

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2022

HIGHLIGHTS

- **Application for Tammin Kaolin Project (E70/6319 & E70/6342)**
 - **Halloysite identified from surface at Tammin Project**
 - **Historical exploration identified strike of over 2km of kaolinite with an ISO brightness greater than 80**
- **Yilgarn Cu-PGE Province tenure applied for at Latham (E70/6318)**
- **Capel mineral and silica sands tenure under application (E70/6372)**
- **Aeromagnetic and radiometric survey completed over entire Holly and Bobalong Projects (“Southwest Projects”)**
- **Metakaolin test work initiated on Bill’s Middle kaolinite**
 - **Metakaolin research forms a strategic part of Pinnacles technology and IP “value add” business model**
 - **Quartz oversize material to be evaluated for suitability as a high purity quartz (HPQ) feedstock**
- **Maurice (Nic) Matich appointed Managing Director of the company on 20th of October 2022**
- **Pinnacle maintains a very sound financial position with a cash balance of \$3.3m at 31st of December 2022**

Technology metals exploration and development company Pinnacle Minerals Ltd (ASX: **PIM**) (“**Pinnacle**”, or the “**Company**”) is pleased to provide the following update on its activities for the quarter ending 31st of December 2022 (“Quarter”, “Reporting Period”).

Pinnacle Minerals is focused on delivering shareholder value by delineating kaolin resources within its highly prospective tenement package whilst undertaking an aggressive tenement application program to secure projects that are strategically located and have the potential for multi-element exploration potential. Pinnacle is also advancing its’ technology and IP “value add” business model through its metakaolin test work program.

Corporately, the Company appointed Maurice (Nic) Matich as Director on the 20 October 2022.

The Company maintains a strong cash position. During the quarter Pinnacle reviewed several projects (acquisitions) and continues to review projects both in Australia and overseas, to complement existing projects and drive value to shareholders.

Pinnacle Minerals Managing Director. Nic Matich, commented:

“The fourth quarter of 2022 saw Pinnacle accelerate its operations with three additional projects under application and the initiation of metakaolin test work. Pinnacle is consolidating its position to develop long life strategically located DSO mineral deposits where future cash flow can be used to mature large and more capital-intensive company making assets and technologies.”

Pinnacle Minerals Ltd

ACN: 655 033 677
ASX: **PIM**

Issued Capital

36,375,200 Shares
29,937,634 Options

Australian Registered Office

Unit 6, Level 1, 389 Oxford Street
Mount Hawthorn WA 6016
T: + 61 8 9426 0666
E: admin@pinnacleminerals.com.au

Directors

WILLIAM WITHAM – Non-Executive Chairman
NIC MATICH – Managing Director
LINCOLN LIU – Non-Executive Director
STEPHEN ROSS – Non-Executive Director

STRATEGY STATEMENT

Pinnacle's strategy is to develop long life, strategically located DSO mineral deposits in Tier 1 mining jurisdictions where logistics and capital costs are favourable, whilst using projected future cash flow to mature larger and more capital-intensive company-making assets and technologies.

OPERATIONS

Tammin Project

Background on the Tammin Project

The Tammin Project encompasses 339km² of prospective exploration ground. The tenement package covers areas where kaolin has been identified from surface and to the east where a large magnetic and a structural anomaly is present. These anomalies have multi element potential including gold and nickel.

A preliminary site visit conducted on the 9th of November 2022 resulted in positive discussions with key landholders and the identification of numerous occurrences of kaolin at or near surface.

The identification of shallow kaolin mineralisation bodes well for future exploration programs and reinforces the potential of the Project, where previous exploration has identified thick and high brightness kaolin intercepts over 2km of strike. The Tammin Project has logistical advantages to many other potential and operational kaolin mines with both the interstate standard gauge railway and national highway running through the northern portion of the project with a short 204km haul to the deep-water port at Fremantle from Tammin.

Halloysite identified from surface

Pinnacle identified halloysite from surface (ASX announcement 6th of December 2022). The Company believes that the presence of halloysite from surface indicates the potential for a halloysite dominant mineralised zone in the vicinity of the sample location, with follow up exploration post granting of tenure and securing surface rights to endeavour to target such mineralisation.

