



ASX Announcement

28 January 2022

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 December 2021

Triton Minerals Limited (ASX: TON) ("**Triton**" or "**the Company**") provides its activity report for the quarter ending 31 December 2021 ("**the Quarter**").

HIGHLIGHTS:

Ancuabe Project

- Commencement of Strategic Review and Desktop Study of the Ancuabe Graphite Project, focused on bringing the Company's flagship project into production in the short term, at a small scale, on a commercially viable basis.
- Engaged of CPC Project Design to assist in the Strategic Review, to provide technical services to support the Triton team primarily in the area of processing and non-process infrastructure.
- New Approach to the Development of Ancuabe Project - Commercial Pilot Plant (CPP): 250ktpa processing plant producing 15,000 to 17,000 tpa of graphite concentrate at a capital estimate of ~US\$32m to \$52m - significantly less than the US\$99m estimate for the 60ktpa plant in the 2017 DFS¹.
- Binding Offtake Agreement for up to 10,000 tonnes of graphite concentrate with Chinese graphite products specialist and battery anode manufacturer, and one of the largest producers of high value expandable graphite globally - Yichang Xincheng Graphite Co Ltd.
- Appointment of Adrian Costello, a senior and experienced professional, as the Chief Operating Officer to manage the Strategic Review.
- Commenced engagement with contractors who have had experience in both graphite and developments in Mozambique and Africa in general.
- Gained Support from MCC - the Company's appointed EPC contractor.
- Commenced discussions with western debt providers for funding of the CPP.
- Investigating alternative funding option models – contractors, BOOT and off-take.
- Triton is continuing work on finalisation of initial mine planning, funding discussions, additional off-take agreements, expressions of interests for alternative funding options and approvals.

Corporate and Fund Raising

- Raised \$4.76m via a partially underwritten entitlement issue and placement of options.
- Cash on hand at 31 December 2021 - \$4.0m.

¹ Triton refers to the Announcement titled 'Triton delivers robust Ancuabe Definitive Feasibility Study and declares maiden Ore Reserve' dated 15 December 2017 and confirms that all of the material assumptions underpinning the production target, or the forecast financial information derived from the production target in the initial public report continue apply and have not materially changed.

ANCUABE DEVELOPMENT ACTIVITIES

On 21 October 2021 the Company announced the commencement of a **Strategic Review** of the Ancuabe Graphite Project, focused on bringing the Company's flagship project into production in the short term, at a small scale, on a commercially viable basis.

The primary objective of the strategic review is to establish a Commercial Pilot Plant (**CPP**), which can be brought into production in the near term, aiming to produce commercially viable quantities of concentrate to prove the viability of both the product and of the large-scale project (60ktpa) in the medium-longer term. As well as providing validation of the process for potential funding partners, product from the CPP will enable the Company to generate further interest from potential offtake partners.

In the DFS¹ for the Ancuabe Graphite Project, Triton established the project as a globally significant graphite development project with strong returns (US\$298m, IRR 37%), targeting production of 60ktpa of high purity large flake graphite concentrate over a long mine life (27 years), with short payback period (3.7 years).

The Strategic Review is focussing on investigating the potential for scaling down the operations considered in the DFS, initially targeting production on a smaller scale, with the CPP proposed to be located at the Ancuabe site in Mozambique.

Work Completed in the Quarter

During the quarter the Company has made considerable progress on the Strategic Review with the following work completed or substantially progressed:

Engagement of CPC Project Design and COO

On 4 November 2021, the Company engaged CPC Project Design (CPC) to assist in the Strategic Review of the Ancuabe Graphite Project to provide technical services to support the Triton team primarily in the area of processing and non-process infrastructure. A key deliverable of CPC was to develop capital and operating costs for the 250ktpa CPP.

See ASX Announcement 4th November 2021 Engagement of CPC Project Design for Commercial Pilot Plant.

The Company has also appointed Adrian Costello, a senior and experienced professional, as the Chief Operating Officer to manage the Strategic Review.

¹ Triton refers to the Announcement titled 'Triton delivers robust Ancuabe Definitive Feasibility Study and declares maiden Ore Reserve' dated 15 December 2017 and confirms that all of the material assumptions underpinning the production target, or the forecast financial information derived from the production target in the initial public report continue apply and have not materially changed.

Strategic Review and Desktop Study

On 26 November 2021 and 7 December 2021, Triton announced results/updates to the Desktop Study which yielded the following positive results:

- The CPP Desktop Study envisages a 250ktpa plant capable of producing 10,000tpa of graphite concentrate. Subsequent to this, CPC completed further work on the mass balance which resulted in the potential concentrate production capacity increasing from 10,000 tpa to up to 17,000 tpa.
- Initial Capital expenditure estimate of between US\$32m to \$52m which is significantly less than the US\$99m estimate for the 60ktpa plant in the DFS¹.
- Operating costs estimated between \$711 to \$750 per tonne of concentrate, which compares to a unit cost of \$634/tonne in the 60ktpa plant in the DFS1. This is a very pleasing result as it is still significantly lower than the basket prices used in the 2017 DFS1 of US\$1,435/tonne.
- Triton will seek to significantly reduce this capex by investigating the use of alternative funding models rather than 100% equity purchase, such as the use of contractors (crushing and screening), vendor financing arrangements for certain parts of the processing plant and leasing for mobile equipment.
- Modular design and construction of the CPP is expected to enable significant efficiencies when scaling up from CPP to larger scale 60ktpa plant.
- CPP provides a shorter time frame to production and revenue generation – development and construction is expected to take 18 months and have other positive benefits such as providing validation of the process for potential funding partners and to generate further interest from potential offtake partners across a number of industries and geographical locations.
- Post quarter end, CPP completed study works for the use of Alternative Funding, which is estimated to reduce direct funding by US\$7m.

