

Quarterly Activities and Cashflow Report

OD6 Metals Limited (OD6 or the Company) is pleased to present its Quarterly Activities and Cashflow Report for the period ending 30 June 2022

Highlights:

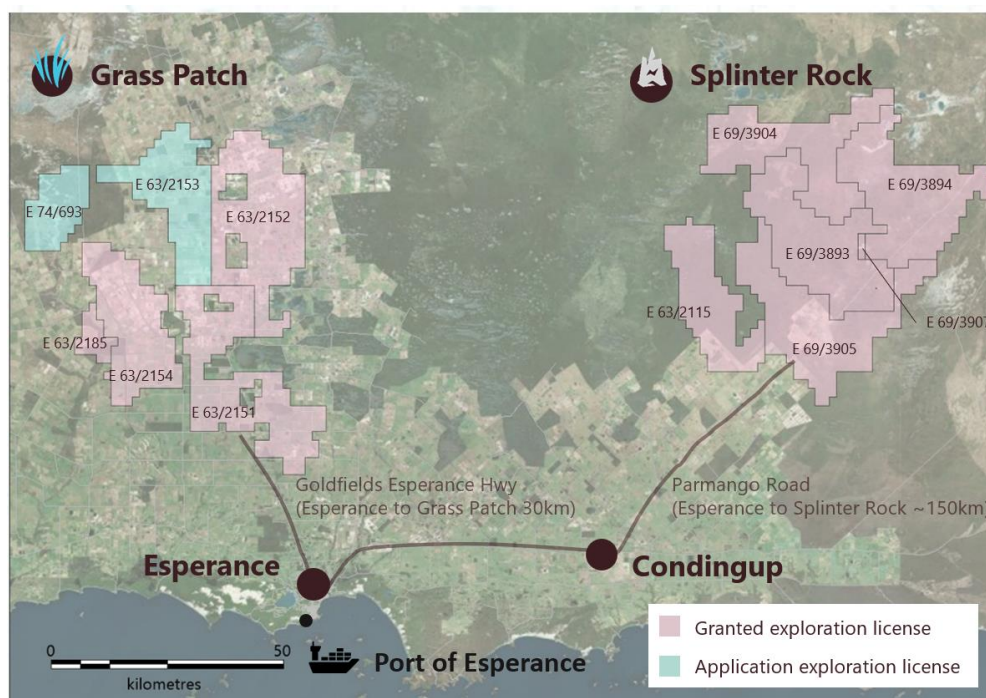
- Strongly supported initial public offering (IPO) raising A\$8M (before costs)
- Commenced trading on the ASX on 22 June 2022
- Drilling Preparations Complete at Splinter Rock with drilling to commence imminently
- Cash balance at quarter end of A\$8.35M

Brett Hazelden, Managing Director, commented:

"The last quarter has seen OD6 Metals transform into an ASX listed company with two significant clay-hosted rare earth projects, being the Splinter Rock Project and Grass Patch Project, both located in the Esperance region of Western Australia. Drilling is to commence imminently at OD6's flagship Splinter Rock Project. Drilling is initially focused on infill drilling the historic high-grade rare earth drill intercepts, across a 30km drilling traverse, with previous intersections of up to 37m in thickness. The extent of mineralisation is yet to be constrained, which presents significant regional exploration potential to expand rare earth intercepts and potential resource area. This is an exciting time for OD6 with drill assays due to start flowing next quarter"

Figure 1:

OD6's significant tenement holding north of the town Esperance

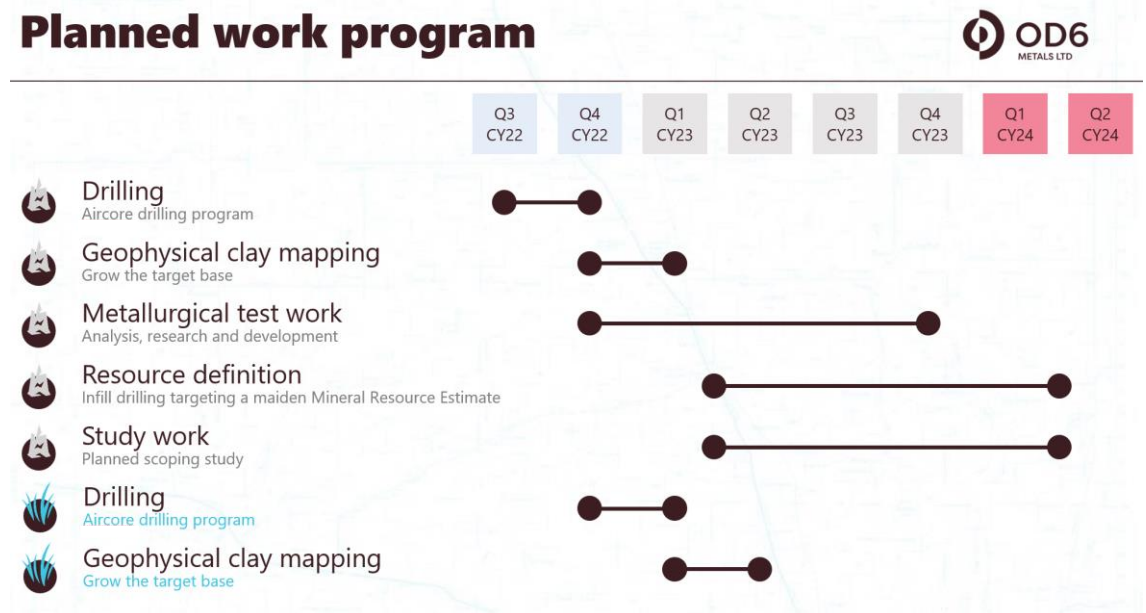


Exploration and Development

Immediate exploration

The raised funds allow OD6 to immediately pursue a targeted program of exploration and definition at the Splinter Rock Project. These activities will be closely followed by a similar program of works at the Grass Patch Project.

Works progressing as planned



Approvals in place

DMIRS 'Program of Works' (PoW) approvals have been received for both the Splinter Rock and Grass Patch planned drilling works

The Shire of Esperance has also approved the proposal for drilling within road reserves

Initial Heritage Surveys Complete

OD6 has completed two heritage surveys with the Ngadju Traditional Owners and associated Ngadju Native Title Aboriginal Corporation representatives over the initial drilling areas at Splinter Rock. Drill areas have been cleared for work to proceed.

OD6 presented to the Esperance-Tjaltjraak Circle of Elders in relation to the Grass Patch road reserve drilling and southern Splinter Rock road reserve drilling. Heritage surveys of these areas are anticipated to commence in the coming months.

WHS & ESG

A WHS Management system has been implemented by the company.