Halloysite is a rare form of kaolin formed by hydrothermal adjustment of alumino-silicate minerals, and naturally occurs as nanotubes, the properties of which lend itself to uses in both high-grade porcelain and high-tech applications. For these reasons, halloysite-kaolin attracts a significant premium in the market compared to typical kaolin prices.

Halloysite Nanotube Technology (HNT) is a burgeoning field of study with new applications creating a demand for this rare material, with specialist applications including usage in hydrogen storage, water purification, carbon capture and Li-ion batteries.

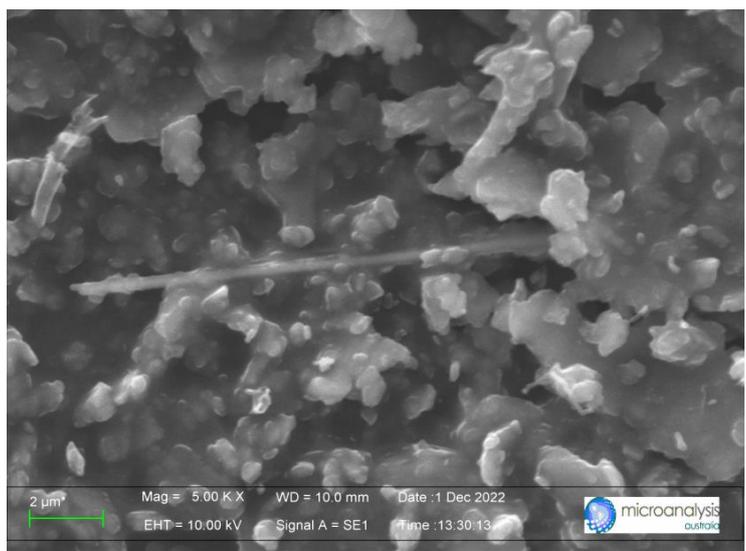


Figure 1: Halloysite nanotube identified in TAM001

