

COPPER SEARCH

OPERATION / 15X
LOCATION : Gawler Craton, S.A.

// JZX / NANO TE
CHFCa/CHFCa@80
CAS = 10105120
NBROUAS PER 3.0
DATA CK = 1
NBROUAS PER 10.0
MAMA TICA 125
X8 XZ / 0125

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QUARTERLY REPORT

March 2023

19 April 2023

Copper Search Limited (ASX: CUS) (Copper Search or the Company) is pleased to present its Quarterly Activities Report for the period ending 31 March 2023.

SUMMARY

EXPLORATION

Over the past quarter Copper Search has been busy adding to the pipeline of high-quality copper targets at the Peake Project in South Australia.

A large part of that work has been in undertaking an extensive program of AEM geophysics across the northern half of the Peake Project. This program aimed to identify and prioritise potential IOCG drill targets and complemented the surveys carried out in 2022 over the southern half of the project.

The exploration team also continued to use the massive amount of data points collected throughout 2022 to improve the litho-structural models of the Peake & Denison District, as well as refine the drill targeting on the high-priority targets already identified on the southern half of the project. The first four of these targets are now fully drill ready, with all the heritage site clearances and drilling approvals in place and we plan to commence drilling later this week.

In parallel to these activities, the exploration team has continued to work on the near-miss analysis of previous drill holes in the region. In IOCG mineral systems, a major discovery can be missed by as little as a few hundred metres, and it is rare to strike the centre of an IOCG deposit in the first drill hole. Therefore, the importance of recognising a near-miss is critical.

CORPORATE

Copper Search received \$532,732 as R&D Tax Refund from the federal government during the quarter.

The cash position at the quarter that ended 31 March 2023 was \$7.0 million.

Capital Structure

Ordinary Shares
Issued 82 M

Options and rights
Unlisted options 4 M
Unlisted performance rights 2 M

Cash Position

March 2023 Quarterly
\$7 million

22 320
21 Sydenham Road
Norwood SA 5067
www.coppersearch.com.au

Board Members

Chris Sutherland - Chair
Peter McIntyre - NED
Tony Belperio - NED
Greg Hall - NED
Jarek Kopias - Co Sec

In the next few days, we look forward to commencing drill testing of our highest priority IOCG targets. This program is the culmination of years of building a ground position and completing all the steps to put large scale discovery potential in front of the drill bit.