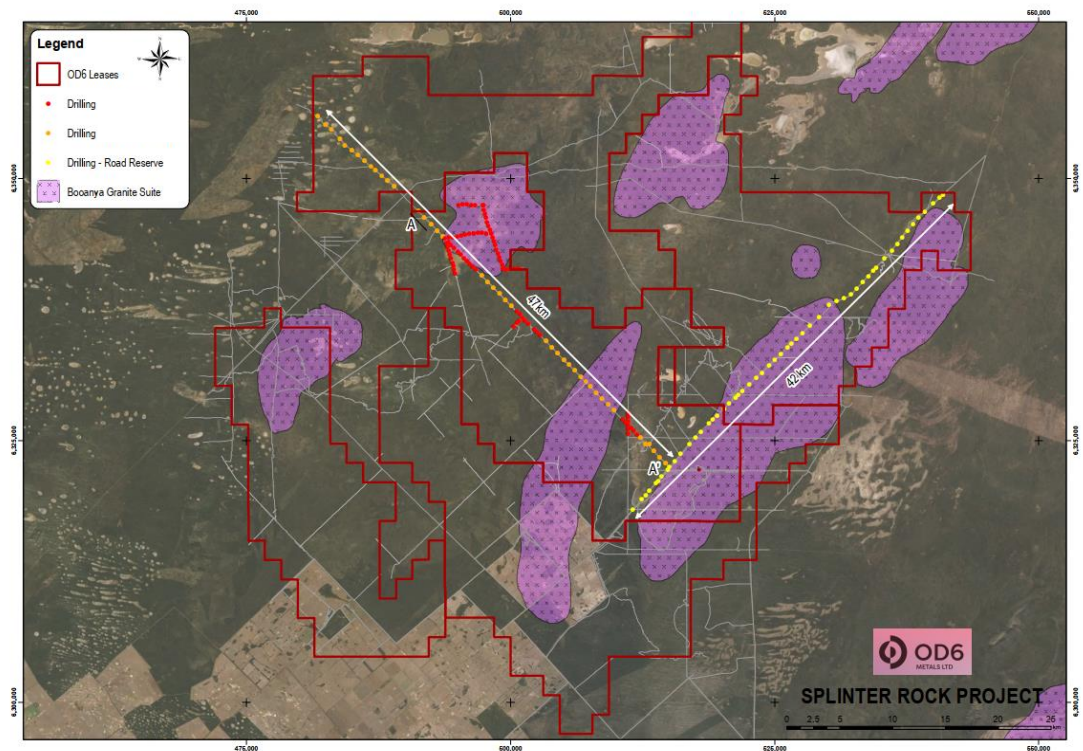
A Reconnaissance Flora and Basic Fauna Assessment Report was received, which assessed the results of the desktop and field survey with regards to the native vegetation clearing principles listed under Schedule 5 of the EP Act (Table 4-8). The assessment found that the proposed vegetation clearing activities are unlikely to be at variance with any of the clearing principles

Awarded Drilling Contract

OD6 has awarded contracts for the aforementioned work at the Splinter Rock Project, with drilling scheduled to commence on site in early August. The initial program is anticipated to take between 3 to 5 weeks, with samples to be batched and sent for assay at a Perth laboratory.

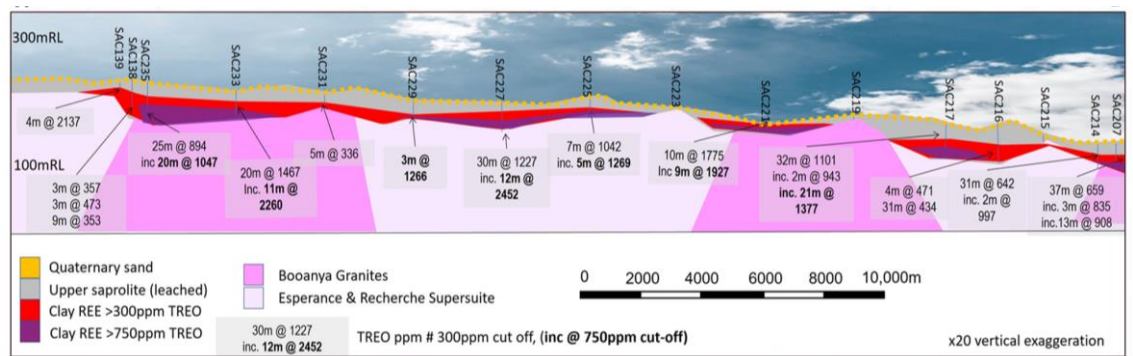
Completed 110km of track upgrades

In conjunction with its local earthworks contractor, OD6 has completed all required exploration track upgrades and drill pad activity ahead of the upcoming maiden drill campaign at the Splinter Rock Project. Works span two existing perpendicular tracks and several branch drill-lines. The NW track was previously utilised for the historical drilling program, which identified considerable clay-hosted REE mineralisation in the area. The second track, being a Shire of Esperance road, has not yet been tested with drilling, yet transects across potential clay zones related to the REE bearing granites (shown in pink, below). These are currently interpreted to be the potential source of REE in the district. The Shire of Esperance has provided approval for drilling to be undertaken within the road reserve.