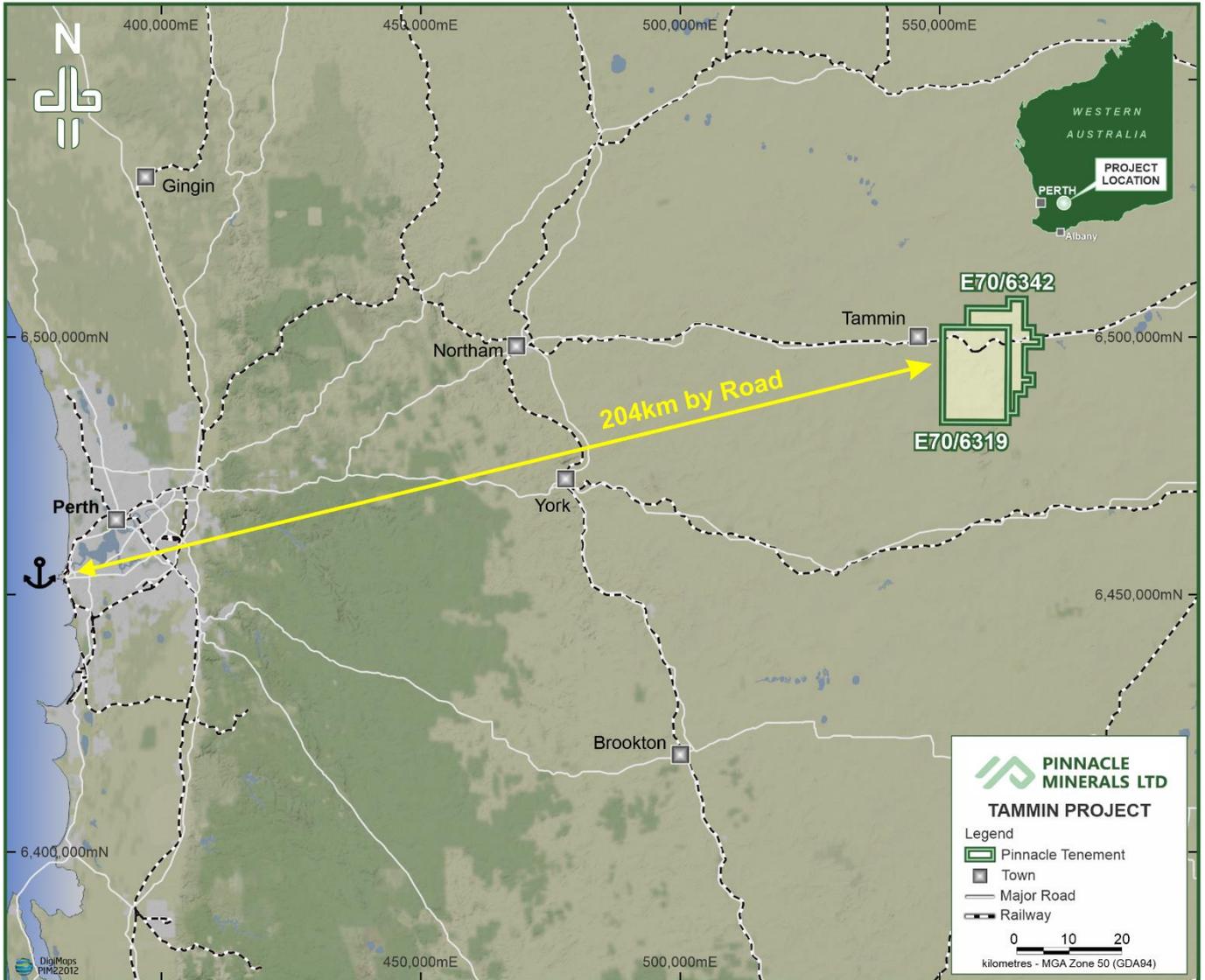


Figure 2: Location of Tammin Project Relative to the Port of Fremantle

Latham PGE-Base Metals Prospect

Background on the Latham Prospect

During the quarter the company applied for 274km² of prospective ground, called the Latham Prospect, in the West Yilgarn Cu-PGE Province. The project is 7km from Chalice Mining (ASX: CHN) tenure in the Mid-West.

Activities

No physical exploration activities were undertaken during the quarter.

A suite of geophysical data was compiled for review and to assist in target generation.

An initial field trip to the area was undertaken to meet with landholders to facilitate land access agreements upon granting of tenure.

