

ASX ANNOUNCEMENT



31 October 2023

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2023

HIGHLIGHTS

- **Chilwa minerals commenced trading on 5 July 2023 following a successful \$8.0 million IPO raised**
- **Funds raised will be directed towards physical on ground exploration coupled with the evaluation of technical opportunities to fast track Project development**
- **100% of the project acquired**
- **Mposa identified as the preferred location for initial drilling activities**

Chilwa Minerals Limited (ASX: CHW) ("**Chilwa**" or the "**Company**") Limited (**ASX: CHW**) is pleased to report on activities conducted during the September 2023 Quarter.

OVERVIEW

Chilwa is a public company that was incorporated for the purpose of acquiring the Lake Chilwa Heavy Minerals Sands Project (**Project**) in Malawi, Africa. The Project was previously owned by Luso Global Mining (**Luso**). Luso is a part of the Mota Engil Group Portuguese multinational organisation.

During the Quarter, Chilwa completed its Initial Public Offering pursuant to a prospectus dated 5 April 2023 and a supplementary prospectus dated 26 June 2023 (together, the **Prospectus**). As a result, the Company issued 40 million new fully paid ordinary shares, which raised \$8 million before costs for the Company, and commenced trading on the Australian Securities Exchange (**ASX**) on 5 July 2023.

The Company issued 18.75 million performance rights to Luso as part of the Projects acquisition terms. The Directors and management of the Company were also issued 6,250,000 Performance Rights, all of which vest upon milestones as set out in the Prospectus.

The table below sets out the capital structure of the Company after the completion of the IPO and as at the end of the Quarter.

Table 1: Capital structure

Details	Shares	Options	Performance Rights
Existing Shares on issue	7,550,000	nil	nil
Directors and management	650,001	nil	6,250,000
Share Sale Agreement	19,000,000	nil	18,750,000
Lead Manager	nil	3,000,000	nil
\$8,000,000 capital raise under the Offer	40,000,000	nil	nil
Total	67,200,001	3,000,000	25,000,000

Project Overview

The Project is located around the northern, western and southern shores of Lake Chilwa in southern Malawi. The Project comprises two licences with a total land area of 878.7km² and includes a JORC 2012 compliant Mineral Resource Estimate (MRE), classified at the Inferred level of confidence of 2.4 MT Total Heavy Minerals (**THM**) (see Table A below) and is prospective for further mineralisation in both the existing as well as previously unexplored areas of the licences.

MPOSA DRILLING CAMPAIGN

During the Quarter, the Company announced the details of its initial drilling program on its Mposa Main (**Mposa**) project area. The drilling program commenced subsequent to the end of the Quarter, as announced to ASX on 10 October 2023.

The Company chose Mposa as the preferred location for its initial drilling activities for the following reasons:

- Historic drilling has identified Mposa as the largest single deposit of all the targets at the Project, with Mposa comprising approximately 35% of the total Inferred MRE (refer to Table 1).
- Mposa has had 340 holes from historical drilling with the average hole depth only 6.23m, the shallowest is 2m and the deepest 11m, providing an ideal starting point for twinning and infill drilling.
- Previous assay results displayed abnormally high slimes content which may have been caused by incorrect historical assaying. The Company will look to address these historical issues through the current drilling program with assaying to be conducted in Perth, Western Australia.

The current campaign is using a sonic drill (see Figure 2) which is expected to result in improved sample recoveries, as well as deeper penetration into the target. A Sonic Rig has several advantages to air core, notably, sonic drilling involves the complete encapsulation of the sample within the core barrel which prevents drill holes from collapsing, enhancing the recovery of intact samples. Moreover, sonic drilling enables drilling operations to be conducted beneath the water table, a scenario where conventional methods encountered challenges.

The Company did not undertake any mining production or development activities during the Quarter.

