

ASX: ADC

ACN 654 049 699

CAPITAL STRUCTURE

Share Price: A\$0.07
Cash: A\$3.06 M
Debt: Nil
Ordinary Shares: 72.3M
Market Cap: A\$5.06M
Enterprise Value: A\$2.0M
Options: 45.7M
*as of 24 Oct 2024

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
Andrew Draffin

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Quarterly Activities Report September 2024

Key Highlights

Watchem North Project

- New 11.5 km long shallow mineral sand strandline discovery confirmed:
 - Peak grade of ~8% Total Heavy Mineral returned in assays.
 - Strandline remains open to the South with opportunity to extend mineralisation.
- This follows the strandline discovery of Venice Beach¹ on the property.

Douglas Project

- Assays have been received, following the earlier reported discovery of a Strandline².

Goschen Central Project

- Update to the Mineral Resource Estimate is progressing well and targeting completion in Q4.
- Pilot program work nearing completion.

Corporate

- Cash Balance of \$3.06M AUD, well-funded to advance projects and assess business development opportunities.

ACDC Metals Limited (**ASX: ADC**) ("**ACDC**" or the "**Company**") announces the Quarterly Activities Report for the September 2024 Quarter. During this period, ACDC achieved substantial progress across its projects, advancing its understanding of the mineral resource potential through new discoveries and ongoing drilling efforts. The Company is building a strong portfolio of development and exploration projects and delivering results that are consistent with the strategy of developing high value mineral sands and rare earth element projects.

ACDC Metals CEO Tom Davidson commented: *"This quarter has delivered results that provide important technical foundations for our entire portfolio. Drilling at Watchem North and Douglas has built on earlier discoveries and provided high quality targets for continued exploration. At our most advanced project, Goschen Central, we are busily completing our second resource update since listing, as well as producing product samples for off-takers and strategics. In parallel we are advancing our scoping study which will allow us to clearly articulate the significant value of our discovery.*

ACDC Metals, continues to meet and exceed all expectations set out at listing in January 2023, and remains well funded to further advance our portfolio of projects."

¹ASX announcement – ACDC Metals Ltd – 4 June 2024 – High Grade Assays confirm discovery at Watchem North.

²ASX Announcement – ACDC Metals Ltd – 7 May 2024 – Heavy Mineral Strandline Discovery at Douglas Project.

