

## JUNE 2019 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

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- **Company in suspension pending an announcement on a material acquisition**
- **Comprehensive review of Austrian Gold and Cobalt Projects (“Projects”) completed**
- **Projects remain prospective for gold and cobalt mineralisation**
- **Company to commence a process to seek a partner to progress the Projects**
- **Sale of Victory Bore Project to Surefire Resources NL (ASX:SRN) completed**
- **Experienced exploration geologist Mr Bradley Drabsch appointed Executive Director**

High Grade Metals Ltd (ASX: HGM) (“HGM” or the “Company”) is pleased to provide its June 2019 Quarterly report.

#### Material Acquisition

On 16 July 2019 the Company requested a trading halt pending an announcement in relation to a material acquisition.

The Company expects to be in a position to make an announcement in August 2019.

It is currently the intention of the Company to remain in suspension post the announcement to enable an orderly process to be completed with respect to completing the acquisition.

#### Austrian Projects

As announced on 29 April 2019, the Company was undertaking a comprehensive review of the Projects with the aim of determining the best approach for future work. The review concluded:

1. The Projects remain prospective for gold and cobalt mineralisation with the Leogang Cobalt Project and Kreuzeck Gold Projects considered key to the suite of Projects whilst Schellgaden has been downgraded as a result of poor drilling results; and
2. The Board has determined that the best strategy for the advancement of the Projects is to introduce a partner. The current market conditions preclude HGM from raising sufficient funds to advance the Projects effectively.

Given the above, the Company is preparing a complete summary of relevant information on the Projects to enable it to commence a process to seek a partner to help fund an appropriate exploration program.

#### Victory Bore Sale Completed

On 29 April 2019, HGM announced it had completed the sale of its Victory Bore Project to Surefire Resources NL (ASX:SRN) consistent with the terms announced on 21 August 2018.

#### High Grade Metals Ltd

ACN: 062 879 583  
ASX: HGM

#### Issued Capital

452,937,867 Shares  
135,500,000 Options  
240,000,000 Perf Shares

#### Australian Registered Office

Level 17, 500 Collins Street  
Melbourne VIC 3000

#### Directors

Anthony Hall – Executive Chairman  
Brad Drabsch – Executive Director  
Steve Formica – Non-Executive Director  
Adrien Wing – Non-Executive Director / Company Secretary

## Corporate update

On 3 April 2019, Mr Bradley Drabsch was appointed an Executive Director of the Company. Mr Drabsch has over 20 years of industry experience focussed primarily on the exploration for gold and base metal deposits in Australia, Asia and Africa.

Under the revised operating structure Mr Drabsch has taken over responsibility for the Company's nine exploration projects in Austria.

On 29 May 2019, the Company held its 2019 Annual General Meeting whereby all resolutions were passed on a show of hands.

## ENDS

### For further information, contact:

Anthony Hall  
Executive Chairman  
Ph: +61 417 466 039

Elvis Jurcevic  
Investor Relations  
Ph: +61 408 268 271  
ej@highgrademetals.com.au

## About High Grade Metals Ltd

High Grade Metals (ASX: **HGM**) is an ASX listed mineral exploration company with a portfolio of brownfields gold and cobalt projects located in Austria.

The assets comprise nine exploration areas that are considered prospective for gold and cobalt.

The Company is currently completing a review of its nine projects to determine a holistic approach to exploration activities focused on prospectivity and scale.

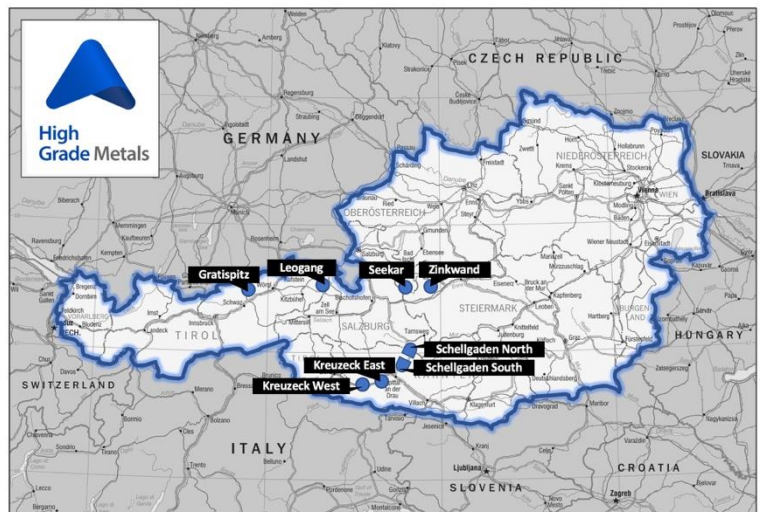


Figure 1. Location of High Grade Metals' Projects within Austria

**Appendix 1 | Schedule of Tenements**

Project	Country	Tenement / Freischürfe	Last Quarter Interest	Current Quarter Interest
<b>Schellgaden</b>	Austria	01/18/SN – 54/18/SN  02/05/S – 37/05/S  15/05/K – 135/05/K	100%	100%
<b>Schwarzleo</b>	Austria	38/17/S – 67/17/S	100%	100%
<b>Seekar</b>	Austria	68/17/S – 76/17/S	100%	100%
<b>Zinkwand</b>	Austria	77/17/S – 78/17/S	100%	100%
<b>Gratlspitz</b>	Austria	01/GR/18 – 81/GR/18  01/17/T – 37/17/T	100%  100%	100%  100%
<b>Leogang East</b>	Austria	LE/01 – LE/33	100%	100%
<b>Kreuzeck West / Carinthia</b>	Austria	136/05/K – 179/05/K	100%	100%
<b>Kreuzeck East / Carinthia</b>	Austria	180/05/K – 221/05/K	100%	100%
<b>Goldeck – Siflitz / Carinthia</b>	Austria	222/05/K – 278/05/K	100%	100%
<b>Victory Bore</b>	Australia (WA)	EL57/1036	100%	0% (Project Divested)

## 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

HIGH GRADE METALS LIMITED

### ABN

55 062 879 583

### Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(223)	(715)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(198)	(543)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(419)</b>	<b>(1,253)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	200	200
	(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	Cash acquired on acquisition of legal parent	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>200</b>	<b>200</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	-	-
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	Less than marketable parcel share buy-back	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	969	1,802
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(421)	(1,253)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	200	200
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>750</b>	<b>750</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	719	939
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Other – Held in trust account	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>750</b>	<b>969</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
101
-

6.1 includes directors' fees

**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

<b>Current quarter \$A'000</b>
14
-

7.1 Company Secretarie fees to Norther Star - Adrien Wing

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	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 – Converting loans	-	-
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.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	107
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	202
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>309</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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		Refer to quarterly activities report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to quarterly activities report		

There are 120,000,000 Class A and 120,000,000 Class B Performance Shares on issue as at 31 March 2018.

**(Conversion on achievement of Class A Milestone):** Each Class A Performance Share will convert into a Share on a one for one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (**Class A Milestone**).

**(Conversion on achievement of Class B Milestone):** Each Class B Performance Share will convert into a Share on a one for one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**Class B Milestone**).

The Performance Shares expire on 26 February 2023. The Performance Shares are not transferable, and do not confer voting or dividend rights on their holders. The full terms and conditions of the Performance Shares are set out in the Company's Prospectus dated 30 January 2018. No Performance Shares converted and no Milestone was met, during the quarter.

### 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

Company Secretary

Date: 30 July 2019

Print name: Adrien Wing

### 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.