

24 July 2020

ASX RELEASE

QUARTERLY ACTIVITIES REPORT MARCH 2020

TAO Commodities Limited (**"TAO" or "the company"**) (**ASX: TAO**) is pleased to release the Quarterly Activities Report June 2020.

Milford Project

Following on from previous soil and reconnaissance rock sampling results completed in Q1 2020 as part of the Phase 1 exploration programme, future exploration work aims to extend the geochemical anomalies along the interpreted strike (Phase 2) and provide sufficient data to plan initial drilling campaigns.

Phase 1 reconnaissance rock chip results returned encouraging gold and silver results which where grades to 17.4 g/t Au and 8760 g/t Ag were recorded¹. Soil sampling that was completed in conjunction with the rock sampling defined anomalous zones over several hundred meters open along strike at both Captain Jack and Moccassin².

The planned Phase 2 exploration work will comprise additional soil and reconnaissance rock sampling/mapping along the interpreted anomalous trends and will commence in the September 2020 quarter.

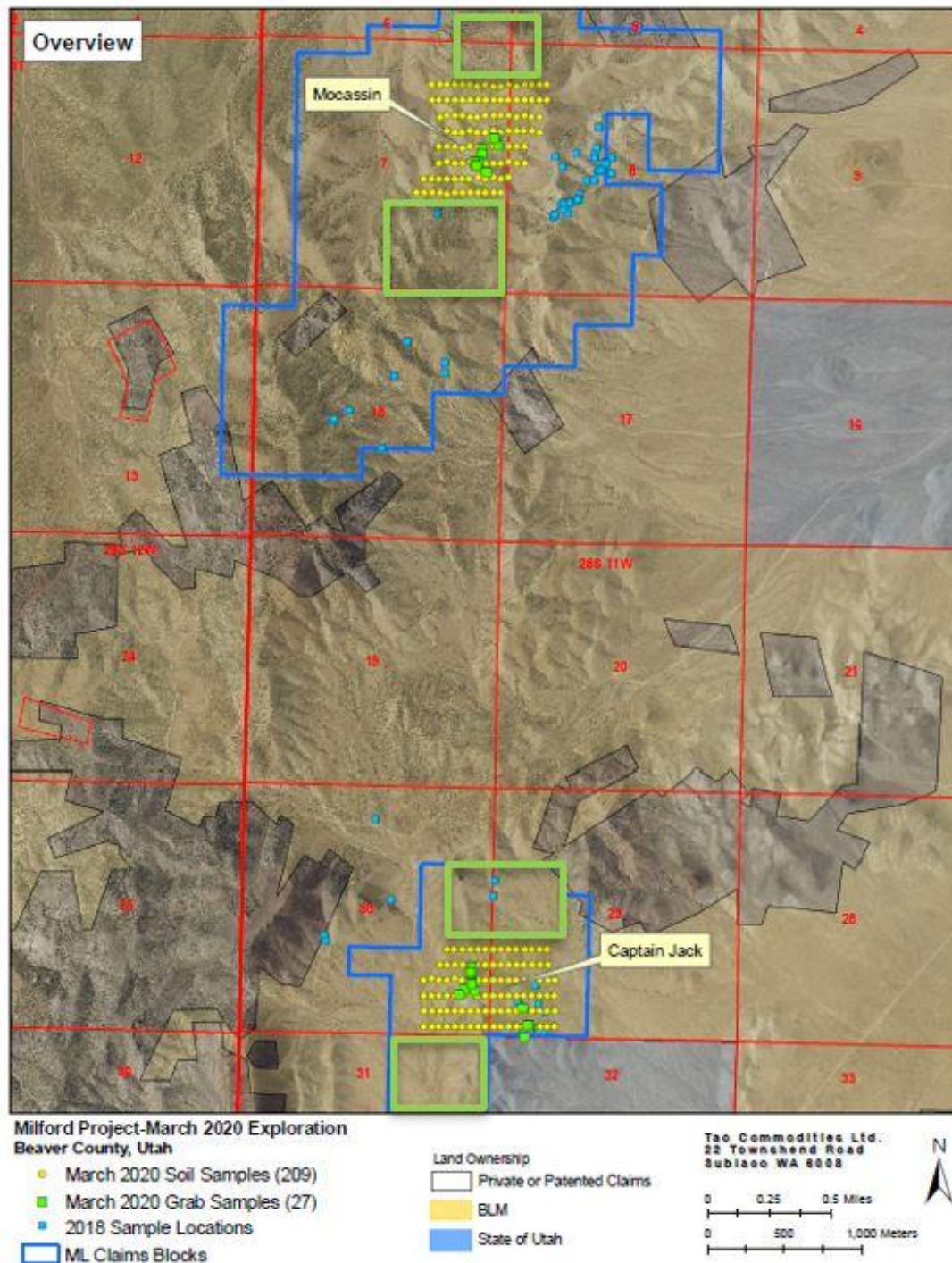


Figure 1 – Overview Map- Milford Project. Green- Rock samples (27), Yellow- Soil Samples, Green squares are approximate Phase 2 work areas.