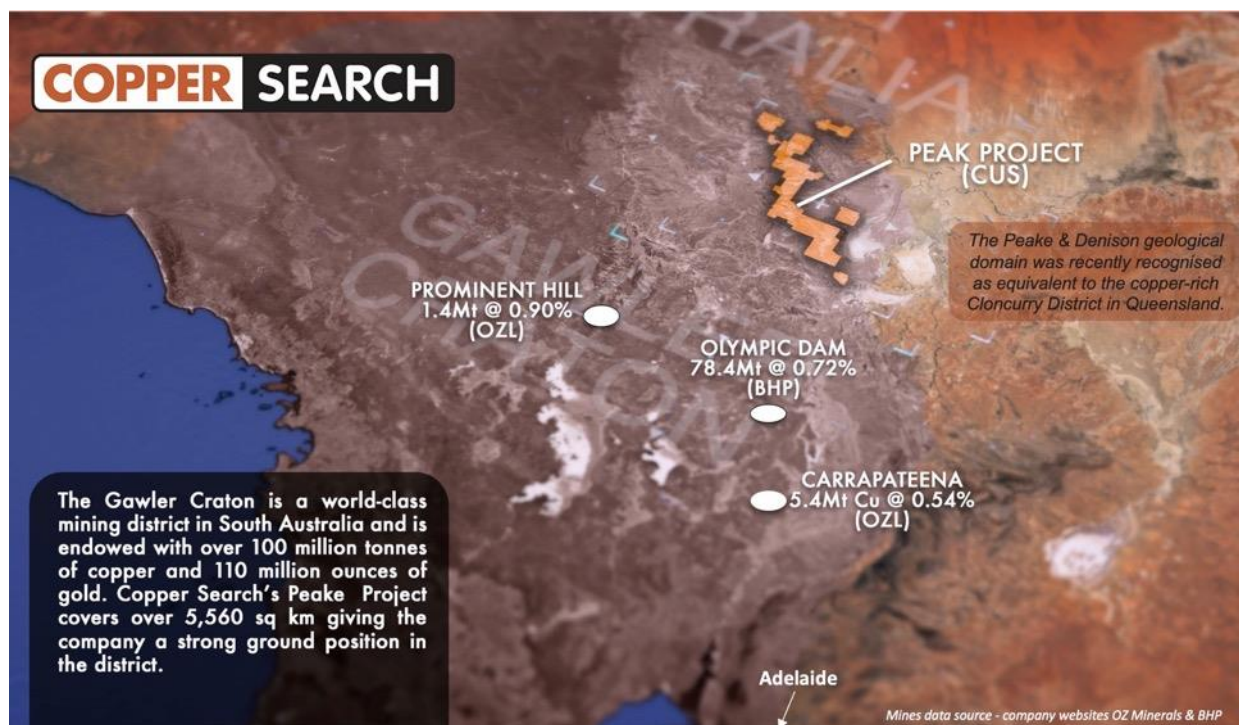
Over the last year the Copper Search team undertook a huge amount of geophysical data collection, detailed analysis of historical works, integrating modern government surveys and completed complex modelling to build a detailed picture of the geology and define the best large-scale targets. With an improved understanding of the large-scale IOCG potential of the Peake & Denison District, Copper Search is now well positioned for discovery success as we embark on an extensive drilling program.

- CEO Duncan Chessell

DETAILS

THE PEAKE PROJECT

- Copper Search has 100% ownership of the 5,560km² Peake Project.
- The project is prospective for IOCG and ISCG deposits.
- Recent proof of concept by adjacent explorer Demetallica, funded by OZ Minerals (ASX: OZL), confirmed the prospectivity for Ernest Henry-style IOCG – copper mineralisation in drilling (ASX: DRM 5 October 2022).
- Has six (6) high priority potential IOCG drill targets identified from over 40 geophysical anomalies.
- Multiple IOCG targets are to be tested on the southern half of the project area in the Phase One drilling program, commencing later this week.
- Geophysical (AEM) Surveys for target definition on the northern half of the project have been completed. Results are due in April 2023.

