

QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2022

HIGHLIGHTS

- **41-hole Auger drilling program assay results pending – Maiden JORC Mineral Resource Estimate at Bill’s Middle due Q4 2022**
- **High quality kaolin from Bobalong successfully qualified for major kaolin processors**
- **Maurice (Nic) Matich appointed as Chief Executive Officer of the company on 19 September 2022**
- **Loyalty Options Issue to Eligible Shareholders of one (1) Loyalty Option for every two (2) Shares finalised on 21st July 2022**
- **Pinnacle maintains a very sound financial position with a cash balance of \$3.645m at 30 September 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 30 September 2022 (“Quarter”, “Reporting Period”).

Pinnacle Minerals is focused on delivering shareholder value by delineating resources at its advanced Bobalong and Holly Kaolin Projects in WA, and through the exploration of the Company’s strategically located White Knight and Camel Lake Projects in SA which are prospective for halloysite (Figure 1).

During the Quarter, Pinnacle received results from the Wuhan University of Technology showing that the high-quality kaolin from Bobalong meets the requirements of major kaolin processors and potential offtake partners in China. Samples from the first round of drilling at the Bobalong Kaolin Project were sent to Intertek Genalysis for analysis with the results being used to generate the Maiden Mineral Resource Estimate due for release Q4 2022.

Corporately, the Company appointed Maurice (Nic) Matich as Chief Executive Officer on the 19 September 2022. Nic is a mechanical engineer and finance professional with over 15 years’ experience in the resources sector. Nic has a track record of delivering results, most recently delivering a maiden resource and scoping study within 12 months of listing Heavy Minerals Limited where he was the Executive Director.

During the quarter the Company finalised the issue of Loyalty Options for Eligible and Participating shareholders. A total of 20,687,634 Loyalty Options were issued for a total of \$90,938.

Pinnacle Minerals CEO. Nic Matich, commented:

“The third quarter of 2022 saw Pinnacle achieve a major milestone with the qualification of the company’s kaolin by the Wuhan University of Technology. With the potential for a DSO product, Pinnacle has a clear advantage to other emerging kaolin producers, as minimal processing is required to produce a marketable product and our close proximity to the Albany port. This quality alone lends itself to a low CAPEX and OPEX mining operation.”

OPERATIONS

Resource-focused Drilling Complete at Bobalong Kaolin Project – Maiden Resource Estimate Imminent

During the prior reporting Quarter, Pinnacle completed its first phase of drilling at its priority 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 drilling program focused on resource definition at the Bill's Middle target on the Bobalong Project where previous drilling by Pinnacle has delivered excellent results, indicating the potential for a high value direct shipping ore (DSO) product.

A total of 41 auger drill holes were completed in the program for approximately 369.5 metres (Figure 2), with samples submitted for laboratory analysis. Results are currently being interpreted, with the maiden JORC Resource Estimate calculation due for release during the December 2022 Quarter.

Initial observations from the drilling confirmed intersections of kaolinitic material, and based on this outcome, Pinnacle has been encouraged to recommence discussions with potential offtake partners for a DSO kaolin product from the Bobalong Project. The Company will provide further detailed commentary upon receipt and interpretation of the drilling assay results from Bobalong.

Pinnacle plans to utilise the initial findings from the drilling program to commence preliminary planning for potential operations at the Bobalong Project. The operations planning will take into consideration the Company's desire for best practice ESG standards and its desire to undertake a sustainable development in what is a productive agricultural area, amongst other key considerations.

In assessing the appropriate design, Pinnacle will consider the merits of potentially developing the Project with a number of smaller, discreet pits rather than one large pit, with the aim of minimising the social and environmental impact.

The maiden drilling program at Bobalong was designed to gain a deeper understanding of the depth of weathering, basement granite composition - and the location of mafic intrusive rocks. The Company's aim is to better define the geological structures at Bill's Middle, to assist in determining the specific location of higher quality kaolin within the target area, and elsewhere at the Bobalong Project area.

Bobalong Project Area Expanded

The Company expanded the Bobalong Project Area via the strategic addition of Exploration Licence E70/6094, which was granted on 1 July 2022. E70/6094 is situated in the northern extent of the Project area, adjacent to the area targeted in Pinnacle's recently completed drilling program.

Given the success of the Company's drilling in intersecting zones of thick kaolinitic material at the priority Bill's Middle target, the addition of E70/6094 provides the opportunity via future drilling to further extend the Kaolin mineralised footprint into the new licence area.

