

## ASX: ADC

ACN 654 049 699

### CAPITAL STRUCTURE

Share Price: A\$0.12  
Cash: A\$6.6 M  
Debt: Nil  
Ordinary Shares: 72.3M  
Market Cap: A\$8.67M  
Enterprise Value: A\$2.07M  
Options: 45.7M  
\*as of 26 Apr 2023

### BOARD OF DIRECTORS AND MANAGEMENT

**Andrew Shearer**  
Non-Executive Chair

**Mark Saxon**  
Executive Director

**Richard Boyce**  
Non-Executive Director

**Ivan Fairhall**  
Non-Executive Director

**Tom Davidson**  
Chief Executive Officer

**COMPANY SECRETARY**  
Tamara Barr

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# Quarterly Activities Report and Appendix 5B 31 March 2023

## Key Highlights

- **\$8m successfully raised and company admitted to ASX with strong start to mineral sands and rare earth element exploration and development activities across western Victoria**
- **Drilling commenced in February targeting a total of 13,000m, delivering samples for a maiden JORC resource and metallurgical testwork:**
  - **Drilling completed at Goschen Central Project, comprising of in-paddock and roadside, totalling 6,900 metres, anticipated to be sufficient to declare a maiden JORC compliant resource estimate**
  - **Drilling completed at Watchem Project for 78 holes totalling 3,531m**
  - **Metallurgical testwork in progress. Preliminary results indicate conventional flowsheet for heavy mineral processing at Goschen Central**
- **Strategy to enhance value capture of rare earth elements (REE) within monazite product through downstream processing using the Medallion Monazite Process, a proprietary technology geographically exclusively sublicensed to ACDC Metals:**
  - **Meetings held (post quarter) with key South Australian Government departments centred on location of a potential monazite processing plant**
  - **Critical Minerals grant application submitted to expediate pilot program for Medallion Monazite Process**
- **Loyalty Options Offer closed fully subscribed raising approximately \$180,762 before costs.**

ACDC Metals Limited (ASX: ADC) (“ACDC Metals” or the “Company”) is pleased to announce its Q3 FY23 Quarterly Activities Report and Appendix 5B. The quarter was significant, having seen the listing of the Company following a successful Initial Public Offering (IPO) raising \$8m. The Company immediately re-commenced exploration activities across its Central Victorian tenements, specifically Goschen Central and Watchem. The focus at both projects is definition of a heavy mineral sand (HMS) and rare earth element (REE) JORC resource estimate, and the collection of samples for HMS testwork and REE extraction via the exclusively licenced Medallion Monazite Process.

ACDC Metals CEO Tom Davidson commented:

*“It’s pleasing to give our first quarterly report and to reflect on the amount of work the team have completed since listing in January 2023.*

*We are 75% through our initial drilling program, which includes roadside and in-paddock aircore drilling across all three of our projects in western Victoria. All samples to date have been transported to Perth with our first results expected shortly. Thanks to our team and local stakeholders for their ongoing support.*

*The Company is executing on parallel heavy mineral sand and REE value capture strategies. , As well as collecting and processing samples we are engaging with government and regulators about development of a processing facility to extract rare earth elements from monazite from ACDC Metals’ and similar projects.*

*We look forward to sharing developments with shareholders over the coming months, including a maiden JORC resource and study activities on both our HMS production and REE value capture strategies.*

## Activities for the Quarter

Immediately following IPO, ACDC Metals commenced an air core drilling program of approximately 13,000 metres, comprising 300 holes across the Company's three heavy mineral sands exploration projects. 9,400 metres have been completed to date. In addition, approximately 1000 metres were drilled prior to the IPO.

The intent of the drill program is to provide HMS/REE (Heavy Mineral Sands/Rare Earth Elements) mineral analysis to validate historical drilling results and to enable calculation of JORC compliant resources during the second half of 2023.

Drilling will also provide metallurgical samples for HMS processing, which will yield a monazite concentrate for downstream testing of the Medallion Monazite Process ("MMP") to enhance REE value capture.

## Goschen Central Drilling

In December 2022, prior to the quarter and IPO, ACDC Metals completed an initial 21 aircore hole program (876 metres) at Goschen Central. Immediately following the IPO, the Company drilled an additional 56 holes to give a total of 4,038 metres along roadsides. The program was designed to confirm and infill prior drilling, with the aim of enabling calculation of JORC compliant resources during the second half of 2023. Drilling was undertaken on roadside verges at nominally 800m spacing.