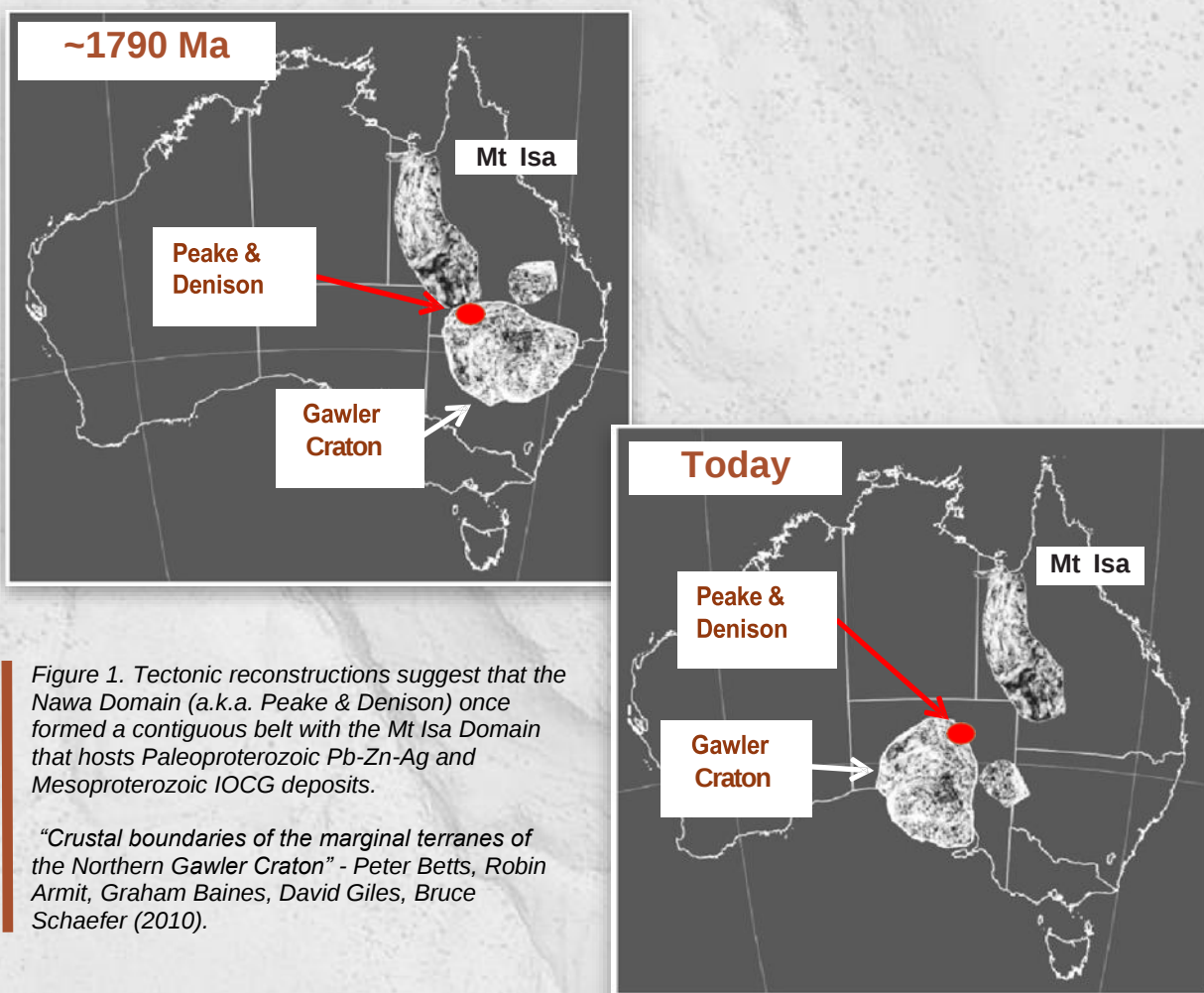


A NEW UNDERSTANDING OF THE PEAKE & DENISON DISTRICT

The Peake Project is located in the Gawler Craton and is prospective for largescale copper (IOCG) deposits. Until 2022 the area was relatively underexplored as the age of the potential deposit-forming rocks was 50Ma younger than IOCG examples elsewhere in the Gawler Craton.

However, in 2022 that view changed...

Results of a massive government airborne geophysics program challenged the conventional geological models and suggested the district may be prospective for Cloncurry age & style of IOCG and ISCG deposits. This new viewpoint was confirmed in drilling by adjacent explorer Demetallica, funded by OZ Minerals (ASX: DRM 5 October 2022.)



EXPLORATION ACTIVITIES

NORTHERN HALF – GEOPHYSICAL SURVEYS

Copper Search completed a 1,500 line-km airborne electromagnetic (AEM) geophysical survey.

The purpose of the AEM survey was to identify potential shear-hosted ISCG mineralisation (Iron-Sulphide-Copper-Gold). The AEM survey can identify conductive rock units such as massive copper sulphides, graphitic or pyritic shale units, and groundwater, and assists with interpreting lithology and structures.

The survey covered three key areas in the northern half of the Project - the Mt Denison, Spring Hill and Anna Creek tenements. These areas have been identified as prospective for copper mineralisation as part of the detailed project review and re-logging of the historical drill core completed by the Copper Search exploration team. This was correlated with a litho-structural analysis of the Peake Project completed by PGN Geoscience in 2022, leveraging the new magnetic and radiometric data and showed that they were likely to have geological settings considered favourable to host ISCG mineralisation.