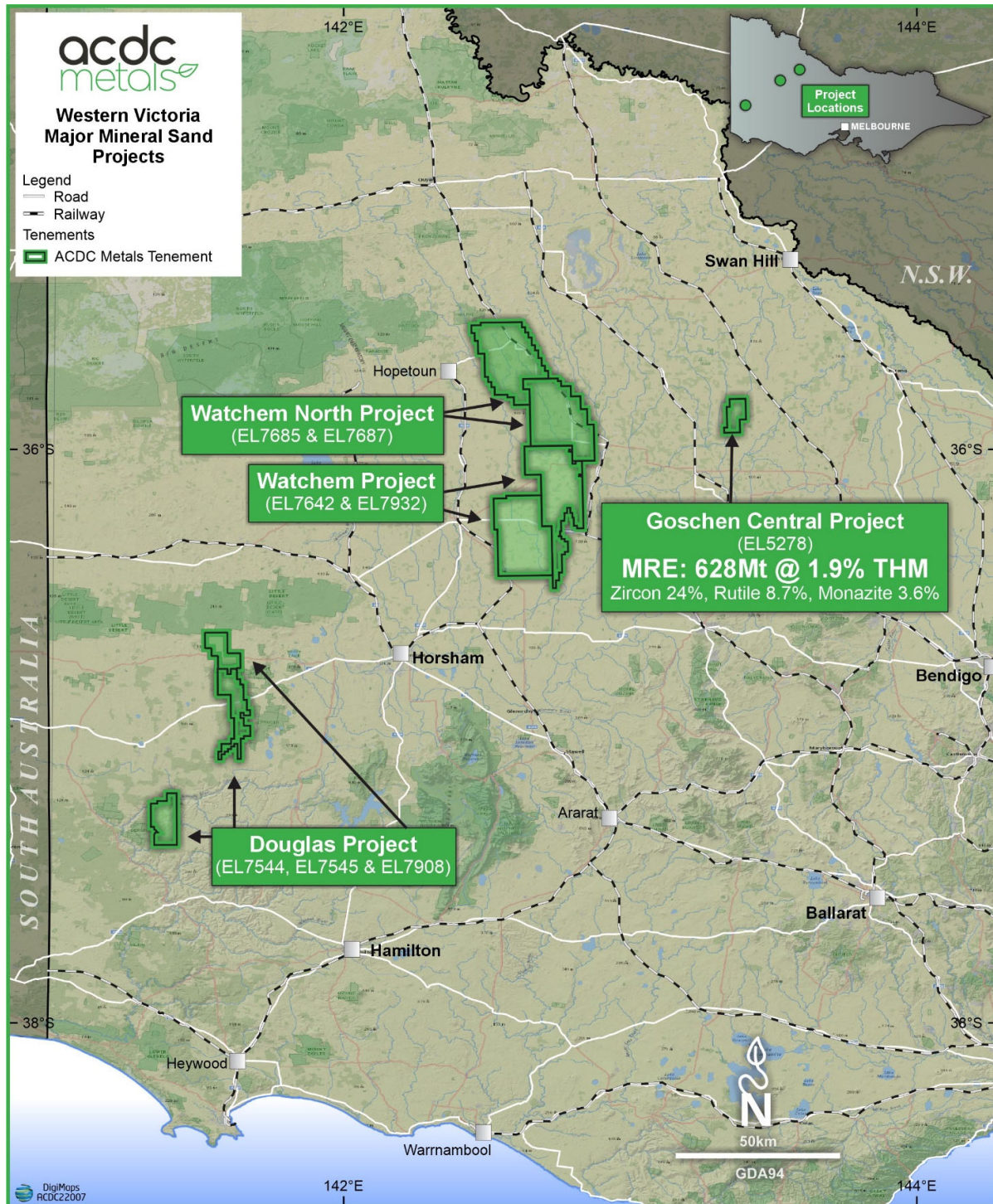


Figure 1 - Overview of ACDC Metals tenements

Activities for the Quarter

OPERATIONS

In the September Quarter ACDC Metals delivered further assay results from the 2024 drilling campaign across the Watchem North and Douglas mineral sands projects³. The assay results continued the early success of the campaign, with validation of the previously announced discoveries, and identifying a further strandline style mineralisation.

Development of the Goschen Central Project continues to advance as resource consultants commenced the resource update incorporating the Q1 CY2024 drilling. Additionally, the piloting work and product characterisation continues and will position the project strongly.

Watchem North Project

Exploration at Watchem North successfully identified strandline-style mineralisation, with confirmation the discovery of a new 11.5 km long strandline at shallow depths ranging between 10 and 25 meters.

Highlights from the drilling include:

- **6.0m @ 2.8% HM** from 15.0m, including **3.0m @ 4.4% HM** from 15.0m. 24WN155
- **9.0m @ 3.2% HM** from 10.5m, including **4.5m @ 5.3% HM** from 13.5m. 24WN160
- **28.5m @ 1.1% HM** from 9.0m, including **1.5m @ 7.9% HM** from 18.0m. 24WN162
- **9.0m @ 1.6% HM** from 9.0m, including **1.5m @ 5.0% HM** from 16.5m. 24WN163
- **1.5m @ 1.2% HM** from 33.0m, including **1.5m @ 3.3% HM** from 15.0m. 24WN165
- **16.5m @ 1.2% HM** from 9.0m, including **1.5m @ 4.2% HM** from 30.0m. 24WN173

The reported mineralisation reached a peak grade of approximately 8% in hole 24WN162, with the grade appearing to increase southwards, and remaining open. This zone offered an attractive exploration target for further work with the objective of adding grade and scale to this discovery.

