

MARCH 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

Highlights

- HGM remains in suspension pending an announcement on a material acquisition
- The Directors are continuing to work with the ASX and vendors and look forward to announcing details of the transaction as soon as possible
- The Company remains committed to seeking partnerships to assist with the exploration and development of the Austrian Suite of Projects

Material Acquisition

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

As subsequently announced on 26 November 2019, HGM reported that it had received confirmation from the directors of the target company that progress has been made that should allow HGM to proceed to the next step in the acquisition process with a view to announcing more details as soon as possible.

The Company continues to work with the ASX and the project vendors to secure a successful outcome with respect to the acquisition. It is currently the intention of the Company to remain in suspension until all aspects of the transaction are finalised. Details will be released to the market as soon as possible following the completion of legal, regulatory and statutory requirements.

The Directors understand that the process is a lengthy and complex one and appreciate the patience being shown by shareholders.

Austrian Projects

The Company remains committed to and is actively seeking partnerships to assist with the exploration and development of the Austrian Suite of Projects. The current winter season in Austria provides some down time in order to continue this process.

With the Authority of the Board

ENDS

For further information, contact:

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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.

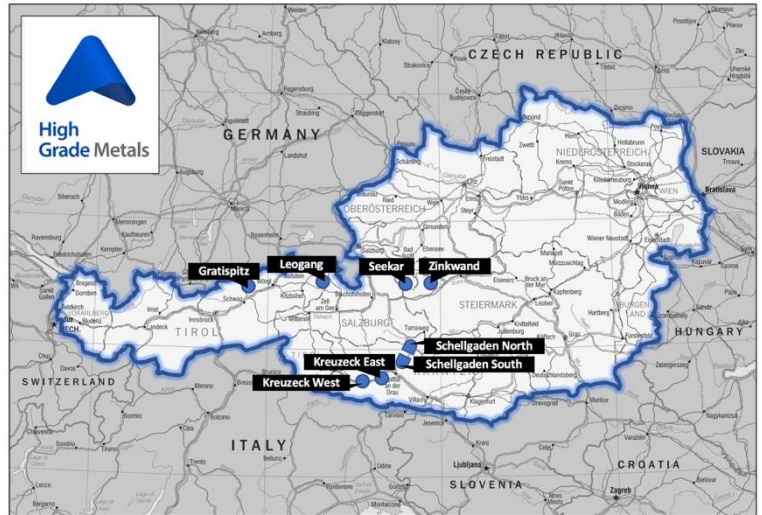


Figure 1. Location of High Grade Metals' Projects within Austria

Appendix 1 | Schedule of Tenements

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

Appendix 5B

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

Name of entity

HIGH GRADE METALS LIMITED

ABN

55 062 879 583

Quarter ended ("current quarter")

31 MARCH 2020

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 (if expensed)	(54)	(54)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(95)	(95)
1.3 Dividends received (see note 3)		
1.4 Interest received		
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	(150)	(150)

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

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
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		
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		
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		
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	230	230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(150)	(150)
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)		

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	80	80

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	80	80
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)	80	80

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**

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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

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(150)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(150)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	80
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	80
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	(1)

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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: Yes

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: The Company will rely on its existing cash resources and other liquid current assets and future capital raising (either debt and/or equity), including its ability to place securities under LR7.1 and LR7.1A to fund its current activities. The Company has a history of raising funds as required and believes further successful fundraising will be able to be completed.

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: In light of the above factors, the Company believes that it will have sufficient cash to fund its existing activities. The Company's Board and Management is focused on meeting its current objectives and confirm that it is in compliance with ASX Listing Rules, in particular, Listing Rule 3.1

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.

Date: 30 April 2020

By authority of the Board



Authorised by:
Adrien Wing (Director)

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 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.