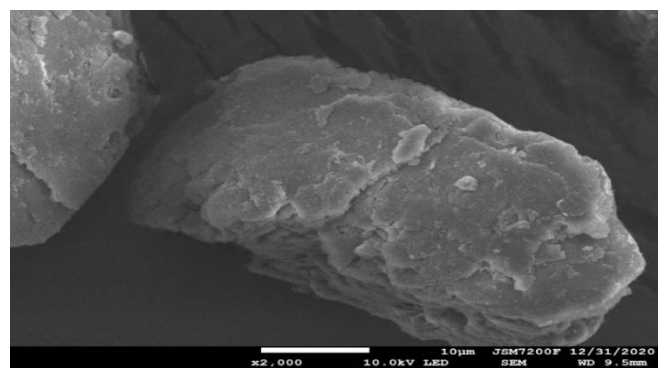
### Next Steps and Value-Add Opportunities

Pinnacle is planning to use the initial findings from the drilling program at Bobalong to commence preliminary planning for potential operations at the Project. This planning will consider the Company's desire to pursue the highest ESG standards and the requirement to undertake sustainable development in keeping with the local agricultural industry, among other key considerations.

Pinnacle is currently awaiting a detailed analytical and commercial report on samples from previous drilling at the Bill's Middle target from the Wuhan University of Technology in China.

Initial indications suggest that the Bill's Middle kaolin may be amenable to calcination. The process of calcination involves the thermal treatment (heating kaolin to high temperatures in a largely oxygen-free environment) of kaolin to remove impurities and significantly improve the whiteness of kaolin, thereby significantly increasing its value.

Calcination can also convert kaolin into a calcined form of kaolin called metakaolin. Metakaolin is a high-value product that has the potential to replace some of the cement used in concrete, and deliver a stronger and lighter concrete product. The Company is commencing Research and Development into the potential qualities and uses of metakaolin from the Bobalong Project. Analytical work is also planned to be undertaken on the quartz silica component of the Project's kaolin ore. There is strong potential for this by-product of the Bobalong kaolin to deliver a quality silica product. The commercial-scale extraction of quartz silica from the Bobalong Project has the potential to deliver a valuable additional revenue stream from the Project to the Company.



**Figure 3:** Kaolin flake -0.030+0.020mm x2000 (above).  
Drilling at Bobalong (top and left)

## CORPORATE

### Pinnacle Commences Trading on ASX after Successful \$4.5m IPO

The Company commenced trading on ASX on 23 March 2022 after completing a heavily oversubscribed \$4.5 million IPO. The Company believes the strong investor demand was a reflection of the major growth potential of PIM's portfolio of kaolin and halloysite exploration and development projects in WA and SA.

The IPO closed early after raising \$4.5 million via the issue of 25.5 million shares at 20 cents each. PAC Partners acted as Lead Manager to the Offering. Pinnacle has a tight capital structure on listing with 36.375 million shares on issue, and an enterprise value of just \$2.475 million and a market capitalisation of \$7.275 million.

The proceeds of the IPO will be used to aggressively execute the Company's targeted exploration and development plans across its project portfolio.

**The Bobalong Project** is the most advanced asset, where drilling and a scoping study have previously been completed at the Bill's Middle and Tambellup East targets. Pinnacle has applied for an additional exploration licence to the ground north of Bill's Middle. **The Holly Project** is located in close proximity to Bobalong in the Great Southern region of WA, and consists of two granted exploration licences covering 268km<sup>2</sup>. The Company has commenced access discussions and targeted drilling is planned upon completion of land access agreements.

**The White Knight and Camel Lake Projects** are early-stage exploration projects, strategically located adjacent to Andromeda Metals' (ASX: ADN) high-grade kaolin-halloysite discoveries in SA. Extensive kaolin has been recorded at both projects but is yet to be followed up, which provides an excellent exploration opportunity for PIM.

Pinnacle maintained a strong cash position at quarter's end, with a cash balance of \$4.54 million.

This announcement has been authorised for release by the Board of Pinnacle Minerals Ltd.

