

30 October 2019

Quarterly Activities Report – Three months to 30 September 2019

Highlights

- Pursuit continued discussions with several potential partners who have the technical and financial capability to assist Pursuit to advance its vanadium projects in Sweden and Finland
- The Company has reviewed each vanadium project and defined the work programs required to progress each project towards its next technical Key Decision Point
- A cost reduction program was implemented during the quarter with expected cost savings of \$150,000 per quarter
- During the September quarter the Company raised \$1.188 million, before costs, through the Tranche 1 Placement and a one for three Entitlement Offer (including the associated Shortfall Offer).

Sweden and Finland Vanadium Projects

Pursuit has previously announced its intention to seek a strategic partner with the technical and financial resources to assist with progressing the Airijoki and Koitelainen Projects to their next stages of development. During the quarter, Pursuit has held discussions with a number of companies possessing the capabilities which Pursuit is seeking in a partner to assist in advancing the projects. Pursuit will advise the market if those discussions lead to Pursuit securing a partner for the projects.

To assist in attracting a partner for the vanadium portfolio, Pursuit has reviewed each vanadium project and defined the work programs which are required to progress each project to its next technical key decision point.

Priority is intended to be given to work programs which most cost effectively progress the overall vanadium portfolio towards achieving the Company's previously stated objective of developing projects within the vanadium portfolio via a two-phase development strategy as follows:

- **Phase One** – Produce high-grade vanadium magnetite concentrates from the Airijoki and Koitelainen Projects for sale into the European or global steel industries, or to global vanadium smelters, hence reducing pre-production capital expenditure requirements and timeframes to production.
- **Phase Two** – Process high-grade vanadium magnetite concentrates from multiple mineral resources into products, via a centralised downstream processing plant, for sale into the emerging European vanadium battery industry.

Since commencing its vanadium strategy, Pursuit has focussed on assessing its projects to deliver the Phase One objective stated above and has made rapid progress, with the completion of the Scoping Studies for the Airijoki and Koitelainen Projects in less than 12 months following initiation of the vanadium strategy.

Figure 1 - Pursuit Project Locations in Finland and Sweden



To further develop the vanadium projects in a cost-effective manner and to assist in securing a partner, Pursuit is considering undertaking the following work programs:

- Additional metallurgical test work on vanadium magnetite concentrates from the Airijoki Project with the objective of further increasing the mass recovery of vanadium into the magnetite concentrate.

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- Ground magnetite surveys on the Simesvallen Project (Central Sweden) to fully define the extent of the magnetic body hosting the vanadium mineralisation. The vanadium mineralisation at Simesvallen has only been drilled over a strike length of 560m, but the magnetic anomaly with which the mineralisation is associated is over 1.5km long, indicating that there is significant potential to extend the known vanadium mineralisation at Simesvallen. Detailed ground magnetic data will greatly assist in the planning for a first phase of drilling.
- Detailed planning for an initial drill program on the Koitelainen Project subject to the granting of an Exploration Licence within the current Koitelainen Mineral Reservation. On 1st April 2019, Pursuit submitted a Natura2000 impact assessment document to the Finnish government. The outcome of this assessment will determine the terms and conditions attached to the granting of any Exploration Licence with the Koitelainen Mineral Reservation. Granting of an Exploration Licence is required before a first round of drilling can be undertaken, as on the current Koitelainen Mineral Reservation, only non-ground disturbing activities can be undertaken.

Pursuit considers that the above work programs will most cost effectively advance the vanadium project portfolio and enhance the probability of attracting a partner with the capabilities to assist with the development of the overall vanadium portfolio and achieving Pursuit's initial Phase One strategic goal.

Queensland Exploration Projects

Paperbark Project

The Paperbark Project is located approximately 215km north-northwest of Mount Isa and 25km southeast of the Century Mine in north-west Queensland. It occurs within the Lawn Hill Platform of the Western Succession of the Mt Isa Province (Figure 2).

No work was conducted on the Paperbark Project during the quarter.

Bluebush Project

The Bluebush Project is located approximately 280km north-northwest of Mount Isa and 72km northeast of the Century Mine in northwest Queensland and occurs within the Lawn Hill Platform of the Western Succession of the Mt. Isa Province (Figure 2).