³ ASX Announcement – ACDC Metals Ltd – 26 August 2024 – New Strandline Discovery Confirmed at Watchem North



Watchem North strandline



Watchem collars MAX THM (%)

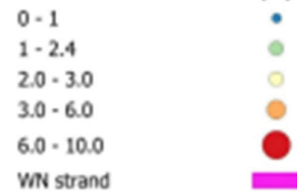


Figure 2 - Interpreted strandline position and section locations.

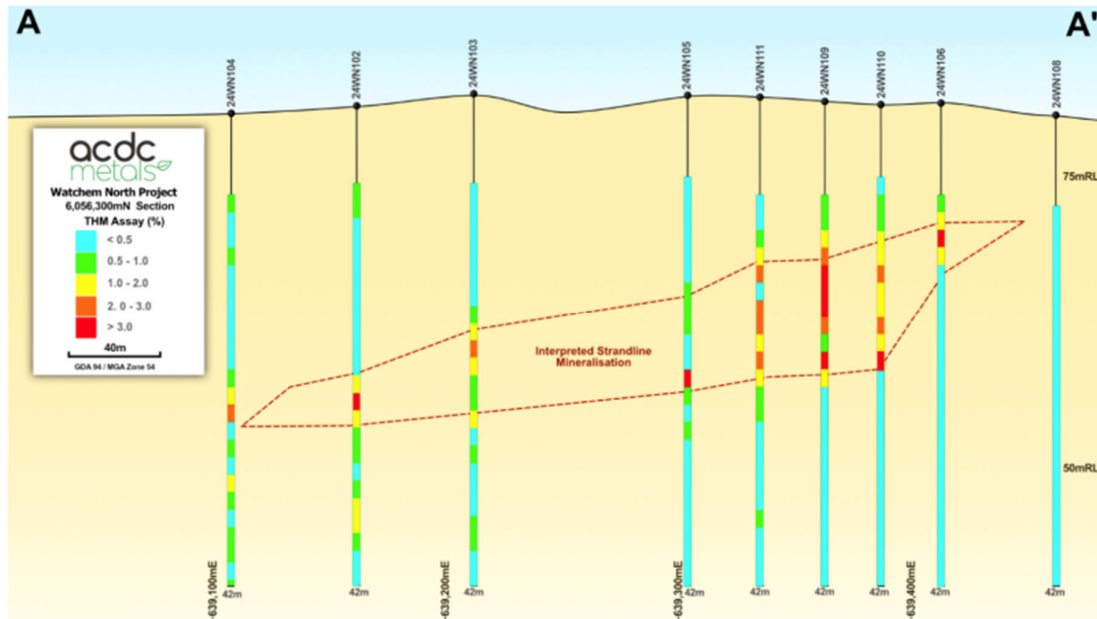


Figure 3 - Section A – A', see Figure 2. Note: Drill holes previously reported, see ADC announcement " High-Grade Assays

