
Quarterly Activities Report – June 2024

Highlights:

- Ongoing exploration campaign for 2024 at Webb Project.
- Completed first pass drilling programs at the Surus, Shep and Hathi targets with positive results.
- Shep target further enhanced by plate modelling of FLEM data.
- Secured an additional \$200k Round 29 EIS Funding for Hathi and Shep drilling.
- Received Tranche 1 funding payment (\$176k) for EIS Round 27.
- New targets delineated at Kandula, Elmer and Mahmut - commenced planning for new gravity survey.
- Presentation at Mining News Select conference garnering great Interest.

CGN Resources Ltd (ASX: CGR) (“CGNR” or “the Company”) is pleased to present our Activities Report and Appendix 5B for the period ending 30 June 2024. The past three months have been a highly productive period. The focus for the June Quarter was completion of drilling programs at Surus, Shep and Hathi. By pushing hard early in the Quarter on planning and organisation the Company successfully mobilised rigs to site ahead of schedule.

DDH1 diamond coring contractors mobilised to site in April and completed a 708.5m deep, exploration incentive scheme (EIS) funded hole into the Surus target. An RC rig provided by Top Drill drilling contractors mobilised in late May and completed programs at Shep, Hathi, Snorky and Horton just prior to the end of June for total of 3103m. The company is awaiting the assay results from these first pass programs which are expected to arrive from Intertek Laboratories commencing in late July.

CGNR is fortunate to have secured EIS funding for the programs at Surus, Shep and Hathi. The first tranche funding payment of \$176k for Surus has been received with the remainder expected in late July. The first tranche payment for EIS funding of the Hathi and Shep drilling will be sought in early July.

As well as the onsite work CGNR has developed a series of new targets using the data we have collected from site and the recently completed geophysical surveys. The Kandula, Elmer and Mahmud targets have been delineated based on the regional geophysical surveys and a reinterpretation of the geology based on drilling and ground truthing of various localities within the project. To better define the targets CGNR is planning to collect high-resolution airborne gravity data covering the prospective areas of the project not surveyed in 2022.

June Quarter Exploration Activities

During the June Quarter, CGNR completed a series of exploration drilling programs at the Surus, Shep and Hathi Target areas (Figure 1). These first pass drill programs comprising both diamond coring and RC were designed to test the geology of the targets areas and gain a better understanding of the mineral potential. The drillhole positions were selected based on robust geoscience using all available data sets including geophysical data collected in the March quarter, regional geophysical datasets and drilling data from previous explorers.

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The drill programs comprised:

- A 708.5m deep diamond hole at the Surus target targeting a gravity and induced polarisation (IP) anomaly.
- Four vertical RC holes for a total of 774 metres at the Hathi target to follow-up a geochemical REE anomaly intersected in historical drilling.
- One angled and eight vertical RC drillholes were completed at the Shep target for a total of 1849 metres to test the nickel potential of an interpreted ultramafic sill.
- RC pre-collars and water bores totalling 526m were installed the Snorky and Horton targets to support diamond drilling in subsequent campaigns.