When high grades were visually logged a tighter spacing was implemented at 100m (see Figure 1 for drilling map). The Pre-and post-IPO samples are currently with Diamantina Laboratories Pty Ltd in Perth, with assay results expected in coming weeks. The completed program provides representative coverage across the tenements and will provide validation to the historical drilling completed by CRAE and Iluka.

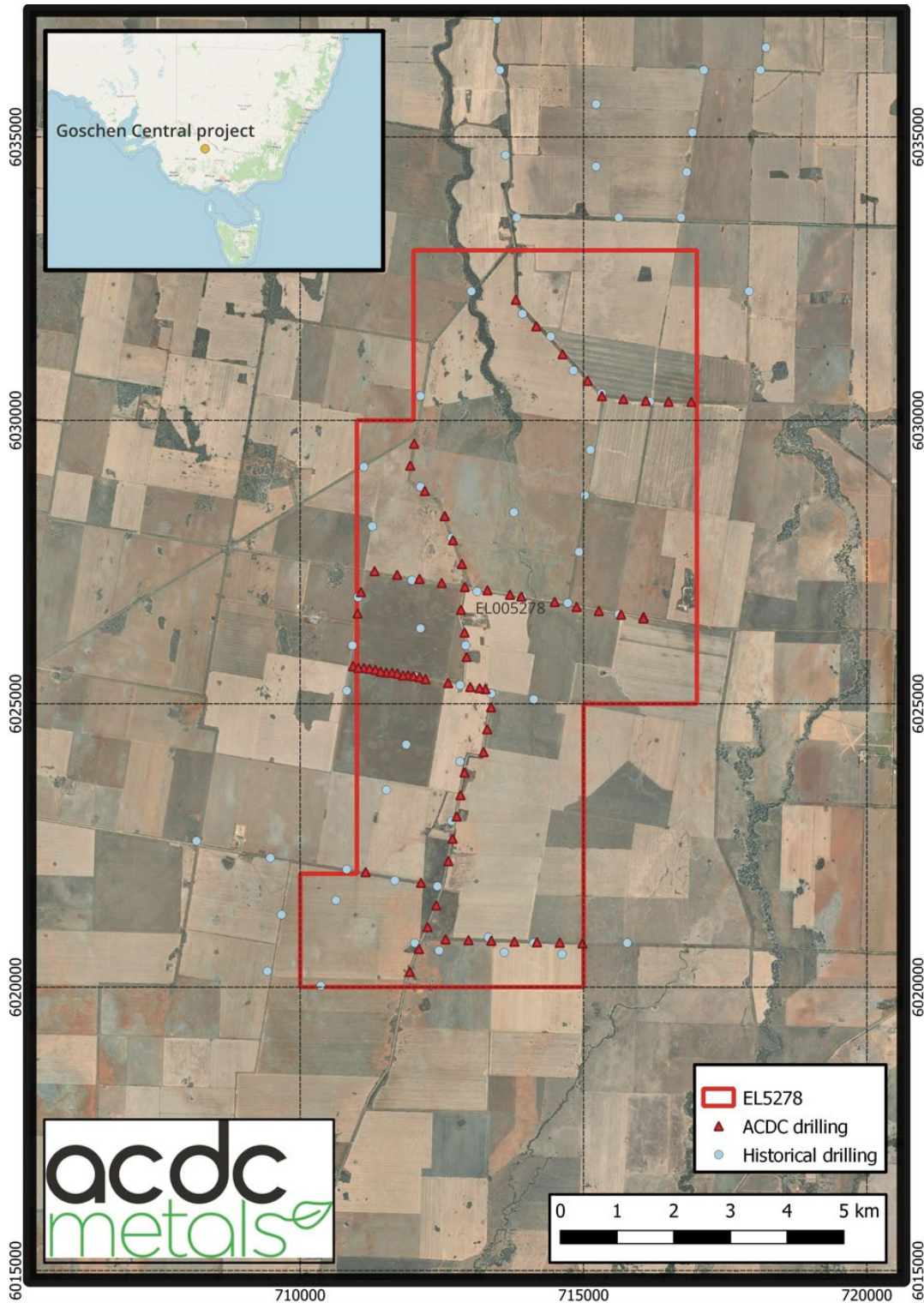


Figure 2. EL5278 drill plan

### Watchem Project Drilling

At the Watchem Project, Wallis Drilling Pty Ltd completed 78 air core holes (3,531 metres) during March 2023 to confirm and infill prior drilling. Drilling was undertaken on roadside verges at nominally 800m

spacing. When high grades were visually logged a tighter spacing was implemented at 100m (see Figure 2 for drill map).