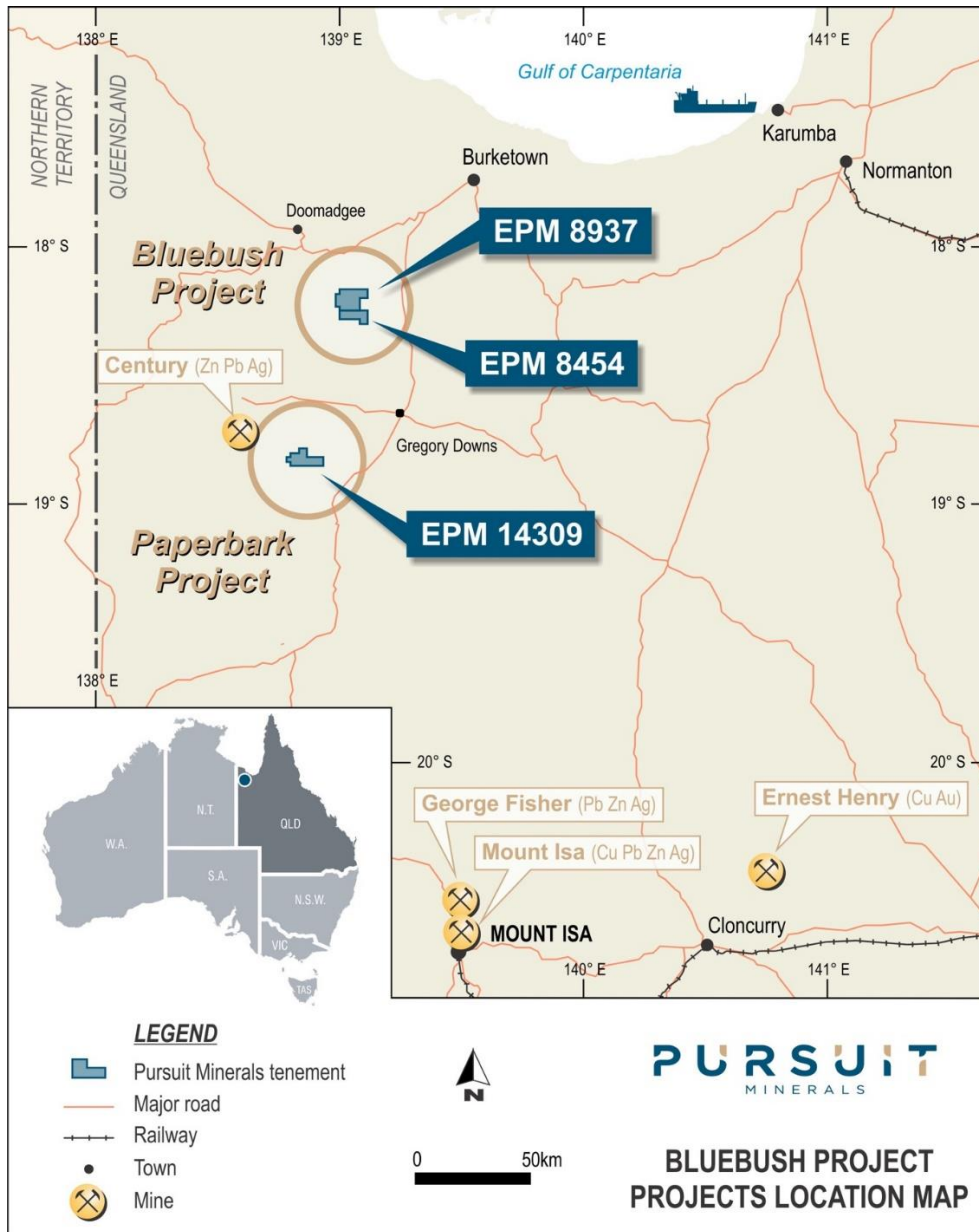
The project consists of two exploration permits (EPM's 8454 and 8937) covering an area of approximately 214km². Previous drilling has intersected zinc mineralisation over an area of 120km² making Bluebush one of the largest areas of zinc mineralisation in Australia.