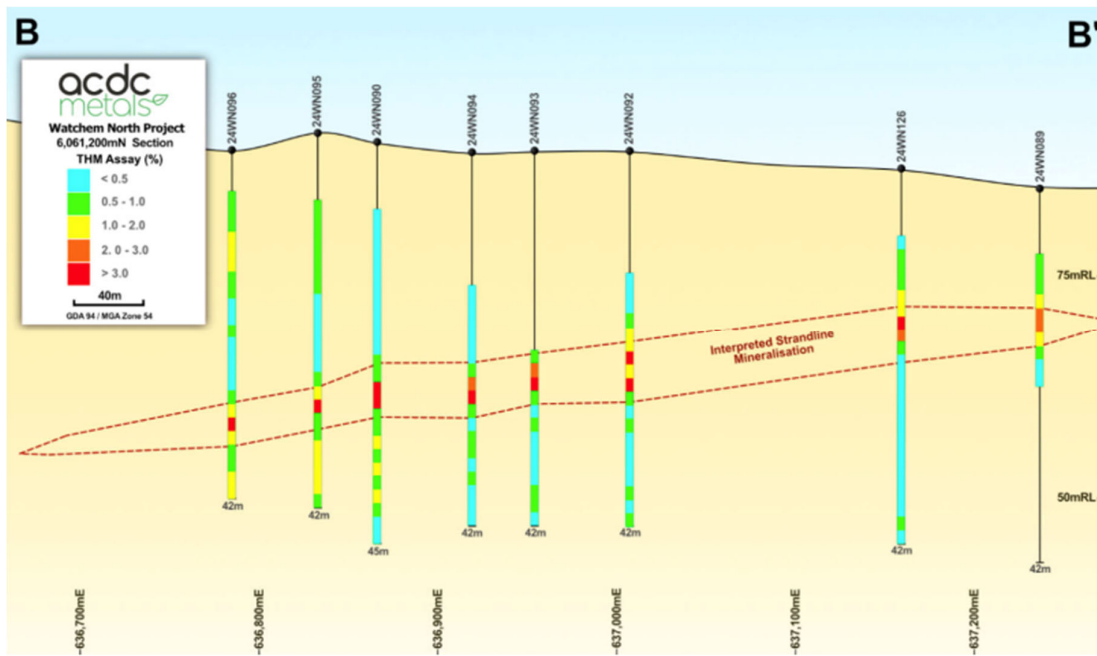


Figure 4 - Section B - B', see Figure 2. Note: Drill holes previously reported, see