Samples have been prepared and delivered to Diamantina Laboratories Pty Ltd in Perth, with assay results expected in next quarter. The completed program provides representative coverage across the exploration licence and is also aimed to validate drilling results by previous explorers.

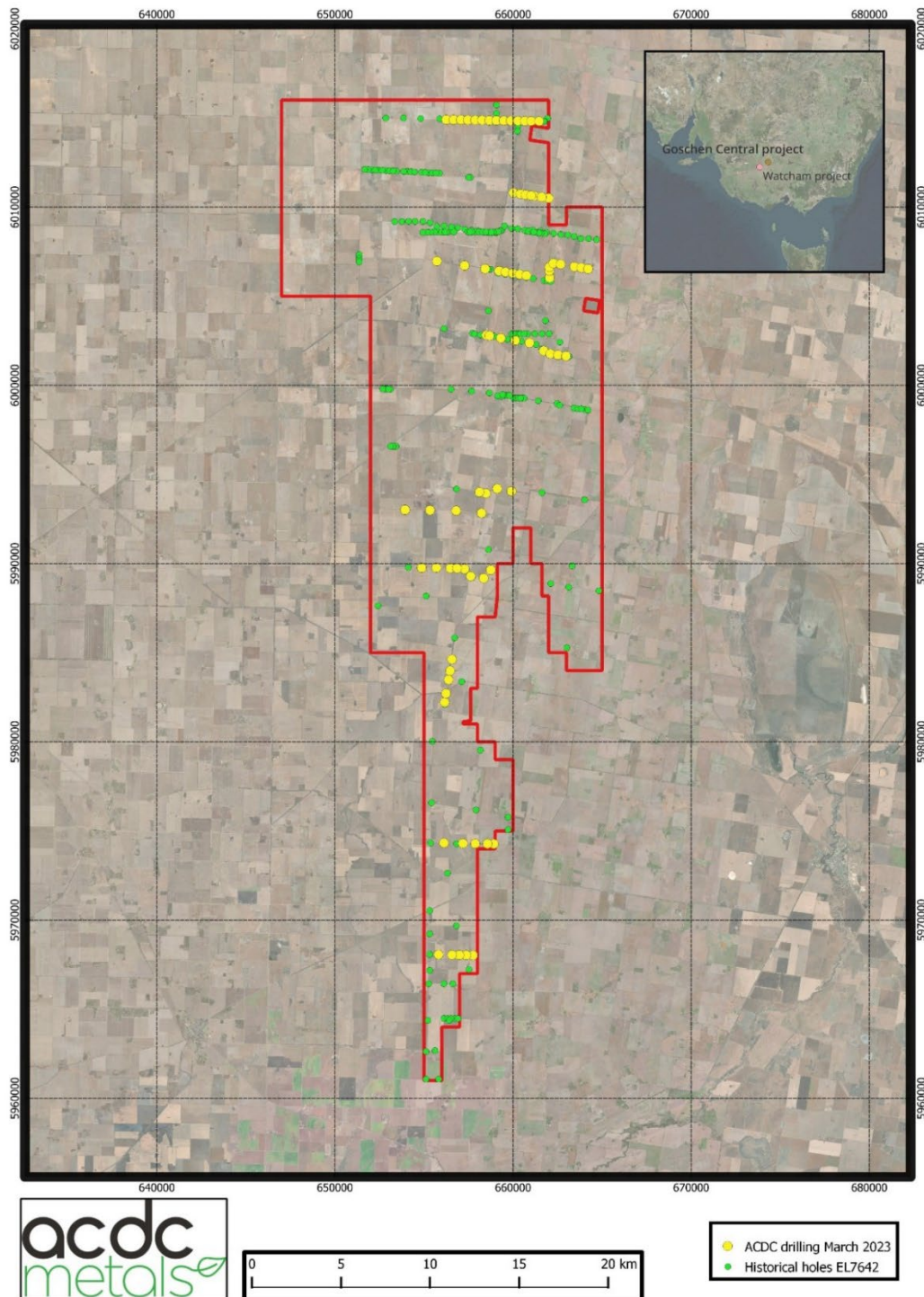


Figure 2. Watchem Project tenement location

### Metallurgical Testwork

Mineral Technologies Pty Ltd (Mineral Technologies) are nearing completion of characterisation testwork on samples from the Goschen Central project. The testwork scope is to assess the response to conventional heavy mineral sand concentration processes, initial testwork indicate a conventional flowsheet for HMS processing.

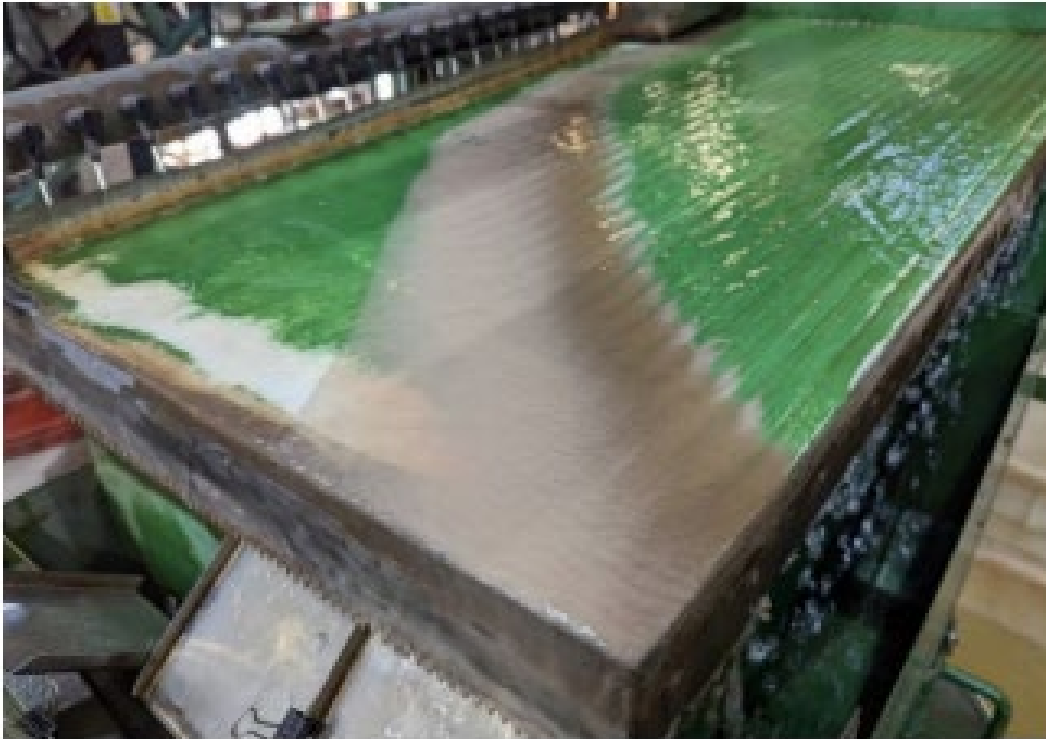


Figure 3. Wet table showing HMC make-up

To date, Mineral Technologies have produced a heavy mineral concentrate (HMC) using the wet table. As seen in Figure 3, the bands of valuable heavy mineral (VHM) are distinguishable.

This testwork campaign will form the basis of future optimisation programs, and scoping engineering studies due to be conducted later this year. Mineral Technologies are industry experts in mineral sands, though the development of projects providing engineering, metallurgical testwork and patented equipment design and supply.

### Critical Minerals Grant Application

ACDC engaged Ernst & Young (EY) to assist in an application for the Critical Minerals Development program. The Grant is a Commonwealth initiative through the Department of Industry, Science and Resources. The program is a forward-thinking Commonwealth Government initiative to support the Australian critical minerals sector and to de-risk technology development.

If successful, the grant will enable ACDC to expediate the testing of its Medallion Monazite Process (MMP) and commencement of engineering and environmental studies. The outcome of the application is due May/June 2023.