The results of the survey, due in Q2 2023, will inform follow-up regional programs to identify potential drill targets in the northern half of the Peake Project. This work will be conducted in parallel to drill testing high-priority IOCG targets (IOCG or Iron-Oxide-Copper-Gold) planned for the southern half of the Peake Project.

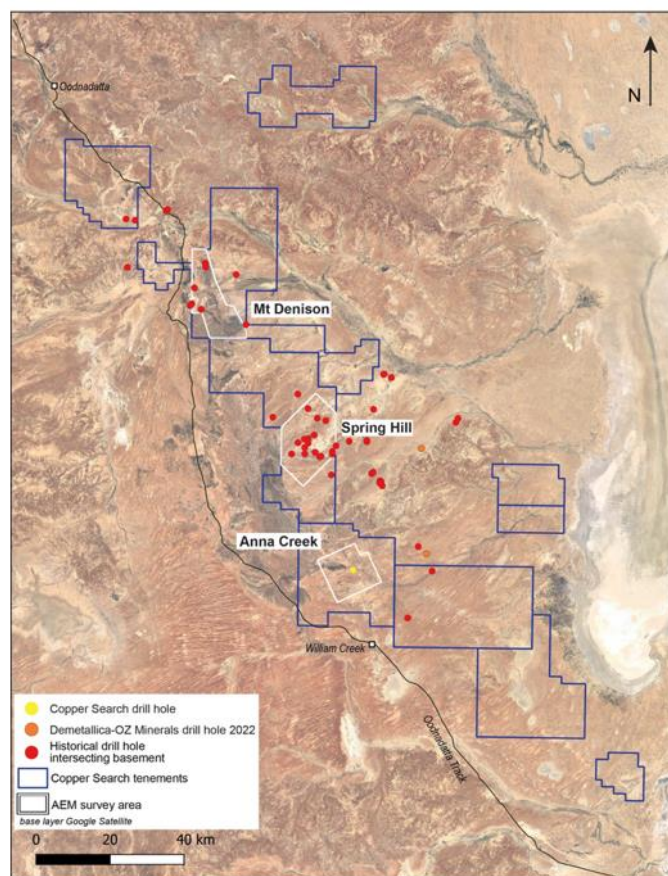
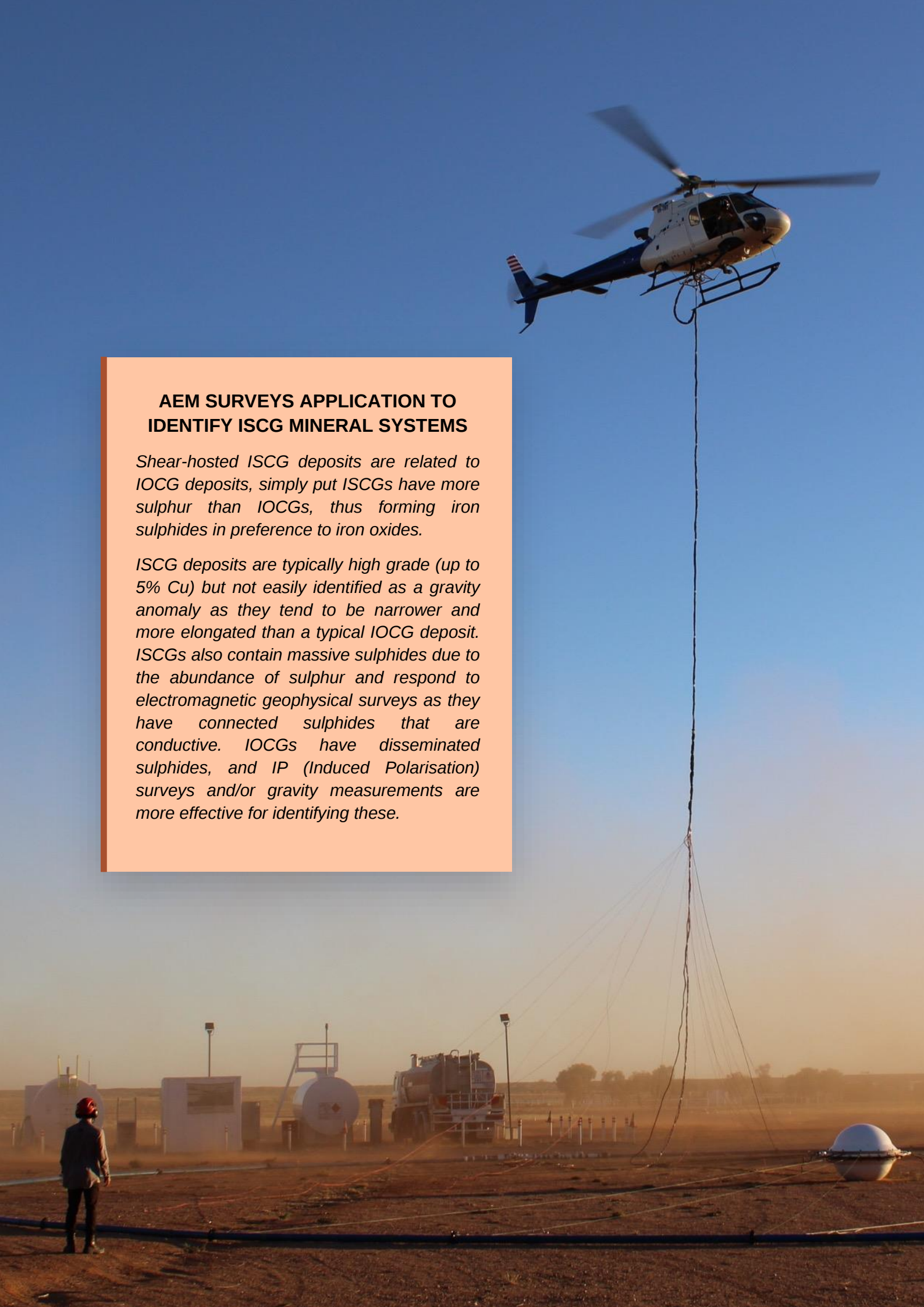