No work was conducted on the project during the quarter.

South Australia Lithium Brine Projects

The Company previously held three Exploration Licences covering a combined area of 1831km² in central and northern South Australia. During the quarter the Company surrendered these Exploration Licence as part of the cost reduction program announced on 27 June 2019.

Figure 2 – Queensland Zinc Project Locations



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Corporate

Cash position and financing activities

As at 30 September 2019, Pursuit had cash reserves of \$1.086 million. As at 30 October 2019, Pursuit had cash reserves of \$1.255 million following partial receipt of the Tranche 2 placement funds. During the quarter the Company undertook the following financing activities:

- On 3 July 2019, Pursuit announced it had received firm acceptances from sophisticated investors for approximately 89 million fully paid ordinary shares at a price of A\$0.01 per share to raise \$0.89 million before costs via a two-tranche placement led by EverBlu Capital Pty Ltd. Tranche 1 which involved the issue of 44.5 million shares at \$0.01 per Share completed on 10 July 2019. Completion of Tranche 2 was subject to shareholder approval which was obtained at a general meeting of shareholders held on 1 October 2019.
- On 3 July 2019, Pursuit also announced a non-renounceable pro-rata entitlement offer to raise up to an additional \$0.74 million (before costs), whereby Eligible Shareholders were offered the opportunity to acquire one (1) new fully paid ordinary share in Pursuit for every three (3) fully paid ordinary shares in Pursuit held as at the Record Date at an issue price of \$0.01 per share. The offer was fully subscribed through the Entitlement Offer and the associated Shortfall Offer. Everblu Capital Pty Ltd was the Lead Manager for both the Entitlement Offer and the Shortfall Offer.

Management restructure and cost reduction program

On 27 June 2019, Pursuit advised that it had implemented a management restructure and cost reduction program with the objective of significantly reducing the Company's running costs pending the return of more favourable market conditions for the financing of the Company's highly prospective portfolio of Scandinavian vanadium projects.

The most significant impacts of the management restructure and cost reduction program which was implemented during the September quarter are:

- The contract of Mr Jeremy Read, the Company's Managing Director, expired on 23 August 2019 and, by mutual agreement, was not renewed. Mr Read and the Company entered into an agreement pursuant to which Mr Read will provide Consultancy services to the Company in relation to identifying potential purchasers of, or investors in, the Company's exploration projects and assisting the Company in identifying additional strategic project acquisition targets. In addition to providing the consultancy services, Mr Read will continue to serve on the Company's Board of Directors as a Non-Executive Director until such time as the Company appoints a new Managing Director or the Consultancy Agreement is terminated.
- Mr Ian Wallace, an Executive Director of the Company and who also provided services to the Company under a consultancy agreement, stepped down as Executive Director on 3 July 2019 and ceased to provide consultancy services to the Company effective 26 July 2019.
- Mr Peter Wall and Mr Matt O'Kane who will continue to serve as Non-Executive Directors of the Company agreed to a reduction of their annual Director fees from \$60,000 per annum to \$36,000 per annum with payment of those fees to be deferred until further notice.

- The Company implemented a range of cost reduction strategies during the quarter including redundancy of all non-essential personnel, a reduction in office occupancy costs and termination of all non-essential services and consultancy contracts.

It is anticipated that the above cost reduction program will result in a reduction of approximately \$150,000 per quarter in personnel and corporate cost related cash expenditure in the December quarter.

Outlook

The Company is continuing discussions with potential strategic partners who have the capability to provide technical and financial capability to progress the Airijoki and Koitelainen projects through their next stages of development.

The Company is also considering acquisition and joint venture opportunities in relation to other mineral resource projects and will provide further updates in due course.

Tenement Listing

As at 30 September 2019, the Company had a 100% ownership interest in tenements shown in Table 1.