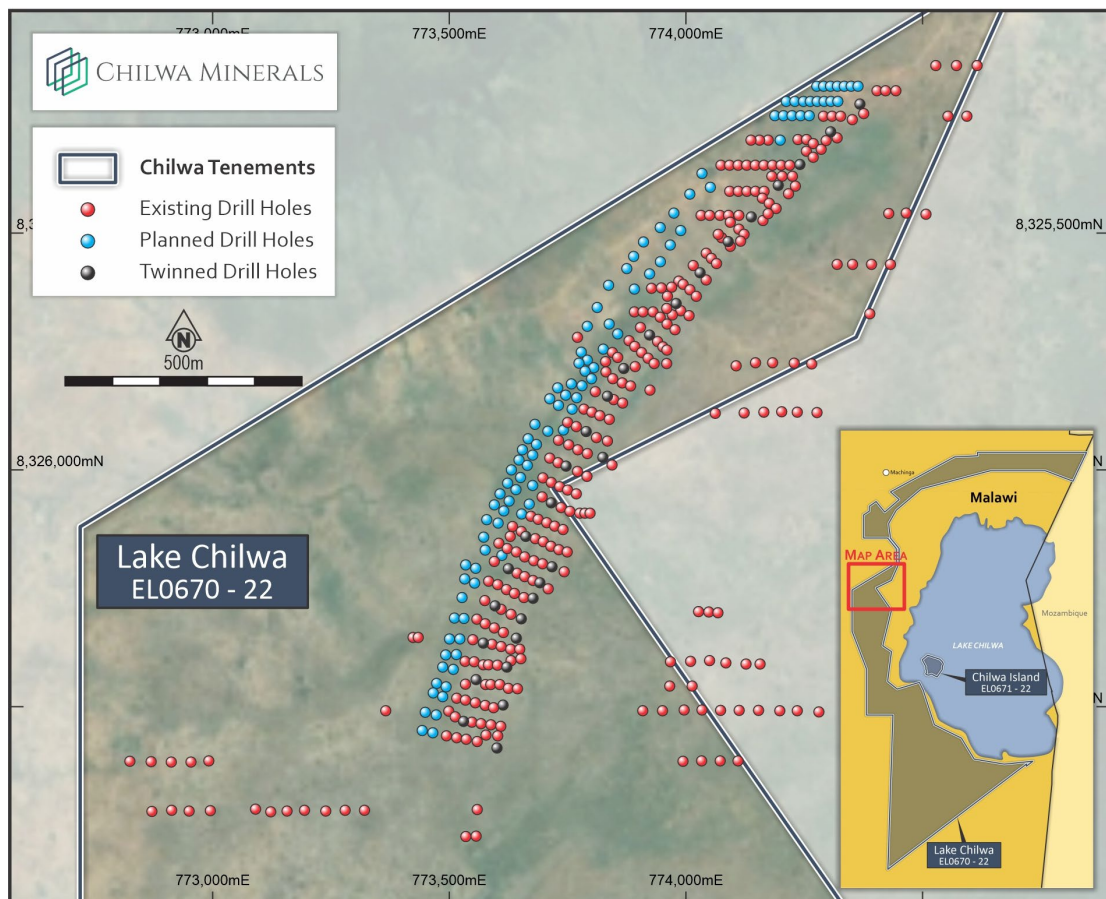


Figure 1 Mposa Drill Hole Locations



Figure 2 Sonic Rig Drilling Hole No.1

COMMUNITY ENGAGEMENT

During the months of August and September, the Company's local consultants completed community engagement meetings in the Mposa region. The groups involved in those meetings included local residents, host communities, local government authorities and other key stakeholders, with Chilwa's aim being to continue regular communication with these groups.

The public consultations covered socio-cultural, economic and biophysical aspects present in the area.

CORPORATE

The Company completed its Annual Report to shareholders and also released an updated Corporate Governance Statement and Appendix 4G during the Quarter.

As announced to ASX on 20 October 2023, the Company updated its registered office address subsequent to the end of the Quarter. The Company advises in accordance with Listing Rule 3.14, and effective 31 October 2023, the Company's principal place of business will also change to the following address:

Suite 3, Level 1, 17 Ord Street
West Perth WA 6005

In accordance with Listing Rule 5.3.5, Table 2 provides a description and explanation of the payments made to related parties of the Company and their associates, which is included in the Appendix 5B for the Quarter.

Table 2: Related party payments

Related party	Description	Amount AUD\$
Directors	Fees and salary (including superannuation)	418,319
Allion Partners	Legal services	173,903
Total		592,222

Use of Funds

Table 3 below shows the comparison between the estimated Use of Funds stated in the Prospectus and the actual expenditure since the Company's date of admission to the official list of ASX in accordance with ASX Listing Rule 5.3.4.

Table 3: Use of funds

Category	Prospectus AUD\$	Actual AUD\$	Variance AUD\$
Exploration of the Project	4,500,000	289,414	4,210,586
Working capital (including corporate overheads)	2,679,360	773,577	1,905,783
Managing Director's bonus	140,074	140,074	-
Costs of the transaction	838,546	783,078	55,468
Total	8,157,980	1,986,143	6,171,837

The Company is proceeding with the business objectives as set out in the Prospectus. As the Company was only admitted to the official list of ASX in July 2023, variances in the use of funds arise as a result of the timing of payments and the short time between admission and the end of the Quarter.