ADC announcement " High-Grade Assays

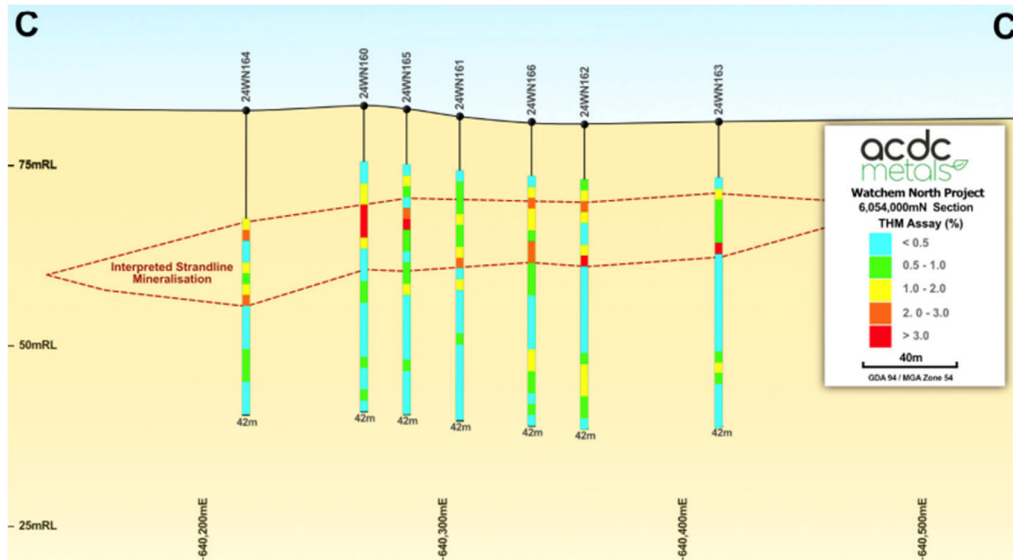
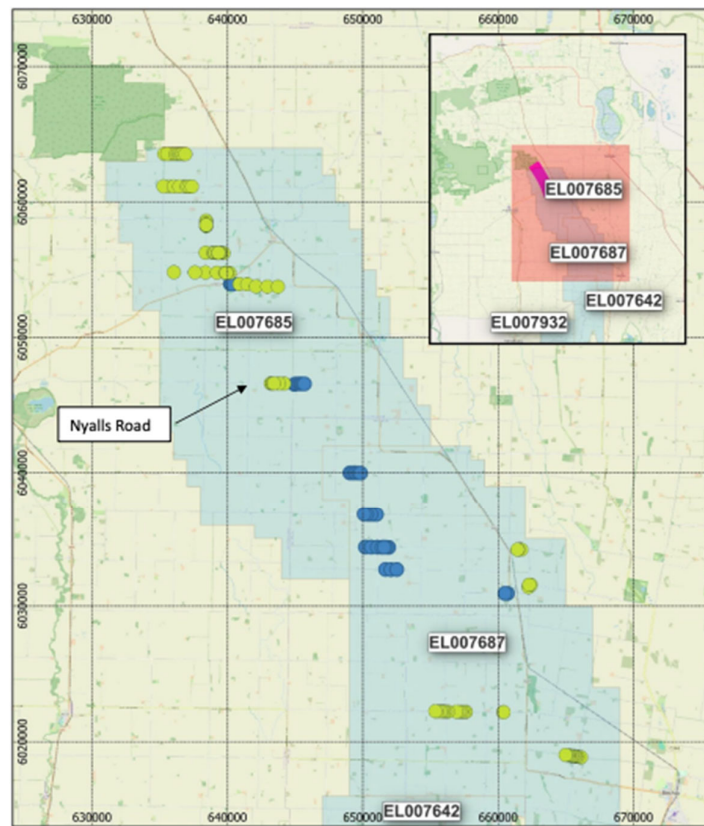


