



ASX Announcement

28 July 2022

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 30 June 2022

Triton Minerals Limited (ASX: TON) (“Triton” or “the Company”) provides its activity report for the quarter ending 30th June 2022 (“the Quarter”).

### HIGHLIGHTS:

#### Ancuabe Project Development

- **Commenced Scoping Study for Stage 1** – following completion of a Strategic Review and Desktop Study, commenced the scoping study for Stage 1 of the Commercial Pilot Plant (CPP)<sup>1</sup>.
- **Engineering and Design** – based upon a bulk concentrate option, completed initial pricing estimates for equipment, indirect project costs, site infrastructure costs and owner’s costs, plus operating costs and sustaining capital.
- **Funding** – made significant progress investigating funding options for the CPP development which included Western debt, equity and equipment supplier BOOT Arrangements.
- **MOU with HIMOINSA** – executed a MOU with HIMOINSA Southern Africa for the development of a modular, cost effective and sustainable power solution for the Ancuabe Project<sup>2,3</sup>.
- **Approvals** – commenced final approvals to commence production namely the DUAT (land use agreement) with the DUAT layout completed and documents lodged.
- **Marketing** – advanced discussions with Triton’s offtake partner, Yichang Xincheng Graphite Co Ltd<sup>4</sup> for the production of a bulk graphite concentrate; completed a revision of the Graphite basket price for the project based upon updated market conditions and outlook and also commenced investigating value-added adding opportunities through products and marketing.
- **JHT Laboratory Scale Pilot Plant** – JHT commenced works on the development of a laboratory scale Pilot Plant in Jinan, China.
- **Declaration of Force Majeure** – on 4 July, following the security incident on site on 8 June, Triton announced it declared a force majeure event at site under the terms of the Mozambique Mining Law Regulations, this force majeure declaration will remain in place until such time as operations at site can be safely resumed<sup>5,6</sup>.
- **Triton Still Fully Committed** – Triton remains fully committed to the development of the Ancuabe Project, continuing to pursue all development activities for the Project that can occur offsite, and appreciates the efforts of the Mozambique authorities to restore security and stability to the region.

#### Corporate Activities

- **Cash on hand** – as at 30 June 2022 - **\$2.4M**

## ANCUABE PROJECT DEVELOPMENT

In March 2022 a Strategic Review and Desktop Study of the Ancuabe Graphite Project was completed, the purpose of which was 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.

At the completion of the Strategic Review and Desktop Study it was concluded that the Ancuabe project could be developed on a CPP basis, and it revealed that utilising a two-stage, modular build approach would provide the most efficient and cost-effective solution to developing the Ancuabe project.

The **Ancuabe Staged Strategic Development Plan** is the development of the project in two stages as follows:

- **Stage 1** - development and construction of CPP for a small-scale processing plant, capable of producing flake graphite concentrate on a commercial basis.
- **Stage 2** - expansion to a large-scale mine as envisioned in the 2017 DFS incorporating value-add enhancements identified in Stage 1.

**Stage 1 of the CPP** will consist of the construction of a small-scale processing plant, capable of producing flake graphite concentrate on a commercial basis, which will allow the Company to sell commercial sized parcels of "run of mine" Ancuabe graphite flake concentrate to off-takers. In the Stage 1 Scoping Study it is planned to investigate the development a processing plant that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate.

Whilst undertaking the scoping study, the Company will assess the capabilities of the plant and undertake a similar comprehensive costing review exercise to ascertain the possibility of utilising a modular build methodology for process plant. The modular plant not only allows a smaller and cheaper plant to be constructed in short time frame, but also allows for scaling up to the large-scale project as planned in the DFS. The scoping study will investigate other options to reduce up-front capital costs such as dry-stack tailings, production of a single bulk concentrate and alternative de watering requirements. Direct funding would be lower with the use of BOOT's, contractors and leasing (for example).

As part of the strategic plan, Triton is aiming to bring the CPP into production as quickly as possible, therefore it immediately commenced a scoping study (in March 2022).

Whilst the Ancuabe site will be subject to the force majeure declaration in the near term, the Company remains fully committed to the Ancuabe Project, with significant off site works to be undertaken in the next half year.

While the objective of the Stage 1 Project is the development of a processing operation that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate, Tritons medium to long term development objective for Ancuabe project remains for the development large-scale project as per the 2017 DFS. In the DFS 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)<sup>7</sup>.

## Ancuabe Project Development - Work completed during the June Quarter

The Company continues to make good progress on developing the Ancuabe Project with the following work completed or substantially progressed during the quarter:

**Stage 1 Scoping Study** - During the quarter the following works continued or completed:

- **Engineering and Design:** following CPC Process Design (CPC) completing a flow sheet for a range of throughput options, the Company chose a bulk concentrate option (as opposed to producing a range of concentrate sizes) which will have lower capital expenditure requirements. Following this CPC completed a process design criteria, an equipment listing and completed initial pricing estimates for equipment, indirect project costs, site infrastructure costs and owner's costs, plus operating costs and sustaining capital.
- **Modular Equipment** – made significant progress investigating the use of modular equipment from a variety of suppliers from Australia, North America, South Africa, Vietnam and China.
- **Project Benchmarking** – completed a benchmarking exercise against other small scale and modular graphite projects (either recently completed or currently under development) to compare capital and operating costs.