During the Quarter, the Company made payments of \$271,300 for exploration activities on the Project. There were no funds spent on mining production and development activities for the Quarter.

Licence schedule

The schedule below discloses the exploration tenements held by the Company at the end of the Quarter. No licences were acquired, sold or cancelled during the Quarter.

Location	Tenement Number	Interest beginning of Quarter	Interest end of Quarter
Lake Chilwa, Malawi	EL0670/22	100%	100%
Lake Chilwa, Malawi	EL0671/22	100%	100%

This announcement was authorised to be given to ASX by the Managing Director of Chilwa Minerals Limited.

For further information contact:

Cadell Buss

Managing Director

cbuss@chilwaminerals.com.au

-ENDS-

JORC 2012 Inferred Mineral Resource Estimate

A Mineral Resource Estimate for the Project has been classified and reported in accordance with the JORC Code (2012). The Mineral Resource Estimate has been classified as Inferred, at a 1.0 % THM cut-off is estimated to contain 2.4 Mt of THM, and is allocated across the Project deposits in **Table A** below.

Deposit	Volume (million m ³)	Tonnes (million t)	Dry Density (t/m ³)	Gangue (%)	Ilmenite (%)	Slimes (%)	THM (%)	Zircon (%)
Bimbi	1.5	2.6	1.7	0.7	4.3	15.3	5.3	0.3
Northeast Bimbi	3.6	6.1	1.7	0.3	2.2	15.9	2.7	0.1
Mposa (Main)	11.7	19.4	1.7	0.7	3.2	11.7	4.3	0.4
Mposa (North)	0.6	1.0	1.7	0.3	1.4	8.3	1.9	0.2
Mpyupyu (dune)	2.0	3.5	1.7	1.2	5.7	15.3	7.1	0.2
Mpyupyu (flat)	9.5	16.4	1.7	0.5	2.9	15.4	3.6	0.2
Nkotamo	0.1	0.2	1.5	1.1	3.0	28.3	4.2	0.2
Halala	6.0	8.9	1.5	0.9	2.6	9.8	3.7	0.2
Beacon	0.4	0.6	1.5	0.6	1.8	17.7	2.5	0.1
Namanja West	2.0	2.9	1.5	0.8	2.3	14.7	3.3	0.2
Total	37.5	61.6	1.6	0.7	3.0	13.3	3.9	0.3

Table A Inferred Mineral Resources at 1.0% THM as at 31st July 2022

- Estimates of the Mineral Resource were prepared by AMC Consultants (UK) Limited (AMC).
- In situ, dry metric tonnes have been reported using varying densities and slime cut-off per deposit.
- Material below 30% slimes for Halala, 20% slimes for Bimbi, Northeast Bimbi and Mpyupyu (dune and flat) and 25% slimes for Mposa Main and Mposa North. All other deposits are a stated using 30% slimes cut-off.
- Tonnages and grades have been rounded to reflect the relative uncertainty of the estimates and resultant confidence levels used to classify the estimates. As such, columns may not total.
- Estimates of the Mineral Resource have been constrained by ultimate pit shells to demonstrate Reasonable Prospects for Eventual Economic Extraction
- Estimates are classified as Inferred according to JORC Code.

Compliance Statement

The information in this announcement that relates to Mineral Resource estimates is extracted from the Company's prospectus dated 5 April 2023 and announced to ASX on 3 July 2023, which is available to view on the Company's website <https://www.chilwaminerals.com.au/>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement, that all material assumptions and technical parameters underpinning the estimates of Mineral Resources in the original announcement above continue to apply and have not materially changed, and that the form and context in which the Competent Persons findings are presented have not been materially modified.

Forward Looking Statements and Important Notice

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although Chilwa believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved where matter lay beyond the control of Chilwa and its officers. Forward looking statements may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from the statements made in this announcement.

Appendix 5B

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

Name of entity

Chilwa Minerals Limited

ABN

43 656 965 589

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(203)	(203)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(402)	(402)
	(e) administration and corporate costs	(599)	(599)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	55	55
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded/(paid)	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,149)	(1,149)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(68)	(68)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(68)	(68)

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	(439)	(439)
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 (Principal elements of lease payments)	-	-
3.10	Net cash from / (used in) financing activities	(439)	(439)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,022	8,022
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,149)	(1,149)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(439)	(439)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,366	6,366

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	6,366	8,022
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)	6,366	8,022

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	592
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>		

7.	Financing facilities <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>	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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,149)
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)	(1,149)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,366
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,366
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <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>	5.5
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	
	<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: 31 October 2023

Authorised by: Cadell Buss, Managing Director
(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

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

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.
6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.