### Rare Earths – Medallion Monazite Process (MMP)

The rare earth element market is strong and growing. Access to REE and other critical raw materials is setting the pace and balance of the energy transition. Mineral sand monazite is a sought-after commodity as REE can be extracted from monazite and REEs are key components in many electronic devices, as well as in a variety of industrial applications.

To maximise both value to shareholder and resource efficiency, ACDC Metals has a geographically exclusive licence over a proprietary process to extract and separate REE from mineral sand monazite. The Medallion Monazite Process targets the production of separated and directly marketable magnet metal products from monazite feed. Monazite typically contains 50-60% REE by weight and is consistently enriched in the most critical REEs that are essential for high strength permanent magnets. ACDC Metals recognises and seeks to exploit the opportunity for Australia to add value to monazite mined in HMS deposits mined today.

The ACDC value capture strategy has similarities to Iluka’s proposed WA Eneabba plant, which has received state and federal government support. Over a period of 5 years, Medallion has engineered a highly efficient “best in class” caustic cracking process that delivers separated REEs, while producing zero liquid waste.

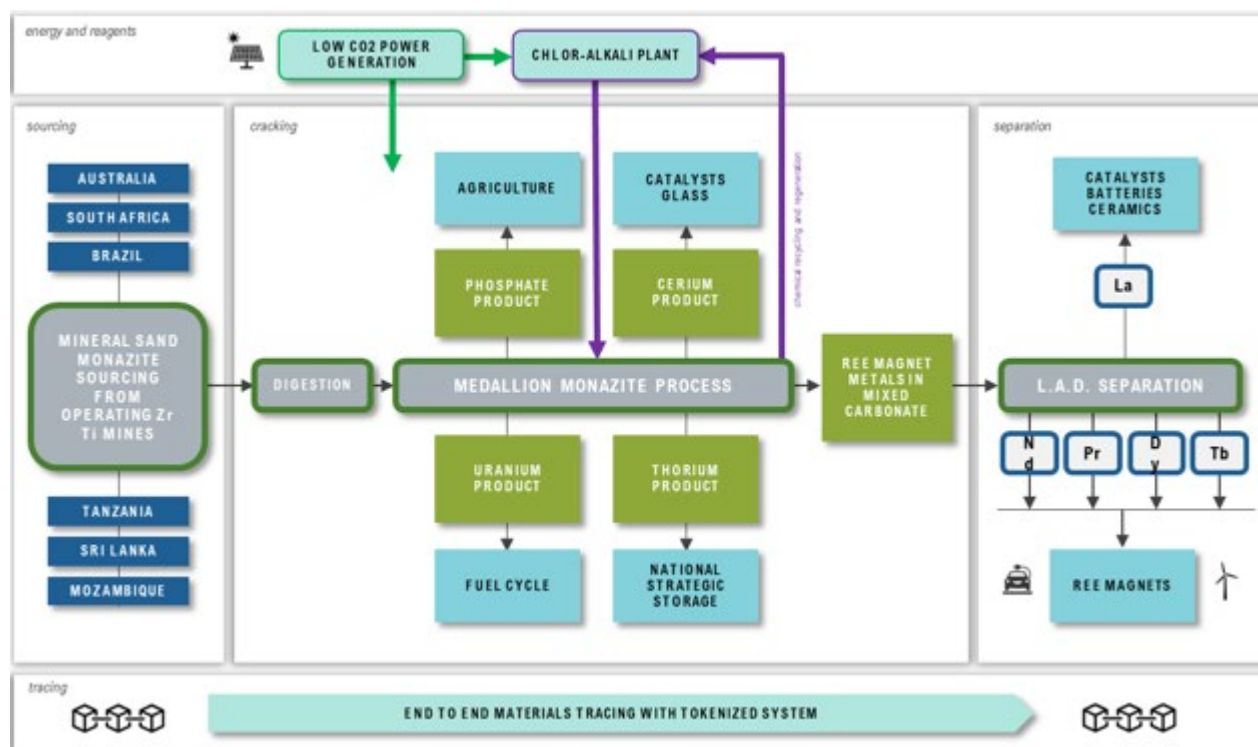


Figure 5. Medallion Monazite Process

### South Australia visit

ACDC Metals Management completed a visit to South Australia week beginning 3rd of April, to align and further progress the company’s business strategy of REE production via the Medallion Monazite Process with key stakeholders. Meetings were held with the relevant government departments and various consultants to assist in the potential development. Feedback was positive, with all parties keen to support the opportunity to produce a value added rare earth element product in South Australia. It is the intent of ACDC Metals to pursue the best site for a monazite processing plant, either in South Australia or Victoria.