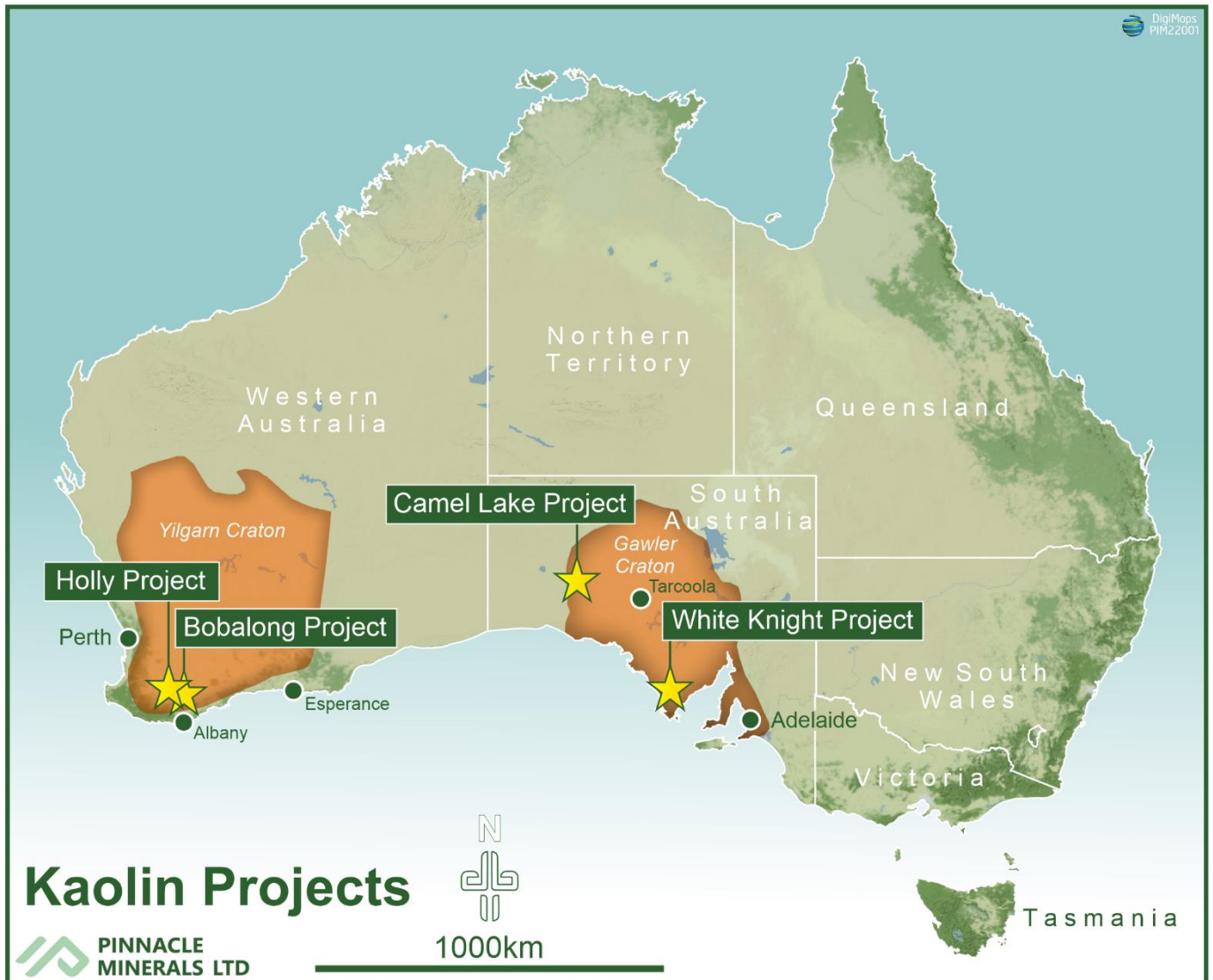


Figure 1: Pinnacle Minerals Projects' Location Map

Background on the Bobalong Project

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.