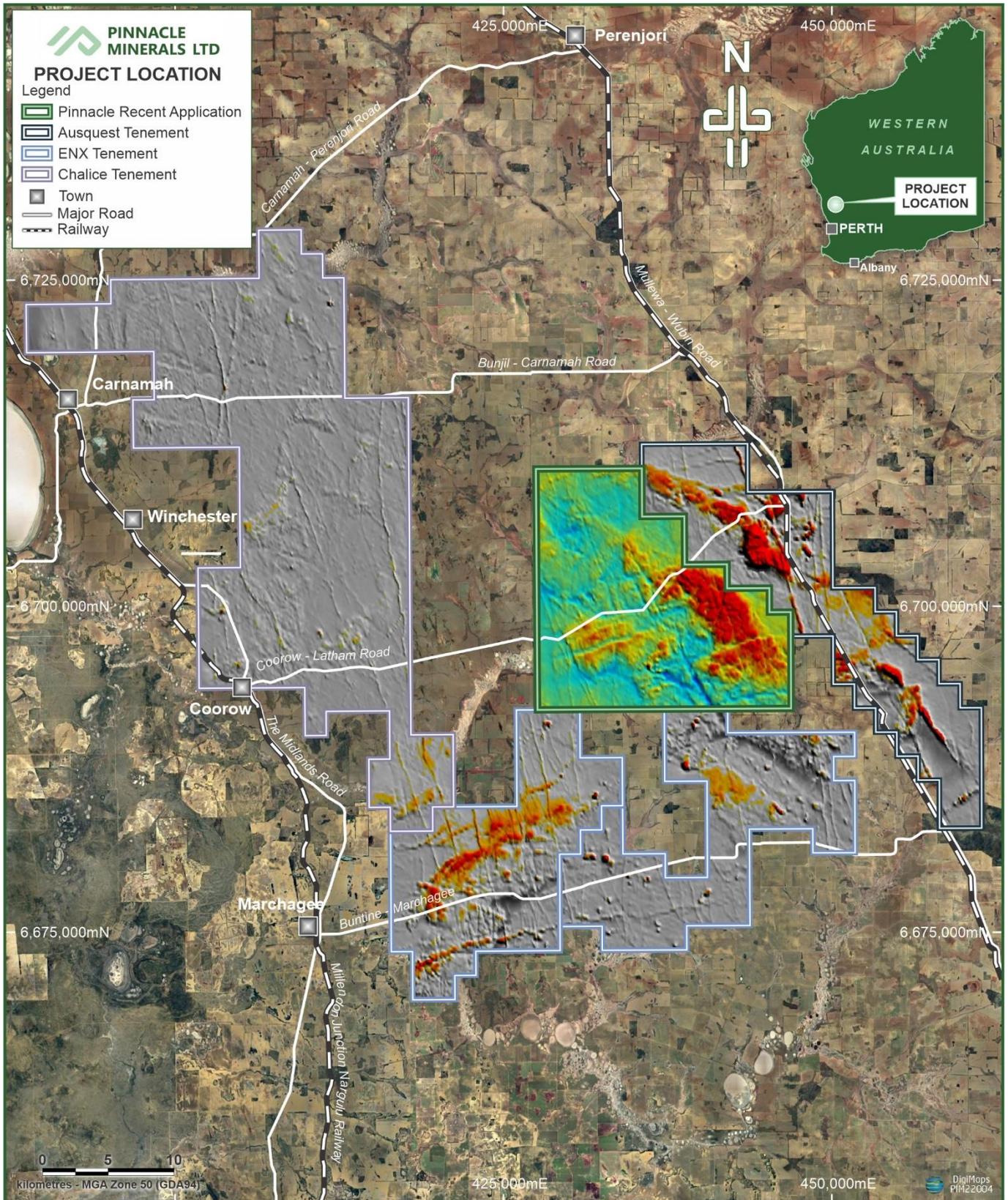


Figure 3: Latham project location relative to Chalice Tenements

Bobalong and Holly Projects “Southwest Projects”

Background on the Bobalong & Holly Projects

The Bobalong Project is the Company’s most advanced asset and consists of three granted exploration licences covering 213.3km² 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% Al₂O₃ and 45.9% SiO₂, 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 been tested at Intertek Genalysis in Australia and Wuhan University of Technology in China. The Company has received a qualification report from the University showing that it meets the specifications for potential offtake partners.

The Holly Project consists of two granted tenements covering 268km² and is a high priority for the company, having an Exploration Target of between 140mt and 350mt of kaolin¹ with a brightness of 74% to 84%. The project is yet to be extensively explored by the Company.

Aeromagnetic and Radiometric Survey

During the quarter a high resolution aeromagnetic and radiometric survey completed at the Bobalong and Holly Kaolin Projects. The survey consisted of 5,572 line-kilometres of gradiometer magnetics and radiometric surveys at a 100m line spacing.

Inspection of the survey imagery has identified and accurately mapped a significant number of magnetic dolerite dykes and fault zone features within the project tenements. The dykes are evident as multiple “swarms” which extend across the projects, primarily trending in east-west and northwest-southeast directions. Whilst the dykes themselves are not prospective for kaolin, they do form important traps for deep weathering of the granites into kaolin-rich material. Furthermore, the high-resolution radiometric data has the potential to define more prospective regions for kaolinitic material.

Having now surveyed the entirety of the southwest exploration tenure detailed analysis of the survey data will allow the Company to cost effectively target kaolin mineralisation with which to expand on the potential resource inventory

Bills Middle Maiden Resource Estimate

Pinnacle has completed its first phase of drilling at its Bobalong Kaolin Project (E70/5347, E70/5348 and E70/6094) (“Bobalong”, “Project”) in the Great Southern region of Western Australia (ASX announcement, 14 April 2022).

The Company has changed technical consultants to ensure best in class Mineral Resource estimation at the Bill’s Middle prospect. The Mineral Resource is expected to be released in the first half of 2023.

Activities

Land access agreements are progressing with several large farm owners nearing or having signed land access agreements with Pinnacle.