Figure 2. CUS tenements within the Peake Project, showing existing drill holes intersecting the Mesoproterozoic basement and three AEM survey areas. (Historical information sourced from State Government SARIG website).

A helicopter is shown in flight against a clear blue sky, suspended by a long cable. The cable extends down to a mining site on the ground. In the foreground, a person wearing a red hard hat and dark clothing stands looking towards the helicopter. The mining site includes various pieces of equipment, including a large white tank, a smaller white container, and a truck. The ground is dry and dusty, and the overall scene is set during what appears to be late afternoon or early morning, given the warm lighting.

AEM SURVEYS APPLICATION TO IDENTIFY ISCG MINERAL SYSTEMS

Shear-hosted ISCG deposits are related to IOCG deposits, simply put ISCGs have more sulphur than IOCGs, thus forming iron sulphides in preference to iron oxides.

ISCG deposits are typically high grade (up to 5% Cu) but not easily identified as a gravity anomaly as they tend to be narrower and more elongated than a typical IOCG deposit. ISCGs also contain massive sulphides due to the abundance of sulphur and respond to electromagnetic geophysical surveys as they have connected sulphides that are conductive. IOCGs have disseminated sulphides, and IP (Induced Polarisation) surveys and/or gravity measurements are more effective for identifying these.

SOUTHERN HALF – DRILLING PREPERATIONS

Over the December quarter, Copper Search completed a detailed review of the Peake Project and additional geophysical surveys and modelling were undertaken to complement the previous magnetic modelling. The most significant conclusion of the project review narrowed the exploration search space to structural corridors associated with deep-tapping Mesoproterozoic faults and Mesoproterozoic intrusive rocks, which have been demonstrated to be crucial to forming IOCG deposits in other districts (e.g. Olympic Domain, Gawler Craton, Cloncurry District in QLD). This data collected from drilling to date was incorporated to re-rank all targets. Targets were ranked against known IOCG deposits and prospects to provide an absolute scale to justify drilling. This identified thirteen targets for infill geophysics, heritage clearances and further investigation.

During the March quarter, the CUS team refined the targets down to a two-phase drill program that will test the six highest priority targets during 2023. The team has also finalised the drill rigs and logistics for the program which is due to commence withing the next few days.

Drill Target	Priority (P1-P2)	Gravity (mGal)	Magnetic Response (SI x10 ⁻⁵)	Modelled Size of highest gravity iso-shell (width x length x thickness)	Depth to Top of modelled highest density (m)	Description
AC23	P1	3.8	weak	800 x 1400 x 1300 m	230 m	Along structure on the Karari Shear zone from Wills Prospect – known IOCG mineralisation
CU01	P1	5.1	6,000	600 x 2000 x 900 m	1,100 m	Best target – but deep, co-incident gravity-magnetics, in excellent structural setting, strong mGal value
RH02	P1	1.7	8,000	320 x 360 x 400 m	480 m	Obvious co-incident Gravity-Magnetic
CA06	P1	2.3	1,000	650 x 1300 x 1500 m	150 m	Discrete gravity feature
Phase Two Drill Program						
CU02	P2	4.4	weak	500 x 2100 x 1000 m	550 m	Twin to CU01, less magnetic
CA05	P2	3.0	1,000	300 x 450 x 700 m	470 m	Co-incident Gravity-Magnetic