Figure 5 - Section C – C' see Figure 2.



Watchem North 2024 drill programs



Figure 6 - Overview of 2024 Drill campaign at Watchem North Project.

Douglas Project

The May 2024 drilling campaign consisted of 27 aircore holes along roadsides, on east/west traverses to both the north and south of the previous Q1 drilling. The intent of the program was to explore the extent of the previously announced strandline discovery in both strike length and width. The program showed continuation of mineralisation and offered further targets for future exploration.

Drilling highlights include:

- **25.0m @ 2.1% HM** from 17.0m, including 1m @ 20.4% HM from 17.0m (24DAC023)
- **16.5m @ 3.2% HM** from 33.0m, including **1.5m @ 5.2% HM** from 33.0m and **4.5m @ 5.5% HM** from 45.0m (24DAC038)
- **34.5m @ 1.4% HM** from 13.5m, including **1.5m @ 10.3% HM** from 13.5m and **1.5m @ 5.3% HM** from 43.5m (24DAC042)

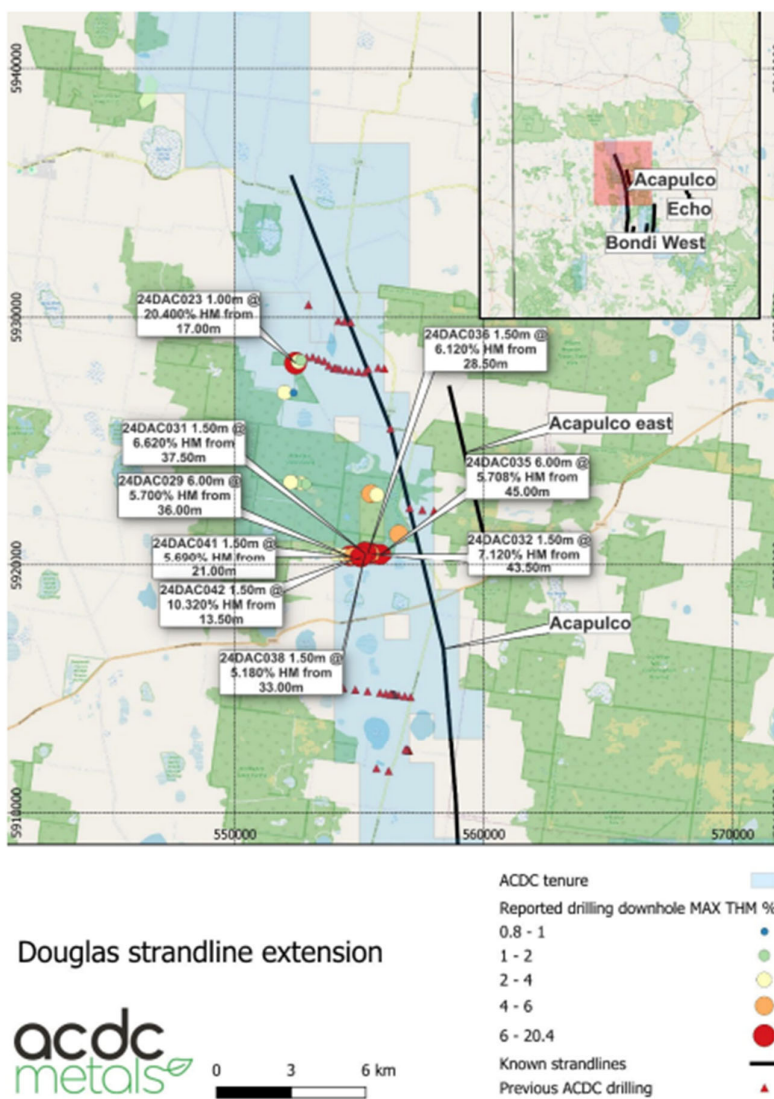


Figure 7 - Overview of 2024 Drill campaigns at Douglas Project (EL7544).

Goschen Central Project

ACDC Metals has engaged Snowden Optiro Ltd to complete the mineral resource estimate (MRE) update for the Goschen Central Project (EL5278). The update will incorporate a further 64 holes since the maiden MRE was completed. The MRE will also incorporate further mineralogy and the characterisation testwork completed as part of the pilot program. The Company is targeting Q4 release of the updated MRE.

Pilot Plant on Goschen Central material

ACDC Metals is completing a heavy mineral separation pilot plant program at Mineral Technologies Inc Queensland plant. Approximately 1.6 tonnes of mineralised material from the Goschen Central project has been processed through a full circuit.

The circuit represented a typical Wimmera ore feed preparation plant (FPP) process circuit configuration, consisting of upfront screening, gravity circuit including 3 stages of gravity spirals to produce a pre-concentrate. Froth flotation is used to produce a rare earth mineral concentrate (REMC) and a heavy mineral concentrate (HMC).

Further processing was then completed on the HMC to separate individual products, this was processed via a typical fine Mineral Separation Plant (MSP) flowsheet.

The program delivered the full suite of potential products from the project, and is enabling product quality testing as the basis for conversations with prospective offtake customers and strategic acquirers.

The program delivered samples of the following products:

- Heavy mineral concentrate
- Zircon
- Rutile
- Leucoxene
- Ilmenite
- Monazite
- Xenotime



Figure 8 – Wet Spirals separation.



Figure 9 - Bulk Heavy mineral concentrate flotation.

Project Overview

Goschen Central is a heavy mineral sand and rare earth element project located in the Murray Basin of northwestern Victoria. The Goschen Central Project is held within EL5278, located approximately 50 km south-southwest of Swan Hill. The Goschen Central Project includes fine-grained sheet-style HMS mineralisation, interpreted to have been deposited in an off-shore environment. Fine grained, off-shore HM deposits in the Murray Basin are often referred to as WIM-style deposits.

WIM-style deposits have been long recognised as rich potential sources of zircon and titania products (rutile, ilmenite, leucoxene), however more recently have been acknowledged for their significant rare earth element content, held in the minerals monazite and xenotime.