**For further information, please contact:**

Robert Hodby

Executive Director

Pinnacle Minerals Limited

T: + 61 8 9426 0666

E: [admin@pinnacleminerals.com.au](mailto:admin@pinnacleminerals.com.au)

[Media and Investor Inquiries](#)

James Moses

Mandate Corporate

+61 420 991 574

E: [james@mandatecorporate.com.au](mailto:james@mandatecorporate.com.au)

**About Pinnacle Minerals**

Pinnacle Minerals Ltd (ASX: PIM) is an ASX listed technology metals company focused on delivering shareholder value via the systematic exploration and development of its portfolio of kaolin and halloysite prospective projects in Western Australia and South Australia. The Company is focused on delineating resources at its advanced Bobalong and Holly Kaolin Projects in the Great Southern region of Western Australia. Drilling and a scoping study have been completed at Bobalong, with results indicating the potential for a high value direct shipping ore (DSO) product. The White Knight and Camel Lake Projects are strategically located adjacent to Andromeda Metals' (ASX: ADN) high-grade kaolin-halloysite discoveries in South Australia. Pinnacle is focused on the exploration and evaluation of the kaolin and halloysite potential of these projects.

**Competent person statement**

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by William Witham, a Competent Person who is a Member of The Australian Institute of Geoscientists (AIG). William Witham is a director of Pinnacle Minerals Ltd. William Witham has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. William Witham consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

**Forward Looking Statements**

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

### ASX Additional Information

1. ASX Listing Rule 5.3.1– Mining exploration activities and investment activity expenditure during the quarter was \$8,679. Full details of the activity during the quarter are set out in this report.
2. ASX Listing Rule 5.3.2 – Mining production and development activity expenditure for the quarter was Nil and there were no substantive mining exploration activities for the quarter.
3. ASX Listing Rule 5.3.3 – Tenement Schedule

Project	Holder	State	Tenement	Status	Percentage Held
Bobalong	Witby Clays Pty Ltd	WA	E70/5347	Granted	100%
Bobalong	Witby Clays Pty Ltd	WA	E70/5347	Granted	100%
Holly	Bullseye Geology Pty Ltd	WA	E70/5676	Granted	100%
Holly	Bullseye Geology Pty Ltd	WA	E70/5690	Granted	100%
Camel Lake	Eureka Metals Pty Ltd	SA	-	Pending Grant	100%
White Knight	Open Minerals Pty Ltd	SA	-	Pending Grant	100%
White Knight	Pegasus Prospecting Pty Ltd	SA	-	Pending Grant	100%
White Knight	Titan Exploration Pty Ltd	SA	-	Pending Grant	100%

4. ASX Listing Rule 5.3.4 – The Company provides the actual vs proposed use of Funds as outlined in Section 3.7 of the Prospectus dated 10 March 2021.

Proposed Use of Funds	Proposed \$	Actual \$	Variance
Exploration Expenditure	\$2,800,000	\$8,679	\$2,791,321
Expenses of the Offer	\$505,400	\$241,951	\$263,449
Administration and compliance costs	\$850,000	\$6,245	\$843,755
Business development and adviser fees	\$250,000	-	250,000
Working Capital	\$394,600	-	\$394,600
Total	\$4,800,000	\$256,875	\$4,543,125

5. Major variances in the above table relate to timing of actual spend. The proposed spend is for a two-year period and the Company listed in March 2022.
6. ASX Listing Rule 5.4.5 – Payments to related parties of the Company during the quarter and outlined in the Appendix 5B include \$Nil for Salaries, Director Fees and Consulting Fees paid to Directors.

## Appendix 5B

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

Name of entity

Pinnacle Minerals Limited

ABN

52 655 033 677

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(9)	(9)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(6)	(6)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(15)</b>	<b>(15)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,500	4,800
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(215)	(242)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,285</b>	<b>4,558</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	273	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(15)	(15)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,285	4,558



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,543</b>	<b>4,543</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,543	273
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,543</b>	<b>273</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Fees include Salaries, Director Fees and Consulting Fees to Executive Director and Non-Executive Directors</p>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(15)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(15)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,543
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,543
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	303
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

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

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## Compliance statement

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

22 April 2022

Date: .....

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.