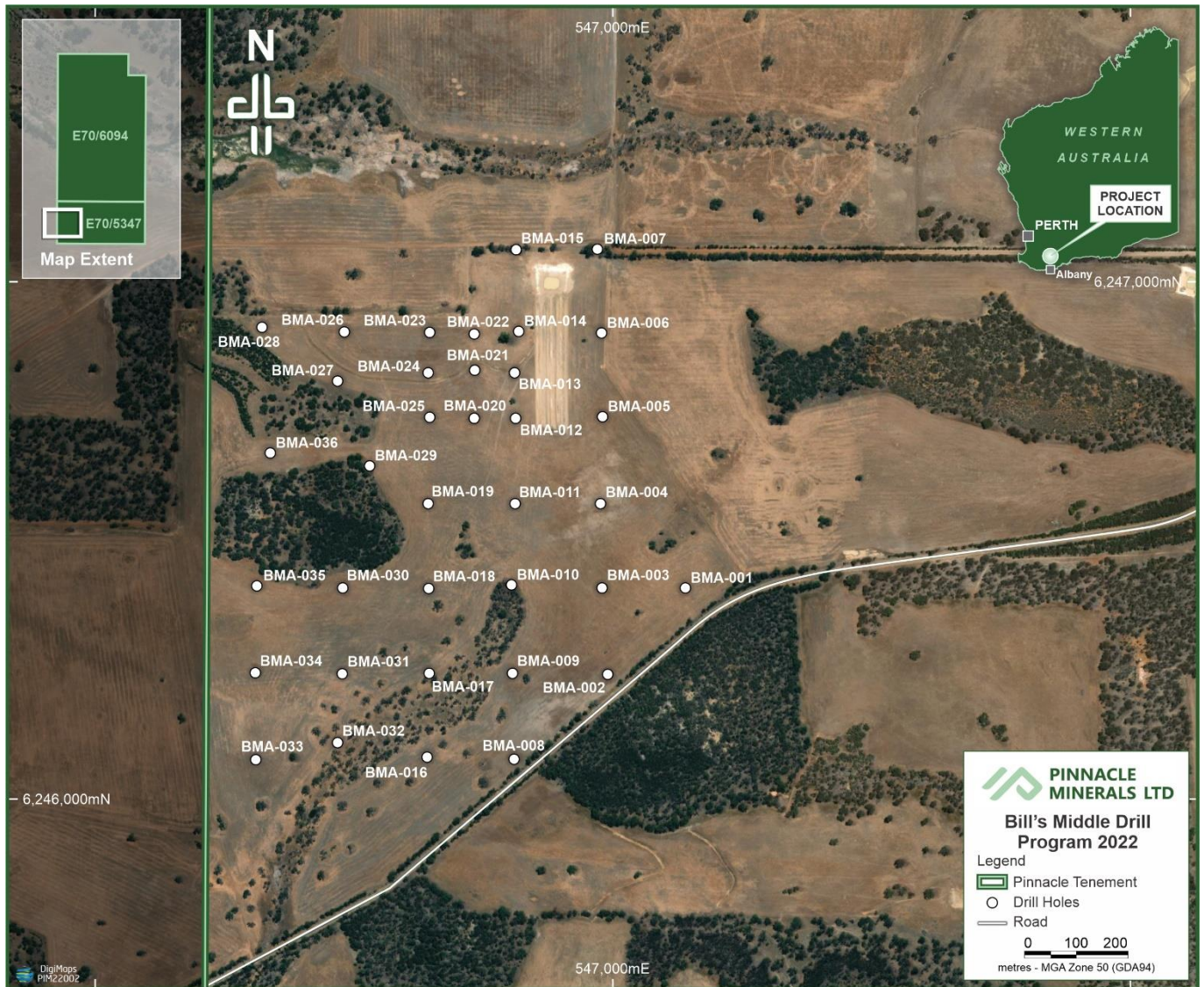


Figure 2 - Drill hole locations for first phase drilling at the Bill's Middle target at the Bobalong Kaolin Project

Next Steps and Value-Add Opportunities

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 a portion of the cement used in concrete and deliver a stronger and lighter concrete product. The Company has commenced 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 good 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 may have the potential to deliver a valuable additional revenue stream from the Project to the Company.

White Knight and Camel Lake Kaolin-Halloysite Projects

With the White Knight tenure now granted, desktop studies are currently underway to generate a pipeline of exploration targets which Pinnacle anticipate will be prospective for Kaolin-Halloysite mineralisation. A reconnaissance site visit is planned to the White Knight Project in the current quarter, ahead of initial fieldwork.

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.

Events subsequent to the reporting date

On the 14 October 2022 MagSpec Airborne Surveys Pty Ltd began a magnetic and radiometric survey over the entirety of the highly prospective Bobalong and Holly Kaolin projects in Western Australia. The survey consists of 5,572 line-kilometres of gradiometer magnetics and radiometric surveys at 100m line spacing. The data is expected to enable PIM to generate a suite of kaolin exploration targets at both projects.

CORPORATE

Loyalty Options Offer

During the Reporting Period, Pinnacle finalised a Loyalty Options Issue, offering Eligible Shareholders the opportunity to apply for one (1) Loyalty Option, at a subscription price of \$0.005 each, for every two (2) Shares held on the Record Date, of 29 June 2022 (ASX announcement, 1 June 2022).

A total of 20,687,634 Loyalty Options were issued during the quarter. The Options which are listed on the ASX under the code PIMO have an exercise price of \$0.25 and expire on 20 July 2026.

Cash Position

Pinnacle maintained a very sound cash position at quarter's end, with a cash balance of \$3.645 million.

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

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 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.