CAPTAIN JACK

The Captain Jack Project is located in the southern part of the Milford Project.

As part of the Phase 1 programme, total of 102 soil and 14 rock samples were collected at the Captain Jack and Captain Jack West Prospects ^{1,2}. The Captain Jack West prospect is

associated with a series of old shallow workings/pits in altered silicified carbonate and sedimentary rocks with evidence of ex-sulphide textures and copper oxide staining. Reconnaissance rock sampling completed by the Company as part of the Phase 1 programme returned samples with anomalous gold, ranging from 0.99 to 17.4 g/t Au¹. Silver results ranged from 0.25 to 8760 g/t, with four samples assaying >100 g/t (ppm) Ag¹.

Soils sampling has defined partially overlapping NE orientated gold-silver anomalies over several hundred meters in the Captain Jack West prospect area, and a more semi-continuous anomaly over a similar distance at Captain Jack². The soil anomalies appear topographically controlled to some degree, and further detailed mapping is planned along strike from the outcropping mineralisation to better understand the full extent of the anomaly.

MOCCASIN PROSPECT

A total of 107 soil and 13 rock samples were collected as part of the Phase 1 programme at the Moccasin Prospect located in the northern portion of the Milford Project^{1,2}.

Four reconnaissance rock samples collected by the Company as part of the Phase 1 programme returned gold values of +1 g/t. A number of samples also returned elevated base metal assay results with 15.1% Pb, 4.64% Zn and 1.21% Cu¹.

Mineralisation occurring as outcrop to sub crop/float (with evidence of historical shallow pits and shafts) was traced along a north-easterly orientation for over 200m and is hosted within dark grey- to grey-brown altered carbonate to cherty carbonate rocks with moderate to intense ferruginisation and pitting after sulphide. Some remnant sulphide including pyrite and chalcopyrite together with copper oxides was observed.

Silver results from the soil sampling data have further extended the anomalous trend along strike to the SW from the old workings². Gold results appear more restricted and associated with the locations of the old workings in the main prospect area in the central portion of the soil grid where rock sampling was also completed.

A second parallel trend has also been identified from the gold results NW of the main area which remain open to the NE. No rock samples were collected from this area as part of the Phase 1 programme.

Anomalous Pb (ppm) and Zn (ppm) are also associated with the geochemical response at Moccasin². Further soil and rock sampling together with geological mapping will aim to extend the zones along strike to the NW and SW.

Further information on planned gold exploration work can be found in the ASX announcement dated 30 June 2020. The Phase 2 programme is expected to commence in the September 2020 quarter.

Previous ASX Announcements

- 1- 30/04/2020 - TAO Commodities Ltd – ASX Announcement – ROCK SAMPLING RETURNS UP TO 17.4 g/t Au & 8760 g/t Ag.
- 2- 02/06/20 – TAO Commodities Ltd - ASX announcement - Soil Sampling Results enhance prospect areas

Corporate

On the 16 April 2020, 7 million fully paid ordinary shares were released from escrow. In addition 11 million unlisted options (exercise price 30 cents, expiry 1 August 2020) were released from escrow.

Payments to related parties of the entity and their associates

Section 6.1 Appendix 5B description of payments:

Director Fees	\$49,275	
GTT Ventures Pty Ltd – Consultant fees and rent	\$40,500	P Glovac is Director and shareholder of GTT Ventures
Total	\$89,775	

Tenement Schedule (Disclosure per ASX Listing Rule 5.3.3)

Tenements held at end of the quarter by TAO Commodities Ltd and subsidiary companies.

TENEMENT	LOCATION	INTEREST
ML-001 to ML-100, ML-051a	Utah USA	100%
Total Number of Claims	101	

Authorised by the Board of TAO Commodities Ltd

For further information, please contact

Patrick Glovac
Managing Director
 TAO Commodities Limited
info@taocommodities.com.au

Appendix 5B

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

Name of entity

TAO Commodities Ltd

ABN

84 618 935 372

Quarter ended ("current quarter")

30 June 2020

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 (if expensed)		
	(b) development	-	(11)
	(c) production		
	(d) staff costs	(80)	(320)
	(e) administration and corporate costs	(98)	(354)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	22
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	12	12
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(163)	(651)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(5)	(6)
	(d) exploration & evaluation (if capitalised)	(35)	(124)
	(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 (12 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	(40)	(130)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
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 (Lease principal repayments)	(9)	(36)
3.10	Net cash from / (used in) financing activities	(9)	(36)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,861	2,466
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(163)	(651)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(130)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	(36)

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	-	
4.6	Cash and cash equivalents at end of period	1,649	1,649

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	65	280
5.2	Call deposits	1,584	1,581
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)	1,649	1,861

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

90

-

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

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)	(163)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(35)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(198)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,649
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,649
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	8.3
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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:	
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:	
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:	

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: 24 July 2020.

Authorised by: By the Board.

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.