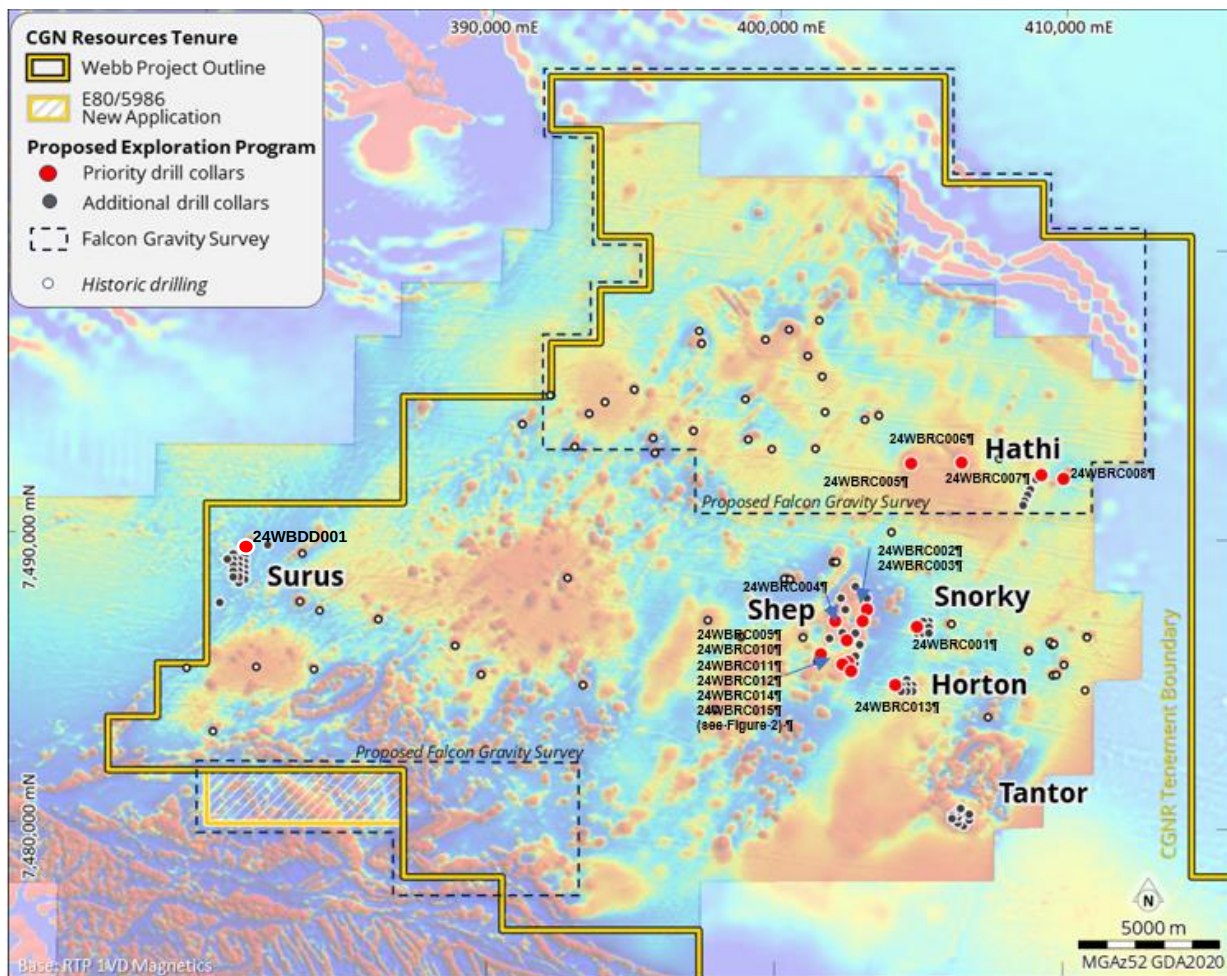


Figure 1. Drill location Plan (over aeromagnetic data TMI 1VD)

The 2024 ground electrical geophysical surveys were collected in late February and March 2024 by Zonge comprising 19.4 line km of 2D pole-dipole induced polarisation (PDP) on five lines. Additionally, ~16 line km of fixed loop electromagnetics (FLEM) were collected across four transmitter loops. The surveys focused on five target areas: Surus, Tantor, Shep, Snorky and Horton. Ground gravity surveys were conducted over the Tantor, Surus, Snorky and Horton targets to refine the anomalies detected in the airborne surveys (See March Quarterly).

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The data collected during these surveys was geophysically modelled and provided strong support for the IOCG target models. The PDP results delineated conductive and chargeable anomalies coincident with distinct density anomalies collected in both the ground gravity and airborne gravity surveys. Using these data final hole locations were selected at Surus, Snorky and Horton. The FLEM data from the Shep survey was used to complete Maxwell Plate modelling to assess the orientation and scale of the conductors delineated by the survey. Five plates were successfully modelled within the Shep Target area, two of which have been partially tested in the recent RC drilling.

Drilling Results

The diamond drillhole at the Surus target was completed to 708.5m and encountered a thick sequence of interbedded carbonate rocks, siltstone, mudstone, and chert interpreted to be the Bitter Springs Formation (see Figure 2). A thick sequence of intensely folded and hydrothermally altered rocks were intersected from 415 – 558m. The interval comprised interbedded sulphate-bearing veins and organic-rich siltstone and mudstone with graphitic layers. It is possible that this feature is the source of the density and conductive/chargeable anomalies. The core been transported to Perth and sampled for multi-element geochemical analysis at Intertek Laboratories. The assay results from these samples are expected to start arriving in early August.