The Scoping Study was based on a Mineral Resource Estimate (MRE) of 628Mt @ 1.9% Total Heavy Mineral (THM), comprising of 130Mt @2.0% THM as Indicated category and 498Mt @ 1.9% THM as Inferred category⁴ and characterisation testwork conducted in Q2 2023.

In addition to zircon and titania, Goschen Central provides the opportunity to vertically integrate a heavy mineral sand mining operation with a rare earth processing plant (REPP) project, to unlock a significant uplift in value through the potential production of a mixed rare earth oxide (or equivalent).

Phase 1 involves construction of a long lived mine at Goschen Central, paired with a nearby mineral sand processing plant, that will provide two (2) saleable products being a HMC rich in zircon and titania, and an REMC rich in monazite and xenotime, both suitable for international or domestic markets.

Phase 2 involves the construction of a rare earth processing plant (REPP) to process (“crack”) a monazite concentrate utilising a proprietary caustic crack process to produce a mixed rare earth oxide MREO. Phase 2 will result in three (3) saleable products from the Goschen Central project. The monazite mineral concentrate be transported to the REPP located in South Australia for hydrometallurgical processing. Phase 2 is scheduled to come online for year 3 of the combined operation.

Forward Looking Q4 CY2024 Program

The Company remains active on its projects through the December quarter. Key milestones include:

- Reporting of mineralogy composites from the Watchem North and Douglas discoveries.
- Reporting of resource update for the Goschen Central project.
- Utilising the updated resource, the scoping study will be progressed and target a Q4 completion.
- Further discussions with potential customers for product quality assessment of the Goschen Central project products, following the successful pilot scale testwork.
- Detailed planning for FY25 drill program, targeting a Q1 CY2025 commencement.

Corporate Activity

In addition to advancing the core projects, the Company continues to evaluate new opportunities in-line with the objectives as outlined in its IPO prospectus.

⁴ ACDC Metals – ASX Announcement 8 November 2023 – Goschen Central Project Maiden Mineral Resource.

The Company maintains an active investor relations program, with recent and upcoming conference and presentation events including:

- **Equity Event Noosa Mining – Noosa QLD - July 2024 - Attendee**

Upcoming events

- **IMARC – Sydney NSW - October 2024**
- **TZMI Conference – Kuala Lumpur – November 2024**
- **RIU Explorers – Fremantle WA – February 2025**

Cash

The Company closed the quarter with \$3.06 million in cash at bank. Details are provided in the Appendix 5B report.

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 CY2023, Q1 & Q2 2024	Actual use Q3 CY2024 Quarter	Balance Remaining
Exploration at Goschen Central Project	1,605,000	1,116,086	23,271	465,643
Exploration at Douglas Project	1,355,000	522,535	38,845	793,620
Exploration at Watchem Project*	1,185,000	1,196,278	114,276	-125,554
Medallion Monazite testing	1,450,000	439,108	31,143	979,749

Project Consideration (Goschen Central Project)	32,602	32,602	0	0
Project Consideration (Douglas Project)*	16,372	16,372	13,200	-13,200
Acquisition Costs (Watchem Project)*	50,000	50,000	8,800	-8,800
Expenses of the Offer*	1,075,000	768,197	0	306,803
Administration & Working Capital*	1,231,026	1,195,939	104,863	-69,776
Total	8,000,000	5,337,117	334,398	2,328,485

*Part of the Expenses of the Offer that was declared as an estimate has been reallocated in the Actual Use column.

In accordance with Listing Rule 5.3.5, the Company confirms payments totalling \$135,000 were made to Directors for employment costs as well as to associates and related parties of the Company, for services rendered up to 30 September 2024.