### Loyalty Options Offer

ACDC Metals Limited (ASX:ADC) (ACDC or the Company) was pleased to advise that its pro rata non-renounceable entitlement issue of one (1) option (New Option) for every two (2) shares held by those Shareholders on the Record Date of Wednesday 22 March 2023 at a nominal issue price of \$0.005 per New Option (Loyalty Options Offer) and secondary offer of 2,000,000 options (Lead Manager Options) to PAC Partners, closed at 5.00pm (AEST) on Wednesday 5 April 2023.

ACDC Metals Chair, Andrew Shearer, said

***“The Company is pleased with the support from Shareholders of the Loyalty Options Offer. The support is encouraging for the ACDC team as they continue with the ongoing development of our projects and technology. We look forward to increasing the news flow as results start to be delivered from the work currently underway. The take up of options by existing Shareholders is pleasing to see and their ongoing support.”***

The Company received applications to subscribe for 63,895,120 New Options from eligible Shareholders under the Loyalty Options Offer. This represents approximately 176.74% of all New Options offered under the Loyalty Options Offer.

The Company advises that the results of the offers are as follows:

Total number of New Options offered under the Loyalty Options Offer	36,152,565 New Options
Total number of New Options applied for by eligible shareholders under the Loyalty Options Offer	63,895,120 New Options
Shortfall under Loyalty Options Offer	Nil
Total number of Lead Manager Options applied for by PAC Partners under the Lead Manager Offer	2,000,000 Advisor Options

### Cash

The Company closed the quarter with \$6.8M in cash, details are provided in the Appendix 5B report.

### Company Outlook

Over the next quarter ACDC Metals expects to complete its drill programs and receive assays across all three projects, in advance of a maiden JORC resource estimate for Goshen Central (expected Q3 2023).

Additionally, key consultants will be engaged to commence the concept studies for both the heavy mineral sand plant and the MMP plant. This work will involve engineering, environmental planning and localisation studies.

## ASX Compliance

In accordance with ASX Listing Rule 5.3.1, details of the Company's exploration activities for the quarter, including any material developments or material changes in those activities and a summary of the expenditure incurred on those activities is detailed in the preceding sections and in Table A below.

With respect to Listing Rule 5.3.2, the Company confirms that there was no mine production or mine development activities for the quarter.

In accordance with Listing Rule 5.3.3, the Company provides the following information in relation to its mining tenements in Table B. No mining tenements were acquired or disposed of during the quarter.

### Table A – Comparison of Actual Expenditure Versus Estimated Expenditure

For the purposes of Listing rule 5.3.4, the Company provides that following comparison in Table A of actual expenditure during the quarter against the use of funds following the issue of securities pursuant to the Prospectus, together with an explanation of any material variances.

Use of Funds	Estimate for the first 2 years after ASX admission	Actual use Q1 2023 Quarter	Balance Remaining 2023
Exploration at Goschen Central Project	1,605,000	141,555	1,463,445
Exploration at Douglas Project	1,355,000	53,313	1,301,687
Exploration at Watchem Project	1,185,000	51,207	1,133,793
Medallion Monazite testing	1,450,000	60,000	1,390,000
Project Consideration (Goschen Central Project)	32,602	32,602	0
Project Consideration (Douglas Project)	16,372	16,372	0
Acquisition Costs (Watchem Project)	50,000	50,000	0
Expenses of the Offer	1,075,000	549,000	526,000
Administration & Working Capital	1,231,026	440,000	791,026
<b>Total</b>	<b>8,000,000</b>	<b>1,394,049</b>	<b>6,605,951</b>

In accordance with Listing Rule 5.3.5, the Company confirms payments totalling \$69,000 were made to Directors for employment costs as well as to associates and related parties of the Company, for services rendered up to 31 March 2023.