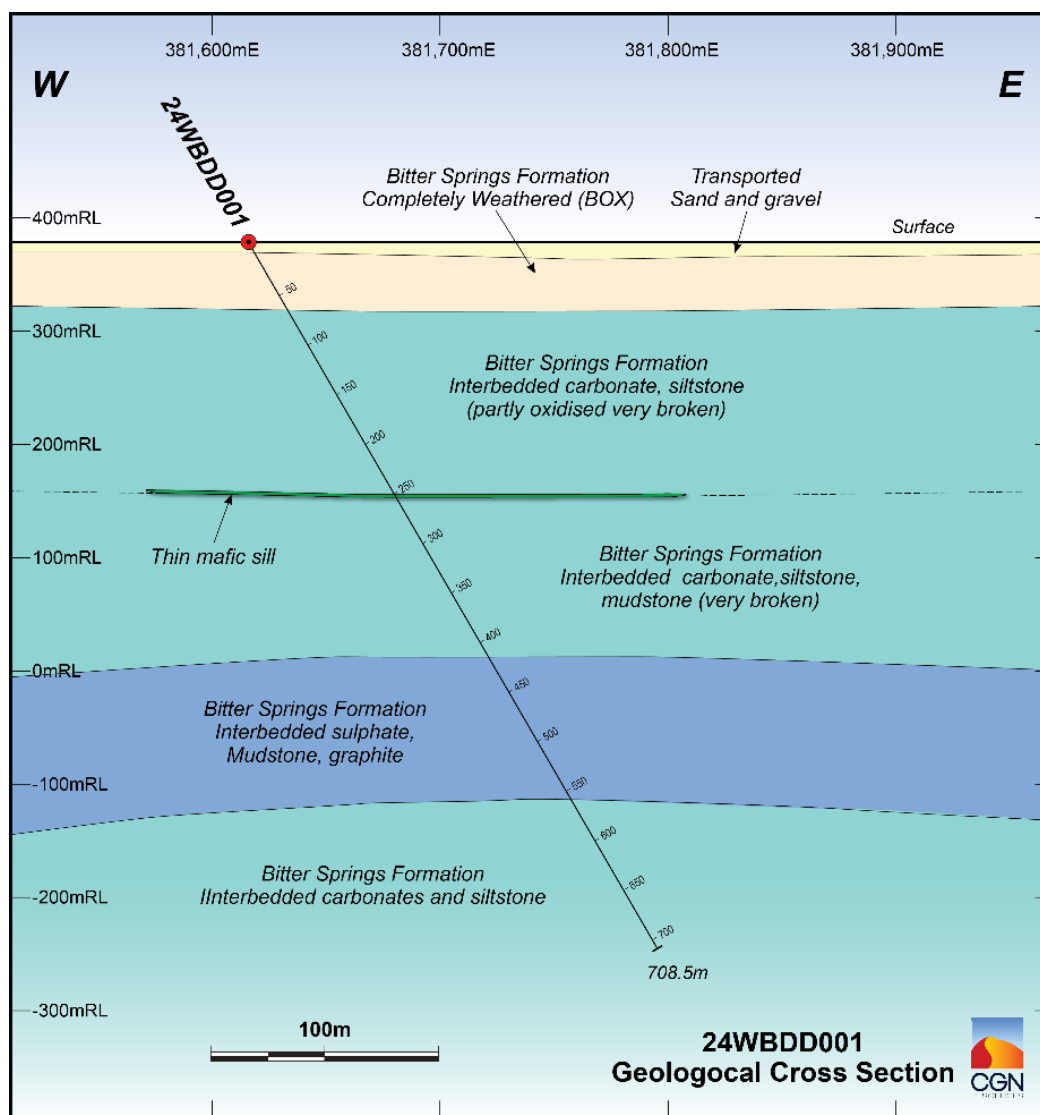


Figure 2. Schematic Cross section of the Surus Drill hole

The three holes drilled at the central part of Shep were collared in transported cover sediments overlying a sequence of siltstone, chert and carbonates of the Bitter Springs Fm, the basin sediments have been intruded by a large ultramafic lamprophyre and minor pyroxenite. Several zones within the lamprophyre and pyroxenite are pyrite bearing with fine to coarse grain biotite and ubiquitous magnetite. The central Shep holes extend over more than 1km, and the igneous intrusive rocks have all been intersected at similar depth and stratigraphic position suggesting a large continuous sill intrusion is present in this area.

In the southern Shep target area five holes were completed to test a second interpreted sill and to test recently completed plate modelling of the fixed loop electromagnetic (FLEM) data collected in March 2024. These holes intersected mainly carbonate sediments with some zones of iron rich oxidised rocks interpreted to be weathered mafic or ultramafic units. In two of the holes significant amounts of mafic and ultramafic rocks were encountered. The most interesting of these Holes 24WBRC015- had significant zones of sulphides present.

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The final hole of the program 24WBRC015 was drilled to test the edge of the largest FLEM plate model (Figure 3). The hole intersected a thick sequence of interbedded altered carbonate rocks and mafic / ultramafic intrusions. Below the oxide layer from 116m to the end of hole at 180m the rocks are strongly sulphidic with trace to abundant fine pyrite. Carbonate veins, hematite alteration and minor bands of semi-massive pyrite are associated with the intrusive rocks. The majority of the plate model falls outside of our current heritage clearance but given this result will be prioritised for heritage clearance in our next survey. Assay results for these samples are expected in late July.