Holly Project

During the quarter no on-ground exploration was undertaken

¹ Exploration Target Okapi Resources Ltd Holly Kaolin Project, Auranmore Consulting June 2021

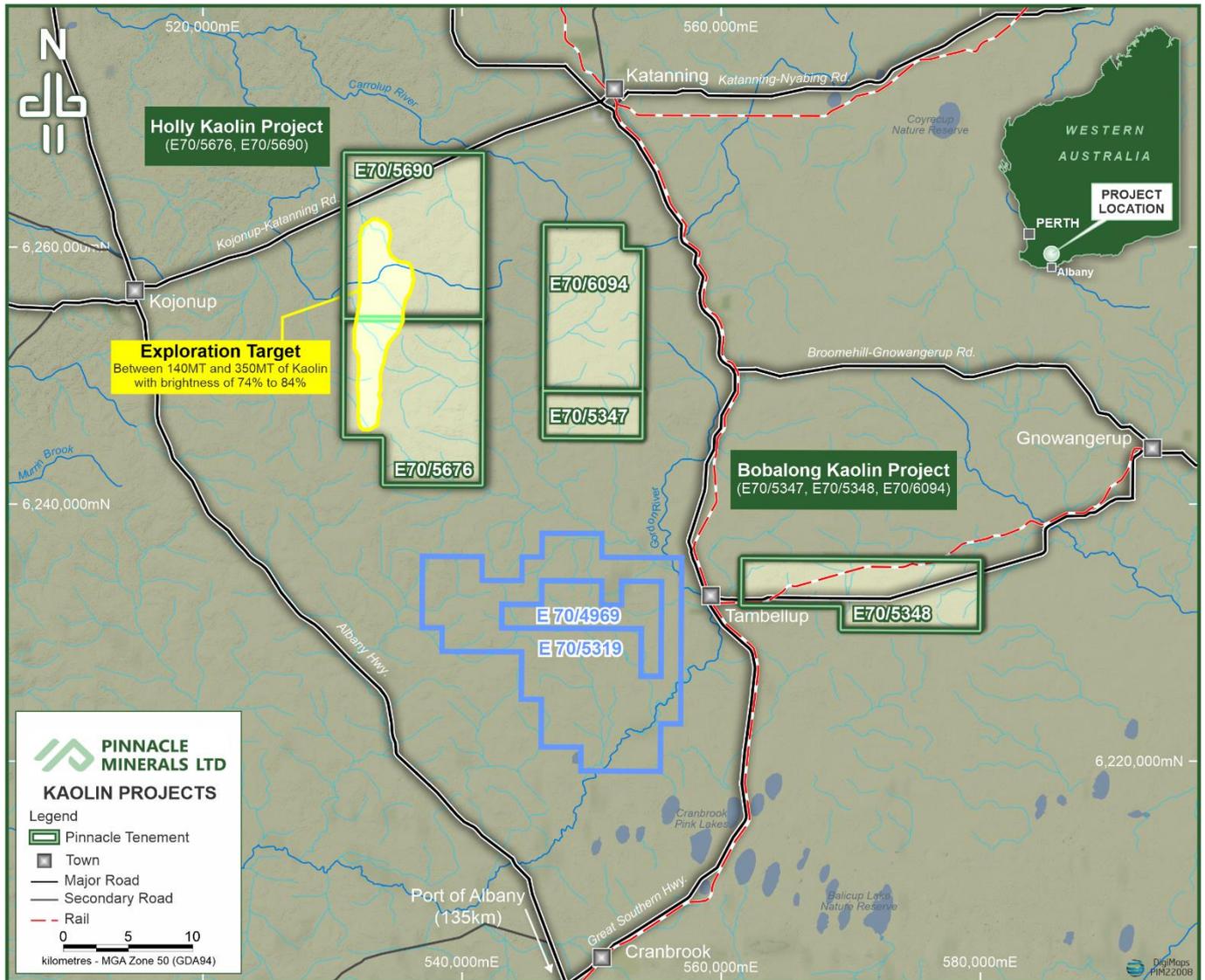


Figure 4: Holly and Bobalong Projects Highlighting Exploration Target

South Australian Projects

Background on the White Knight and Camel Lake Kaolin-Halloysite Projects

The White Knight Project covers a total area of 1,051km² on the western side of the Eyre Peninsula, and is strategically located adjacent to Andromeda Metals (ASX: ADN) high-grade Mount Hope Kaolin Project and Oar Resources (ASX: OAR) high-grade Gibraltar Kaolin-Halloysite Project.