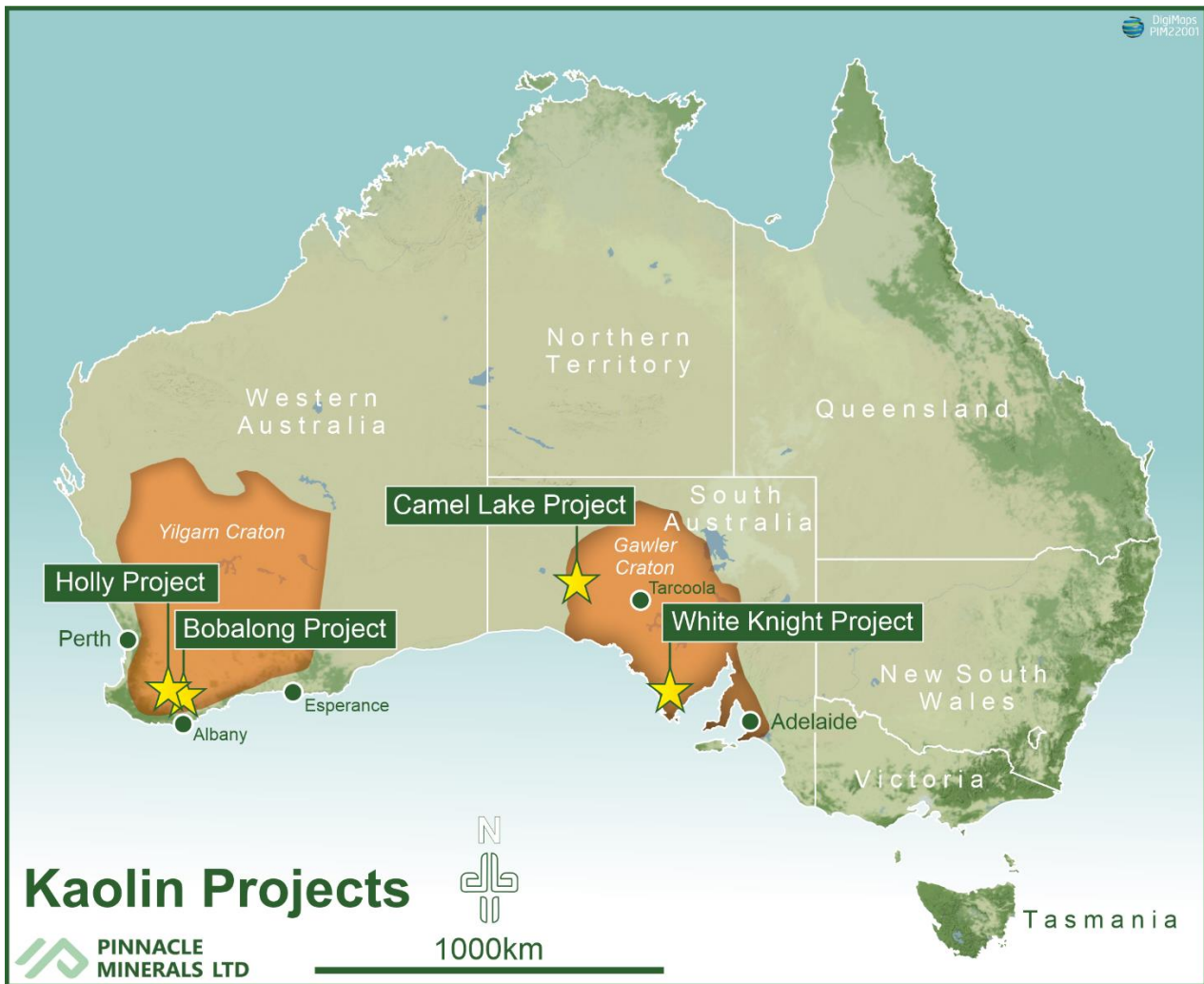


Figure 3: Pinnacle Minerals Projects' Location Map

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

- ASX Listing Rule 5.3.1- Mining exploration activities and investment activity expenditure during the quarter was \$87,000. Full details of the activity during the quarter are set out in this report.
- 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.
- 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%
Camel Lake	Eureka Metals Pty Ltd	SA	-	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%

- 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	\$272,311	\$2,527,689
Expenses of the Offer	\$505,400	\$347,817	\$157,583
Administration and compliance costs	\$850,000	\$375,430	\$474,570
Business development and adviser fees	\$250,000	\$0	\$250,000
Working Capital	\$394,600	\$0	\$394,600
Total	\$4,800,000	\$995,559	\$3,804,441

- 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.
- ASX Listing Rule 5.4.5 - Payments to related parties of the Company during the quarter and outlined in the Appendix 5B include \$47,108 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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(87)	(87)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(155)	(155)
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)		
1.9 Net cash from / (used in) operating activities	(242)	(242)

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		

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 (3 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	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)	(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	82
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,805	3,805
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(242)	(242)
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	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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,645	3,645

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	1,645	3,805
5.2	Call deposits	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)	3,645	3,805

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	47
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)	(242)
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)	(242)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,645
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,645
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	15.1
<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.

20 October 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.