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	ACDC Metals Operations Ltd Providence Gold & Minerals Pty Ltd	80% 20%	South Towaninny, VIC	Granted
EL7642	Fish Hawk Resources Ltd*	100%	Watchem, VIC	Granted
EL7932	Fish Hawk Resources Ltd*	100%	Watchem, VIC	Granted
EL7544	ACDC Metals Operations Ltd Oro Plata Pty Ltd	80% 20%	Miga Lake, VIC	Granted

EL7545	ACDC Metals Operations Ltd Oro Plata Pty Ltd	80% 20%	Harrow, VIC	Granted
EL7685	ACDC Metals Operations Ltd Oro Plata Pty Ltd	80% 20%	North Watchem, VIC	Granted
EL7687	ACDC Metals Operations Ltd Oro Plata Pty Ltd	80% 20%	North Watchem, VIC	Granted
EL7906	Oro Plata Pty Ltd		Miga Lake, VIC	Yet to be granted***
EL7907	Oro Plata Pty Ltd		Miga Lake, VIC	Yet to be granted***
EL7908	Oro Plata Pty Ltd	100%	Harrow, VIC	Transfer to commence 4/2025

*Subsidiary 100% owned by ACDC Metals Ltd.

**A transfer has been lodged to Earth Resources Regulation (ERR) for an 80% Beneficial interest to ACDC Metals Operations Ltd.

***EL to be granted to Oro Plata Pty Ltd at 12 months, at which point the transfer process will commence with ACDC Metals Operations Ltd.

During the September 2024 Quarter the following ASX Announcements were made:

SEPTEMBER 27, 2024	<u>Details of Upcoming AGM</u>
SEPTEMBER 26, 2024	<u>Appendix 4G & Corporate Governance</u>
SEPTEMBER 26, 2024	<u>Annual Report to Shareholders</u>
SEPTEMBER 5, 2024	<u>Application for quotation of securities - ADC</u>
AUGUST 26, 2024	<u>Strandline Discovery at Watchem North Project</u>
JULY 31, 2024	<u>Quarterly Activities/Appendix 5B Cash Flow Report</u>

This Announcement has been authorised for release by the Board.

For Further Information

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About ACDC Metals Ltd

ACDC Metals is a heavy mineral sand and rare earth element explorer and developer focussed on projects in the Murray Basin of western Victoria, Australia. ACDC Metals is also developing its licenced downstream processing technology for its Rare Earth Processing plant (REPP) Project. The process extracts rare earth elements from monazite.

Appendix 5B

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

Name of Entity

ACDC METALS LIMITED

ABN

76 654 049 699

Quarter ended ("current quarter")

30 SEPTEMBER 2024

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	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(62)	(62)
(e) administration and corporate costs	(137)	(137)
1.3 Dividends received	-	-
1.4 Interest received	47	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	(152)	(152)

Appendix 5B

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

	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	(22)	(22)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(364)	(364)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from 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	(386)	(386)

	Current quarter \$A'000	Year to date (3 months) \$A'000
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 ¹	-	-
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	-	-

Appendix 5B

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

	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	3,596	3,596
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(152)	(152)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(386)	(386)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Effect on deconsolidation of subsidiary	-	-
4.7 Cash and cash equivalents at end of period	3,058	3,058

	Current quarter \$A'000	Previous Quarter \$A'000
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		
5.1 Bank balances	3,058	3,596
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)	3,058	3,596

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
135
-

Appendix 5B

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

7. Financing Facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity</i> <i>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)	(152)
8.2 Payments for exploration & evaluation classified as investing activities (item 2.1(d))	(364)
8.3 Total relevant outgoings (item 8.1 + Item 8.2)	(516)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,058
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,058
8.7 Estimated quarters of funding available (Item 8.6 dividend by Item 8.3)	6

8.8 If Item 8.5 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 ?

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?

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 ?

N/A

Appendix 5B

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

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 October 2024

Authorised by:

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 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 standard applies 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 for 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 risk management and internal control which is operating effectively.