**Other Works** - During the quarter the following other works were commenced or completed:

- **Funding** – made significant progress investigating funding options for the CPP development which included Western debt, equity and equipment supplier BOOT Arrangements. During the quarter the Company executed a MOU with HIMOINSA Southern Africa for the development of a modular, cost effective and sustainable power solution for the Ancuabe Project.
- **Service Contractors** – continued engaging with contractors who have had experience in both graphite and developments in Mozambique and Africa in general, for services such as mining, crushing and processing plant, services and logistics.
- **High Grade Mining Option** – completed a review of the T16 pit resource which determined that high grade starter mine plans can be undertaken.
- **Approvals** – commenced final approvals to commence production namely the DUAT (land use agreement) and RAP (site land user relocation agreement) plus the other minor approvals.
- **Offtake** – completed discussions with Tritons off taker YXGC (Yichang Xincheng Graphite Co Ltd) for the production of a bulk graphite concentrate.
- **Graphite Basket Price Revision** – completed a revision of the Graphite basket price for the project, based upon updated conditions and outlook.
- **Value Enhanced Products Strategy and Marketing Study** – completed investigating value-added adding opportunities for the lithium-ion battery and graphite foil applications, to build a vertically integrated business model to supply premium quality graphite products into a diverse range of premium markets.
- **JHT Laboratory Scale Pilot Plant** - at the same time as developing the Stage 1 Commercial Pilot Plant, as part of the JHT Strategic Alliance the Company, JHT commenced works on the development of a laboratory scale Pilot Plant in Jinan, China.

## Ancuabe Project Development - Work to be completed in next Half Year

Notwithstanding that the Ancuabe site is subject to the force majeure declaration in the near term, the Company remains fully committed to the Ancuabe Project and significant works can and will continue to be undertaken in the next half year. In this regard will continue to focus on:

**Stage 1 Scoping Study** - Finalisation of the scoping study development of mining and processing operation that will target processing 100 to 125k tpa of ore, producing 5 to 8 k tpa of graphite concentrate, including: Final estimates for initial capex, opex, sustaining capital and working capital, financial modeling, and final basket price estimate.

### Other Activities

- **Funding** – completion and formalisation of the establishment of funding to allow the CPP development, which will be a package of equity, debt and BOOT arrangements.
- **Service and Supply Contracts** – establishment of contracts for processing plant equipment supply and construction services and also for operation services such as mining, crushing and processing plant, power supply and logistics.
- **Approvals** – complete final approvals to commence production namely the DUAT (land use agreement) and RAP (site land user relocation agreement) plus the other minor approvals.
- **Offtake** – formalise the contract with offtaker YXGC (Yichang Xincheng Graphite Co Ltd) for a bulk graphite concentrate.
- **Value Enhanced Products and Marketing Strategy Study** – complete investigating value-add opportunities through products and marketing, primarily for the lithium-ion battery and graphite foil applications, aimed to increase shareholder value.
- **JHT Laboratory Scale Pilot Plant – with JHT** (under Strategic Alliance Agreement), progress the development of a laboratory scale Pilot Plant in Jinan, China.

## CORPORATE INFORMATION

As of 30 June 2022, the Company held **\$2.4M** in cash. Payments to related parties (as set out in section 6 of the Appendix 5B) totalled \$180,000. The pro-forma appendix 5B – statement of consolidated cash flows is attached to this report.

## TENEMENTS

- **Ancuabe (MC913 2C)** - The Company holds a 100% beneficial interest in the Ancuabe Mining Concession.
- **Nicanda Hill (EL5966)** - As previously advised, the Company was advised that the area of the Nicanda Hill licence was reserved for public tender. This was notwithstanding the best efforts of the Company to have the Nicanda Hill licence renewed. Triton through its advisers in Mozambique has appealed to the Minister and other relevant authorities. Triton is making every effort to obtain a renewal of the licence and will keep the market updated in this regard.
- **EL5305, EL5380, EL5365 and EL5304** - In relation to these concession 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.

## END NOTE

1. **ASX Announcement - 10 March 2022** - Ancuabe Project Strategic Review & Desktop Study Completed
2. **ASX Announcement - 5 April 2022** - Power Solution MoU for Ancuabe Project
3. **ASX Announcement - 6 April 2022** - Amended Power Solution MoU for Ancuabe Project
4. **ASX Announcement - 9 November 2021** - Binding Offtake Agreement for Ancuabe Commercial Pilot Plant
5. **ASX Announcement - 14 June 2022** - Update on Security Incident at the Ancuabe Graphite Project
6. **ASX Announcement - 4 July 2022** - Ancuabe Graphite Project Update
7. **ASX Announcement - 15 December 2017** - 'Triton delivers robust Ancuabe Definitive Feasibility Study and declares maiden Ore Reserve' 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.

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

**For further information please contact:**

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### **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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(746)	(1,069)
(c) production	-	-
(d) staff costs	(250)	(429)
(e) administration and corporate costs	(191)	(381)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(15)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash used in operating activities</b>	<b>(1,202)</b>	<b>(1,898)</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	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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>-</b>	<b>-</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	464	464
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	(83)	(122)
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 used in financing activities</b>	<b>381</b>	<b>342</b>
<b>4.</b>	<b>Net decrease in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,220	3,956
4.2	Net cash used in operating activities (item 1.9 above)	(1,202)	(1,898)
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)	381	342
4.5	Effect of movement in exchange rates on cash held	8	7
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,407</b>	<b>2,407</b>

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

5. <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	2,407	3,220
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,407</b>	<b>3,220</b>

6. <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	185
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

7. <b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 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 used in operating activities (item 1.9)	1,202
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)	1,202
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,407
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,407
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2</b>
<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 July 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.