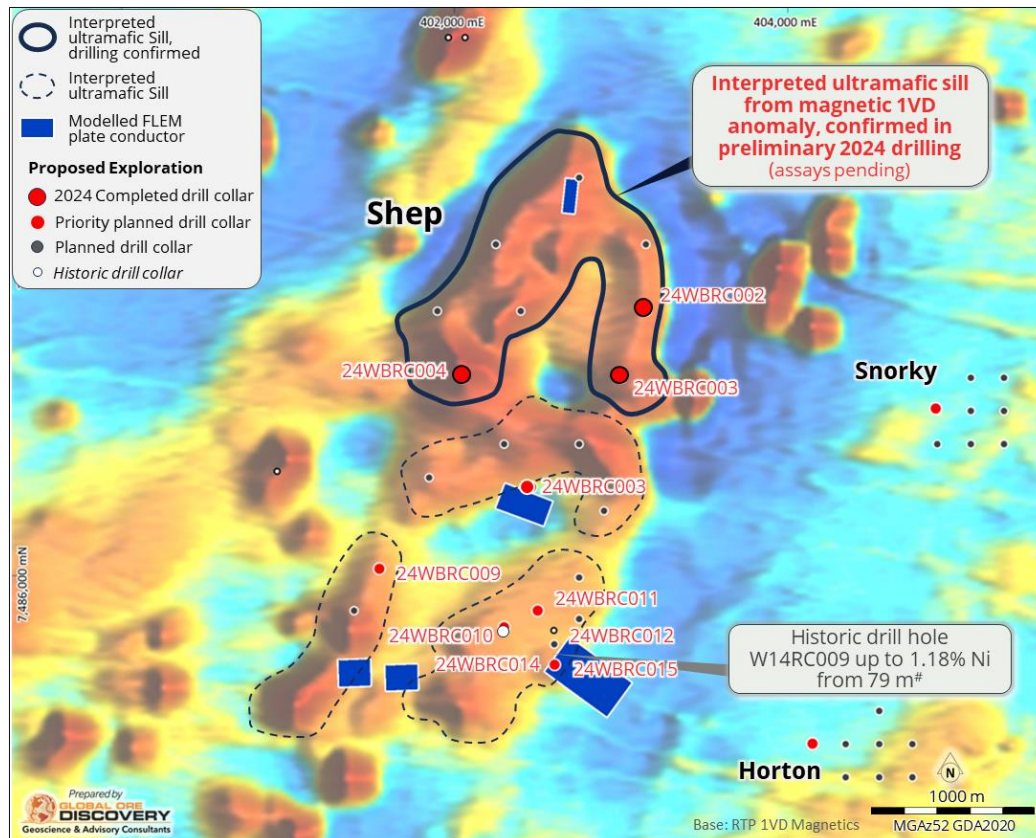


Figure 3. Shep RC collar locations (over aeromagnetic data TMI 1VD)

The pre-collar at Snorky encountered transported cover and sediments of the Bitter Springs Fm as planned. The Snorky pre-collar was drilled at -70 degrees towards 150 degrees. The pre-collar at Horton intersected a thick sequence of iron rich sandy sediments, some of the zones exhibited strong hematite alteration. These iron-rich hematic sediments have not been encountered previously and may represent an interesting target as they may be a previously unknown younger sub-basin, Heavitree Quartzite representing a shallower cover sequence, or possibly alteration related to a deeper intrusion.

Drilling at Hathi has tested a variety of magnetic targets proximal to hole an historical RC drill hole, W14RC045, which encountered a highly anomalous rare earth element intercept of 37m at 0.38% TREO from 67m. The four holes were drilled vertically with depths ranging from 168 - 204m. The variety and complexity of the geology of this region was unexpected and as such all of holes have been fully sampled for analysis. A variety of lithologies have been intersected including Intrusive

felsic, graphitic shales with pyrite, carbonate sediments and kimberlite. All holes have been sampled as two-meter composites and currently being analysed at Intertek Laboratories in Perth (see announcement 24 June 2024 for more details).

Corporate Activities

Established new company office at Level 2, 25 Richardson Street, West Perth.

Presented at the Mining News Select Conference in mid-June which received great feedback both at the booth and post presentation.