The Company also holds the Camel Lake Kaolin-Halloysite Project at Maralinga, in South Australia. This project consists of one Exploration Licence Application (ELA2020/00230) covering 892km² and is strategically located next to Andromeda's high-grade kaolin discovery in the area. Pinnacle advises that the grant of the Exploration Licence at the Camel Lake Project is pending.

Extensive kaolin has been recorded at the White Knight and Camel Lake Projects historically but has not been followed up with modern exploration techniques.

Camel Lake Project Review

During the quarter an external consultant with significant expertise in Heavy Mineral Sands (HMS) exploration was engaged to conduct a desktop study of the project to generate exploration targets for HMS and halloysite mineralisation. The report highlighted two large unexplored areas with HMS potential and four halloysite target areas.

In the coming quarter Pinnacle will begin the process of engaging with the Maralinga Tjarutja Inc and Oak Valley (Maralinga) Aboriginal Corporation Council to facilitate land access to the project

White Knight Project Review

During the quarter Pinnacle began the process of sourcing an experienced geologist to conduct an in-depth study of the White Knight Project area. The scope of the study will be to investigate extensions to halloysite / kaolin mineralisation from adjacent tenements, determine the potential for other commodities in the project area (including the nickel potential on EL6789) and to outline first pass exploration activities to be undertaken in 2023.