Table 1 – Tenement listing at 30 September 2019

Project	Tenement	Location	Area (km ²)	Expiry Date
Paperbark	EPM 14309	Queensland	75	12/9/2022
Bluebush	EPM 8937	Queensland	144	6/9/2019
Bluebush	EPM 8454	Queensland	70	11/11/2019
Karhujupukka	Karhujupukka - Reservation	Finland	399	29/3/2020
Karhujupukka	Karhujupukka North – Exploration Licence ML2018:0068	Finland	1	10/7/2022
Karhujupukka	Karhujupukka South – Exploration Licence ML2018:0069	Finland	5.5	10/7/2022
Koitelainen	Koitelainen A	Finland	44	29/3/2020
Koitelainen	Koitelainen B	Finland	86	29/3/2020
Ala Postojoki	Ala Postojoki - Reservation	Finland	50	7/8/2020
Simesvallen	Simesvallen nr 100	Sweden	63	20/6/2021
Kullberget	Kullberget nr 100	Sweden	81	20/6/2021
Kramsta	Kramsta nr 100	Sweden	16	20/6/2021
Sumåsjön	Sumåsjön nr 1	Sweden	37	21/6/2021
Airijoki	Airijoki nr 100	Sweden	9.6	27/6/2021
Airijoki	Airijoki nr 101	Sweden	4.8	25/11/2021
Airijoki	Airijoki nr 102	Sweden	13.5	25/11/2021
Airijoki	Airijoki nr 103	Sweden	4.1	26/11/2021



For more information about Pursuit Minerals and its projects, visit:

www.pursuitminerals.com.au

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Competent Person's Statement

Statements contained in this announcement relating to historical exploration results, historical estimates of mineralisation and Exploration targets are based on, and fairly represents, information and supporting documentation prepared by Mr. Jeremy Read, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 224610.

Mr. Read is a Non-Executive Director of the Company and has sufficient relevant experience in relation to the mineralisation style being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Read consents to the use of this information in this announcement in the form and context in which it appears.

Statements contained in this announcement relating to the Koitelainen Vosa Prospect Inferred Mineral Resource, are based on, and fairly represents, information and supporting documentation prepared by Mr. Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by Pursuit Minerals Limited to prepare an estimate of the Inferred Mineral Resource at the Koitelainen Vosa Prospect. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

Statements contained in this announcement relating to the Airijoki Project Inferred Mineral Resource, are based on, and fairly represents, information and supporting documentation prepared by Mr. Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by Pursuit Minerals Limited to prepare an estimate of the Inferred Mineral Resource at Airijoki. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

Forward looking statements

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Pursuit Minerals Limited's planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking

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statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PURSUIT MINERALS LIMITED

ABN

27 128 806 977

Quarter ended ("current quarter")

30 September 2019

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	(124)	(124)
(b) development	-	-
(c) production	-	-
(d) staff costs	(136)	(136)
(e) administration and corporate costs	(233)	(233)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(494)	(494)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,188	1,188
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(99)	(99)
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	1,089	1,089

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	531	531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(494)	(494)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,089	1,089
4.5	Effect of movement in exchange rates on cash held	(40)	(40)
4.6	Cash and cash equivalents at end of period	1,086	1,086

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	1,086	531
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)	1,086	531

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	94
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Amounts totalling \$63 thousand were paid to Directors during the quarter as payment for Directors fees. Amounts totalling \$4 thousand were paid to Jeremy Read for consulting services subsequent to the expiry of his contract as managing director on 23 August 2019.

In addition to the amounts noted above, the following amounts were paid during the quarter to entities associated with Directors:

- Amounts totalling \$27 thousand were paid to Steinepreis Paganin for legal services. Peter Wall, the Non-Executive Chairman of the Company is a partner of Steinepreis Paganin.

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

Nil

Nil

N/a

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8. Financing facilities available
Add notes as necessary for an understanding of the position

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

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/a

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(103)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(45)
9.5 Administration and corporate costs	(164)
9.6 Other – proceeds from Tranche 2 equity issue (net)	418
9.7 Total estimated cash (outflows) / inflows	106

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	South Australian Exploration Licences: ○ EL6241 ○ EL6242 ○ EL6243	Registered holder of Exploration Licences	100%	Nil
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/a			

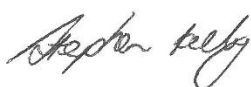
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1.1 Compliance statement

- 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.



Sign here:

Date: 30 October 2019

Company Secretary

Print name: Stephen Kelly

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.