June Quarter Cashflow (including note to Section 6 of Appendix 5B)

Attached below is the Appendix 5B company cash flow statement. During the quarter CGNR spent approximately \$1,071k on operating expenses. Significant expenses for the quarter related to geophysical survey, contractor costs to support the field programs, project planning, stakeholder engagement and marketing. Payments to related parties of the entity and their associates totalled \$114k which included Chairman fees, Managing Director salary, Non-executive director fees, rent and company secretarial costs.

Table 1. Summary of use of Funds

Use of Funds Year 1 (from Prospectus)	Prospectus Estimated Use of Funds (\$'000)	Actual Use of Funds (YTD \$'000)
Exploration and evaluation programs at the Webb Project	2,996	2,742
Costs of the Offer	850	776
General administration costs	550	185
Working capital	1,362	53
Sub-total (Year 1)	5,758	3,756

Activities for the Current Period

For the 3 months ending 30th of September 2024 the Company will undertake the following activities:

- Planning for new airborne gravity survey including heritage consultation.
- Flying new gravity survey in areas cleared by traditional owners.
- Compile and model new gravity data to delineate targets.
- Develop the next round of drilling programs to test targets.

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- Complete planning for new heritage survey.
- Finalise EIS grant funding reporting for the Surus hole.
- Complete reporting requirements for the first tranche of EIS funding for Shep and Hathi.
- Stakeholder engagement with traditional owners.

ENDS

This announcement has been authorised by the Board of Directors of the Company.

For Further Information, Please Contact:

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About the Webb Project

The Webb Project is in the Eastern Kimberly region of Western Australia approximately 20km east of the Kiwirrkurra aboriginal community. The Project comprises seven granted exploration licences and one exploration licence application (see Appendix 1). The tenements cover 961 sq km of the highly prospective West Arunta Orogen, a package of Proterozoic to Archean aged rocks considered highly prospective for large magmatic base metal, precious metal, and kimberlitic diamond deposits. The project has been the subject of exploration for diamonds resulting in the discovery of Australia's largest kimberlite field comprising at least 280 kimberlite pipes. Although microdiamonds have been discovered in surface loam samples no diamonds have been discovered in the 50 kimberlite pipes tested to date. During exploration for diamonds multiple holes returned highly anomalous base metal intersections for copper, nickel, and rare earth elements. Based on these results CGNR has changed focus from diamonds exploration to base metal and critical metal exploration which will be the focus of work over the coming years.

Appendix 1 – Interests in Tenements

Tenement Id	Status	Project	Jurisdiction	Interest ant Start of Quarter	Interest at end of Quarter
E80/4815	LIVE	WEBB	LAKE MACKAY	88.5%	91%
E80/5471	LIVE	WEBB	WANMAN	88.5%	91%
E80/5496	LIVE	WEBB	ELIZABETH HILLS	88.5%	91%
E80/5499	LIVE	WEBB	ELIZABETH HILLS	88.5%	91%
E80/5573	LIVE	WEBB	WANMAN	88.5%	91%
E80/5633	LIVE	WEBB	WEBB	88.5%	91%
E80/5864	LIVE	WEBB	WANMAN	88.5%	91%
E80/5956	LIVE	WEBB	WANMAN	88.5%	91%
E80/5986	PENDING	WEBB	WANMAN	88.5%	91%

Appendix 5B

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

Name of entity

CGN Resources Limited

ABN

51 122 958 810

Quarter ended ("current quarter")

30 June 2024

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)	(1,188)	(2,812)
	(b) development		
	(c) production		
	(d) staff costs	(113)	(422)
	(e) administration and corporate costs	(82)	(414)
1.3	Dividends received (see note 3)		
1.4	Interest received	132	171
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	180	380
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(1,071)	(3,097)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(156)	(224)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) exploration & evaluation (if capitalised)		
	(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	(156)	(224)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		10,800
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		(677)
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		
3.10	Net cash from / (used in) financing activities		10,123

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,244	215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,071)	(3,097)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(156)	(224)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		10,123
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period (See note 1 below)	7,017	7,017

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	597	50
5.2	Call deposits	6,420	8,194
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)	7,017	8,244

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**

114

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. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

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)	(1,071)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,071)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	7,017
8.5 Unused finance facilities available at quarter end (Item 7.5)	
8.6 Total available funding (Item 8.4 + Item 8.5)	7,017
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6.5 quarters

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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:

- 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:

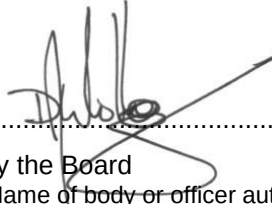
- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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: 29 July 2024

Authorised by: 

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.

ASX Listing Rules Appendix 5B (01/12/19). + See chapter 19 of the ASX Listing Rules for defined terms.