See ASX Announcements 26th November 2021 Compelling Desktop Study Results on Proposed CPP at Ancuabe Graphite Project and 7th December 2021 Significant Potential Production Capacity Increase at CPP and 11th January 2022 CPP Economics Independently Further Improved by US\$7m.

Expression of Interests

Triton commenced engaging with contractors who have had experience in both graphite and developments in Mozambique and Africa in general, from contractors such as mining, crushing and processing plant. Triton also engaged with MCC, the Company's EPC contractor, who are supportive of the CPP.

See ASX Announcement 18 November 2021 Ancuabe Commercial Pilot Plant Update MCC.

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Funding

Completed the following works on various funding options for the CPP development:

- Debt Funding - Commenced discussions with western debt providers.
- Alternative funding models funding options – contractors, BOOT and off-take.

See ASX Announcement 11 January 2022 CPP Economics Independently Further Improved by US\$7m.

Off-take

Metals Challenge continued to assist with sourcing new offtake agreements for graphite concentrate from the CPP, which has resulted in the execution of a Binding Offtake Agreement for up to 10,000 tonnes of graphite concentrate with Chinese graphite products specialist and battery anode manufacturer, and one of the largest producers of high value expandable graphite globally - Yichang Xincheng Graphite Co Ltd (**YXGC**).

See ASX Announcement 09 November 2021 Binding Offtake Agreement Secured for Ancuabe CPP.

As evidenced by YXGC Binding Off-take introduction, Metals Challenge have strong relationships with key participants in the global metals and minerals markets which Triton is pursuing additional offtake arrangements with.

Other works during the quarter included commencement of high-level financial modelling and review of applicability of current approvals for the CPP.

Work to be completed in next Quarter

The Strategic Review and desktop study is expected to be completed in Q1 CY2022, with DFS for the CPP and final investment decision by mid CY2022, with the following works to be completed:

- Strategic Review and Desktop study.
- Expression of Interests for mining, crushing and processing plant services.
- Further off-take agreements.
- Continued engagement with western debt providers.
- Continued assessment of alternative funding options.
- Review of applicability of current approvals.

CORPORATE INFORMATION

As of 31 December 2021, the Company held \$3.956M in cash.

Payments to related parties (as set out in section 6 of the Appendix 5B) totalled \$16,500 consisting of Executive and Non-executive fees and salaries and superannuation payments.

The appendix 5B – statement of consolidated cash flows is attached to this report.

FUND RAISING

On the 23 September 2021 the Company announced a Capital Raising for up to ~\$10m, comprising up to ~\$9.79m Entitlement Offer and up to ~\$320,000 Options Placement Offer.

During the quarter the Company announced both that the ~\$320,000 Options Placement Offer had closed fully subscribed and the completion of the partially underwritten portion of the Capital Raising, raising gross proceeds of \$4.44M.

This further demonstrates the Company now has the renewed support and commitment of all major stakeholders, and with a successful capital raising, Triton will be in a position to finally expedite the development of the Ancuabe Graphite Project in a very strong commodities market where there is an expectation of strong graphite demand and pricing for years to come.

TENEMENTS

Ancuabe (MC913 2C)

The Company holds a 100% beneficial interest in the Ancuabe Mining Concession (MC913 2C).

Nicanda Hill (EL5966)

As previously advised, the Company has been advised that the Cadastre states the area of the Nicanda Hill licence is marked as reserved for public tender. This is notwithstanding the best efforts of the Company to have the Nicanda Hill licence renewed. Triton is very disappointed by this outcome. Triton has instructed its advisers in Mozambique to appeal to the Minister and other relevant authorities. Triton will make every effort to obtain a renewal of the licence and keep the market updated in this regard.

EL5305, EL5380. EL5365 and EL5304

In relation to EL5305, EL5380. EL5365 and EL5304, Triton's wholly owned subsidiary, Grafex Limitada, remains listed as the holder of these tenements on the Cadastre. However, given the time involved in the consideration of the various extension/modification applications lodged by Grafex in relation to these tenements, the Company has commenced with its advisors the process of making fresh applications over the areas the subject of these tenements, regarding this as the best way forward. The Company will continue to review these tenements going forward, in the context of its focus being firmly on the development of Ancuabe and securing the return of Nicanda Hill.

The quarterly report was authorised for release by the Board of Directors.

For further information please contact:

Investor Enquiries

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Appendix 5B

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

Name of entity

Triton Minerals Limited

ABN

99 126 042 215

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(456)	(886)
(c) production	-	-
(d) staff costs	(66)	(822)
(e) administration and corporate costs	(272)	(877)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(29)	(67)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (The Company received a refund from the ATO of \$163,675 in relation to the Cashflow boost payments and other payments of employment taxes. The Company is reviewing the refund and expects that \$117,735 will be repaid to the ATO in the net quarter).	-	164
1.9 Net cash used in operating activities	(823)	(2,488)
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	-	-

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 (12 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
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)	4,762	4,762
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	(574)	(626)
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 used in financing activities	4,188	4,136

4.	Net decrease in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	591	2,317
4.2	Net cash used in operating activities (item 1.9 above)	(823)	(2,488)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash (used in)/from financing activities (item 3.10 above)	4,188	4,136

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(9)
4.6	Cash and cash equivalents at end of period	3,956	3,956

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	3,956	591
5.2	Call deposits	-	-
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)	3,956	591

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	17
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

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.</i>		
<i>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 used in operating activities (item 1.9)	823
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)	823
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,956
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,956
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.8
<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:	
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:	
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:	
<i>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.</i>	

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.

Date:28 January 2022.....

Authorised by:Board of Directors.....
(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.