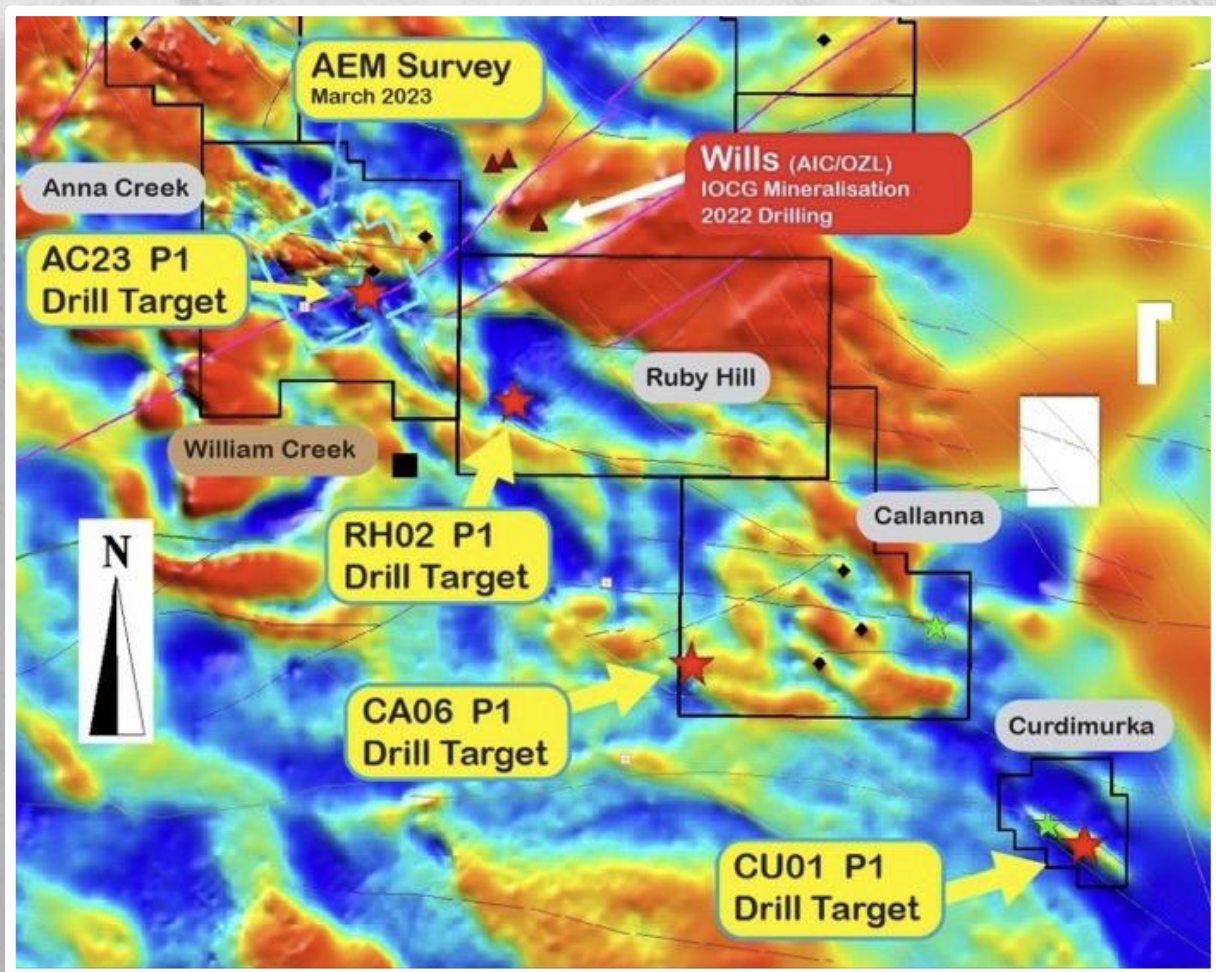


Figure 3. Location of the 4 high priority Drill targets

UPCOMING ACTIVITIES

Over the next quarter Copper Search anticipates a large amount of news flow – including:

- Drilling of four (4) high-priority Phase One drill targets to commence on the southern half of the Peake Project
- Results of a near-miss analysis program of historical drill holes
- Results of a satellite remote sensing survey for alteration halos of deposits over Mt Denison Tenement
- Results of the recently completed 1,500 line-km Airborne EM (AEM) survey
- Commencement of follow up regional programs to identify potential drill targets in the northern half of the Peake Project



CORPORATE ACTIVITIES

R&D TAX REFUND RECEIVED

Copper Search received \$532,732 as R&D Tax Refund from the federal government from previous field activities trialling innovative techniques.

CASH BALANCE

Copper Search finished the quarter (31 March 2023) with \$7.0 million in cash and is well-funded to undertake further exploration activities on its Gawler Craton tenements.

SHARE CAPITAL CHANGES

During the quarter, the Company issued unquoted performance rights as remuneration as detailed below:

Copper Search Limited	Quoted	Escrow – Unquoted		Unquoted	
Class of Security	Ordinary shares (ASX: CUS)	Ordinary shares restricted (CUSAC)	Options restricted (CUSAD)	Performance rights (CUSAF)	Options (CUSAE)
On issue at start of the Quarter	52,794,895	29,613,047	2,750,000	1,200,000	1,200,000
Issue performance rights	-	-	-	986,000	-
Total securities on issue at the date of this report	52,794,895	29,613,047	2,750,000	2,186,000	1,200,000

Authorised for release by the Board of Copper Search Limited.

For further information, please contact Duncan Chessell.

Duncan Chessell

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Copper Search Limited
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APPENDICES

MINING PRODUCTION, DEVELOPMENT AND EXPLORATION ACTIVITIES

The Group has incurred \$771k in relation to exploration activities during the quarter as detailed above (disclosure per ASX listing rule 5.3.1).

The Group has had no mining production and development activities to date, and therefore no expenditure has been incurred on these activities (disclosure per ASX listing rule 5.3.2).