### Deferred Consideration Shares

In relation to the acquisition of the Watchem tenements which was completed on 15 September 2022:

1. The number of Deferred Consideration Shares pending issue (on issue) is 600,000.
2. The terms of and conditions for the issue of Deferred Consideration Shares are summarised below:
  - The announcement of a JORC compliant Inferred Mineral Resource on the Watchem Tenements of at least 60Mt at 4% HM within 5 years from the date of settlement of the acquisition.
3. During the quarter no Deferred Consideration shares were issued or cancelled.
4. There were no further milestones met during the quarter.

### Table B – Tenements

Tenement	Registered Holder	Beneficial Interest	Location	Status
EL5278	Providence Gold & Minerals Pty Ltd	100%*	South Towaninny, VIC	Transfer in progress
EL7642	ACDC Metals Operations Ltd	100%	Watchem, VIC	Granted
EL7932	ACDC Metals Operations Ltd	100%	Watchem, VIC	Granted
EL7544	Oro Plata Pty Ltd	100%*	Miga Lake, VIC	Transfer in progress
EL7545	Oro Plata Pty Ltd	100%*	Harrow, VIC	Transfer in progress

\*A transfer has been lodged to Earth Resources Regulation (ERR) for an 80% Beneficial interest to ACDC Metals Operations Ltd as outlined in the prospectus inline the terms of agreement.

### During the March 2023 Quarter the following ASX Announcements were made:

13-Jan-23	Becoming a Substantial Holder - Medallion
13-Jan-23	Becoming a Substantial Holder - Hudson
13-Jan-23	Becoming a Substantial Holder - Burrowes
13-Jan-23	Becoming a Substantial Holder - ADC
13-Jan-23	Initial Director's Interest Notice - MSS
13-Jan-23	Initial Director's Interest Notice - IGF
13-Jan-23	Initial Director's Interest Notice - RAB
13-Jan-23	Initial Director's Interest Notice - ANS
13-Jan-23	Pre-Quotation Disclosure
13-Jan-23	Top 20 Holders
13-Jan-23	Holdings Range Report
13-Jan-23	Trading Policy
13-Jan-23	Corporate Governance Statement
13-Jan-23	Employee Securities Incentive Plan

13-Jan-23	Fish Hawk Resources Annual Report 30 June 2022
13-Jan-23	Fish Hawk Resources Annual Report 30 June 2021
13-Jan-23	ACDC Metals Financial Report 30 June 2022
13-Jan-23	Constitution
13-Jan-23	Prospectus
13-Jan-23	Information Form and Checklist Annexure 1 (Mining Entities)
13-Jan-23	Information Form and Checklist
13-Jan-23	Appendix 1A - Application for Admission
13-Jan-23	ASX Notice - Admission and Quotation
19-Jan-23	Change of Director's Interest Notice - MSS
20-Jan-23	Change of Director's Interest Notice - ANS
06-Feb-23	Change of Director's Interest Notice - MSS
13-Feb-23	ADC to Commence Drill Program & Metallurgical Testwork
17-Feb-23	Change of Director's Interest Notice - RAB
21-Feb-23	Change of Director's Interest Notice - IGF
21-Feb-23	Change of Director's Interest Notice - RAB
09-Mar-23	Half Yearly Report and Accounts
15-Mar-23	ADC Completes Drilling at Goschen Central
16-Mar-23	Proposed issue of securities - ADC
16-Mar-23	Loyalty Options Offer - Revised Timetable
16-Mar-23	Loyalty Options Offer - Prospectus
16-Mar-23	Loyalty Options Offer
20-Mar-23	Change of Director's Interest Notice - MSS
27-Mar-23	Loyalty Options Offer Open - Dispatch of Prospectus

*This Announcement has been authorised for release by the Board.*

## For Further Information

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### **Peter Taylor**

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## About ACDC Metals Ltd

ACDC is an integrated mineral exploration and rare earth technology company incorporated with the aim of undertaking mineral exploration and resource development, focusing on heavy mineral sands projects located in Victoria, Australia, with the ultimate goal of producing heavy mineral sands (HMS) products and rare earth elements (REE). In addition, the Company has entered into a licensing agreement with Canadian public company Medallion Resources Ltd (TSXV:MDL) (Medallion) to utilise its proprietary monazite processing technology, the Medallion Monazite Process (MMP Technology) to extract REE from monazite in a defined jurisdiction.