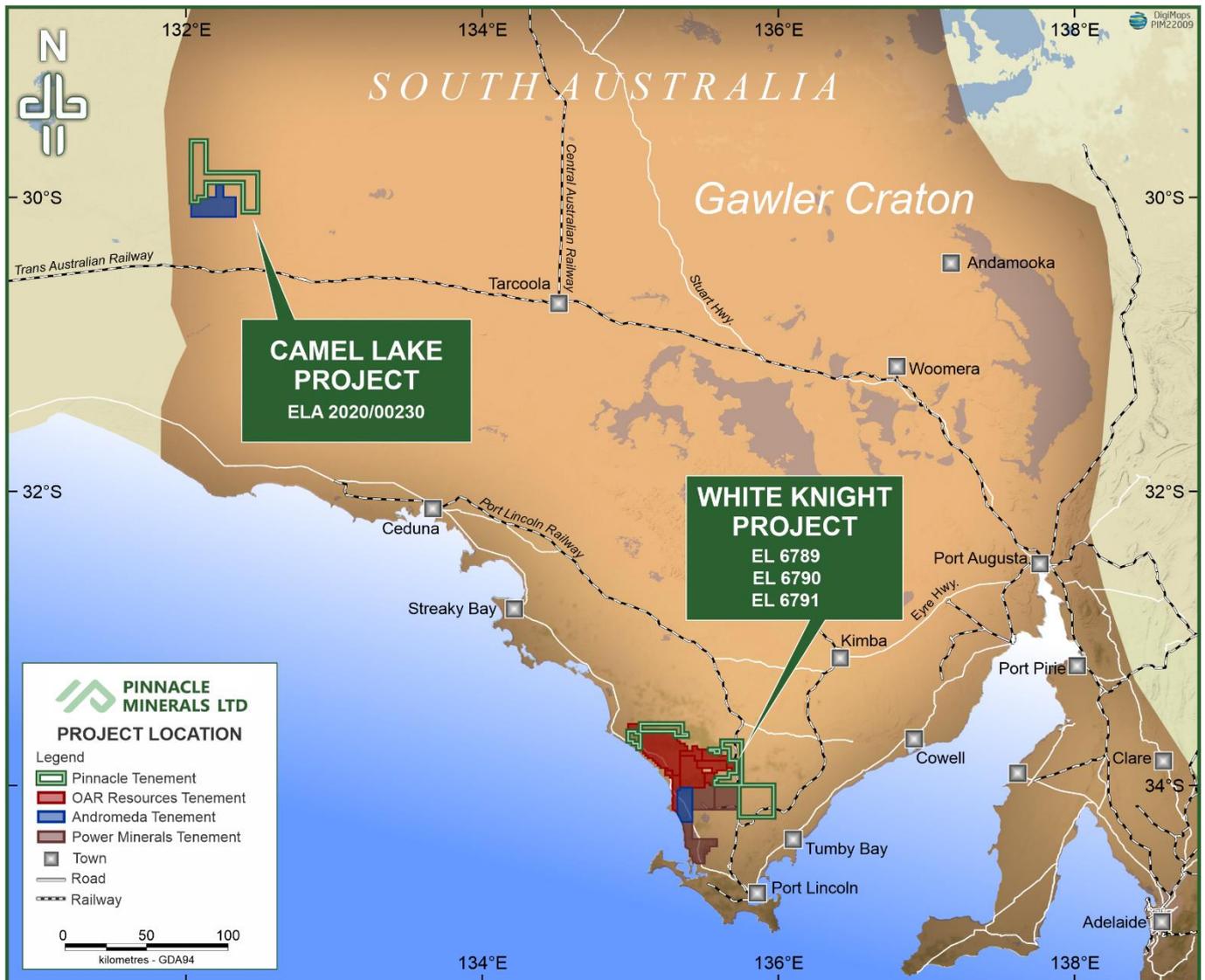


Figure 5: South Australian Project Locations

Technology and “IP”

During the quarter Pinnacle engaged consultancies Fremantle Metallurgy and Real Material Solutions to undertake and manage kaolin upgrade bench scale test work to produce “green” metakaolin from the Bobalong Project (“**Project**”) kaolinite ore, with the quartz component of the material also being tested for suitability as a high purity quartz (HPQ) feedstock.

Fremantle Metallurgy was provided a 27.3 kg composite sample of raw kaolinite material from the Project for bench scale testing. The scope of the project will enable Pinnacle to determine the suitability of the material to be upgraded into a higher value and “greener” metakaolin product and to subsequently test the structural performance of the additive in construction materials.

Metakaolin is a highly reactive pozzolanic material, which can be added as a Supplementary Cementitious Material (SCM) to Portland cement to improve its properties and the subsequently produced concrete. Benefits of the concrete produced include:

- Improved durability, strength, and workability
- Reduction in CO2 footprint
- Reduced curing time
- Less prone to concrete cancer

SCM demand is forecast to grow at a CAGR of 7.46% or by US\$ 8.1 billion over 2020-2025² driven by demand from the Asia/Pacific region. Critically, the supply of traditional pozzolans is dwindling due to supply chain issues, for example, the shutting down of power stations which are a major supplier of Silica Flume.

CORPORATE

Changes to the Board

On the 20th of October Mr. Maurice (Nic) Matich, previously CEO became Managing Director and Mr. Robert Hodby, previously Executive Director retired from the board.

Cash Position

Pinnacle maintained a very sound cash position at quarter’s end, with a cash balance of \$3.297 million.

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

² Supplementary Cementitious Materials Market by Type and Geography – Forecast and Analysis 2021 – 2025, Technavio

For further information, please contact:

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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, halloysite, magnetite and battery metals 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 whilst simultaneously expanding its' project portfolio through targeted acquisition of prospective ground. 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. The newly acquired Latham and Tammin projects are adjacent to Chalice Mining Ltd (ASX: CHN) Mid-West Project and Anglo Americans' (Lon: AAL) Southwest Yilgarn Exploration Project respectively, which have multi-element exploration potential.