TENEMENT TABLE – 31 March 2023

Tenement number	Tenement name	Beneficial interest held at the of the Quarter	Changes during the Quarter to % beneficial interest	Comments
South Australia – Gawler Craton – held via 100% owned subsidiary				
6181	Curdimurka	100%	-	
6195	Anna Creek	100%	-	
6235	Allandale	100%	-	
6236	Mt Arthur	100%	-	
6238	Stuarts Creek	100%	-	
6314	Callana	100%	-	
6315	Ruby Hill	100%	-	
6808	Spring Hill	100%	-	
6862	Mt Denison	100%	-	
6899	Blyth Creek	100%	+100%	Granted January 2023
6401	Wantaman	-	-100%	Relinquishment on technical merit, as previously announced

USE OF IPO FUNDS

The Company was admitted to the Official List of the ASX on 15 September 2021 and as disclosed in the Prospectus (lodged 30/7/2021 with ASIC) a Proposed use of Funds and Exploration Budgets; see Prospectus Section 1.1 page 18 and Section 2.6 Page 45 respectively. As required under ASX listing rule 5.3.4 the Company provides the following table summarising the budget to actuals analysis.

Exploration IPO use of funds (2 Years) to actuals Table

Expenditure (\$'000)	IPO use of funds 2 years	Actual to 31 March 2023	Remaining balance	Material variance explanation
Peak & Denison	2,423	286	2,137	Programs now commenced after rain events in 2022 disrupted plans. Gravity occurred late 2022 and AEM surveys in 2023. Further works to follow.
Mt Arthur	1,169	98	1,071	Anticipated works to commence in year 2 now. Large rain events early in 2022 disrupted plans. Further ground-based geophysics completed in late 2022, analysis underway.
Ruby Hill	2,982	2,407	575	Progressing in line with planned expenditure. Drilling works to commence a few day's time.
Billa Kalina	2,731	630	2,101	Geophysics and drilling completed. Technical review concluded no further work recommended. Tenements relinquished.
North Titan	797	96	701	Technical review concluded no further work recommended. Tenements relinquished.
Other exploration - new tenement(s)	0	184	(184)	New opportunities next to existing tenements. Same business model. Not envisaged in Prospectus.
Total exploration	10,102	3,701	6,401	
Costs of the IPO	720	725	(5)	As planned
Plant and equipment	0	234	(234)	Not material. Plant & Equipment purchased to reduce rental costs and offsets project expenses.
Corporate administration and working capital	2,128	1,812	316	Minor additional costs incurred with the relocation of the corporate office to Adelaide from Perth, otherwise in line with expected.
R&D tax incentive	0	(533)	533	Not included in Prospectus. A positive.
TOTAL	12,950	5,939	7,011	

RELATED PARTY PAYMENTS

Copper Search discloses that payments to related parties of the Company and their associates during the quarter totalled \$47k - relating to the payment of Non-Executive Director fees paid as salaries and to entities nominated by relevant Directors.

MARCH 2023 QUARTER ASX ANNOUNCEMENTS

The following significant announcements and exploration results were lodged with ASX during the March Quarter.

2023	Title of Announcement
14 February	<i>Investor Presentation and Drilling Plans (RIU Conference)</i>
7 March	<i>Airborne Geophysics Survey Commences at Peake Project</i>
22 March	<i>Investor Presentation (Brisbane Mining Conference)</i>

Appendix 5B

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

Name of entity

Copper Search Limited

ABN

78 650 673 500

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(771)	(1,660)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(196)	(422)
	(e) administration and corporate costs	(172)	(518)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	29
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	533	823
1.8	Other (provide details if material)	9	9
1.9	Net cash from / (used in) operating activities	(588)	(1,739)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(176)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(1)	(176)

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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,555	8,881
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(588)	(1,739)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,966	6,966

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	6,966	7,555
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)	6,966	7,555

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	-
<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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(588)
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)	(588)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,966
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,966
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	12
	<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	

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.

Date: 19 April 2023

Authorised by: the Board of the Company

(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.