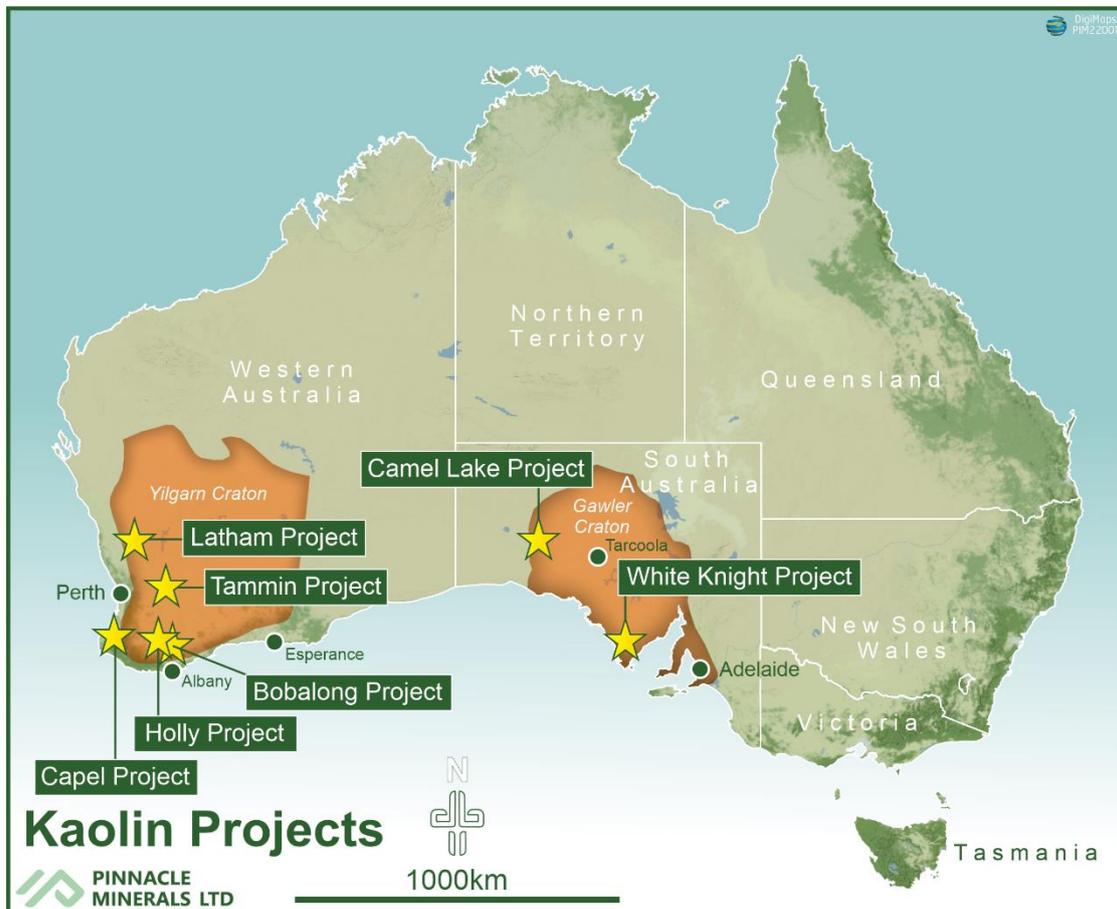


Figure 6: Pinnacle Minerals Projects' Location Map

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 \$231,000. 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	E70/5348	Granted	100%
Bobalong	Witby Clays Pty Ltd	WA	E70/6094	Granted	100%
Holly	Bullseye Geology Pty Ltd	WA	E70/5676	Granted	100%
Holly	Bullseye Geology Pty Ltd	WA	E70/5690	Granted	100%
Tammin	Pinnacle Minerals Ltd	WA	E70/6319	Pending Grant	100%
Tammin	Pinnacle Minerals Ltd	WA	E70/6342	Pending Grant	100%
Latham	Pinnacle Minerals Ltd	WA	E70/6318	Pending Grant	100%
Capel	Pinnacle Minerals Ltd	WA	E70/6372	Pending Grant	100%
Camel Lake	Eureka Metals Pty Ltd	SA	ELA2020-00230	Pending Grant	100%
White Knight	Open Minerals Pty Ltd	SA	EL6789	Granted	100%
White Knight	Pegasus Prospecting Pty Ltd	SA	EL6790	Granted	100%
White Knight	Titan Exploration Pty Ltd	SA	EL6791	Granted	100%

1. 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	\$503,270	\$2,296,730
Expenses of the Offer	\$505,400	\$347,817	\$157,583
Administration and compliance costs	\$850,000	\$503,535	\$346,465
Business development and adviser fees	\$250,000	\$0	\$250,000
Working Capital	\$394,600	\$-12,602	\$407,202
Total	\$4,800,000	\$1,342,020	\$3,457,979

2. 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.

3. ASX Listing Rule 5.4.5 – Payments to related parties of the Company during the quarter and outlined in the Appendix 5B include \$47,843 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 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(231)	(318)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(128)	(283)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	13
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)		
1.9 Net cash from / (used in) operating activities	(346)	(588)

2. Cash flows from investing activities		
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		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		91
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		(8)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	82

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,645	3,805
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(346)	(588)
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)	-	82

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,299	3,299

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,286	1,645
5.2	Call deposits	2,013	2,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,299	3,645

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	48
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(346)
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)	(346)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,299
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,299
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	9.5
<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.

19 January 2023

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.