Planned 192 hole drill program at Splinter Rock

The 192 hole air core drill program has been partially based on infill drilling between the historic holes in the area (shown on the map above and in cross section below). Drill spacing is planned for 200, 400 and 800m intervals and to a depth of between 5 and 50m. The prospective horizon is the basal saprolite zone where REEs accumulate in clays. A total of 6,500 to 7,000m of drilling is expected.



(see Prospectus announced 20 June 2022)

Aerial Survey to commence in Q4

A Tempest Airborne Electromagnetic over both the Splinter Rock and Grass Patch Projects has been approved by the Board. Contract details are being finalised with works expected to commence in October this year. This survey is a significant investment to identify thick clays across the tenements and provide prioritised target generation for drilling over the next 6 to 18 months.

Metallurgical Program Planning Commenced

Initial metallurgical programs have been discussed with a number of service providers and industry experts, with works to commence once sample material and assay results have been received from the current drill program at Splinter rock. The important geo-metallurgical link to characterise the minerals that host the REEs, plus understanding the current and emerging processing techniques will be a key centre piece of the works.

Localised Exploration Manager

The Company advises that Exploration Manager, Tim Jones, has relocated to Esperance and has commenced working in the local community with suppliers and contractors. OD6 sees this as an important engagement step in anticipation of upcoming exploration activities at the Splinter Rock and Grass Patch Projects.

Corporate

IPO and ASX listing

Trading in OD6 commenced on 22 June 2022 following a successful IPO, which raised the maximum targeted subscription amount of A\$8 million in new funds (before costs).

Cash Holdings

The Company has A\$8.35M million of cash on hand as at 30 June 2022

Securities on Issue

Fully Paid Ordinary Shares	Performance rights	OPTIONS
102,450,745	2,500,000	30,200,371

Fully paid ordinary shares include 47,435,249 shares escrowed until 22 June 2024 and 5,675,000 shares escrowed until 3 January 2023.

The 2,500,000 Performance Rights on issue are classified as restricted securities by the ASX and are to be held in escrow until 22 June 2024.

Options on issue comprise:

- 22,050,371 Founder Options exercisable at A\$0.30 on or before 31 October 2025.
- 3,850,000 Incentive Options exercisable at A\$0.30 on or before 31 March 2026.
- 300,000 Contractor Options exercisable at A\$0.30 on or before 13 April 2025.
- 1,500,000 Performance Options exercisable at A\$0.50 on or before 31 March 2026.
- 2,500,000 Lead Manager Options exercisable at A\$0.30 on or before 20 June 2025.

As at 30 June 2022 none of the performance milestones of the Performance Rights had been met, nor had any shares been issued on conversion of Performance Rights.

A summary of the performance milestones is outlined below:

CLASS	NUMBER	MILESTONE	EXPIRY DATE
A	1,000,000	The Company announcing to ASX a JORC Code compliant inferred (or greater) Mineral Resource (as defined in the JORC Code) of not less than 250,000,000 tonnes (of which at least 100,000,000 tonnes must be an indicated Mineral Resource), grading a minimum of 800 ppm total rare earth oxides (TREO).	22 June 2024
B	1,500,000	Upon completion of a scoping study on a Project (prepared in accordance with the guidelines prescribed by the JORC Code and independently verified by an independent competent person under the JORC Code) that demonstrates an internal rate of return (IRR) of more than 20%.	22 June 2025

Borrowings

The Company has no outstanding loan balance with Odette Geoscience Pty Ltd as at 30 June 2022, with full repayments made during the period. There are no other borrowings

Expenditure

Comparison to IPO Prospectus

In accordance with Listing Rule 5.3.4, as the June 2022 quarter was in a period covered by a "Use of Funds" statement in the IPO Prospectus, below is a comparison of the Company's actual expenditure to 30 June 2022 compared with the "Use of Funds" statement.

Table 1:
Use of Funds
under Prospectus

USE OF FUNDS UNDER PROSPECTUS DATED 10 MAY 2022	EXPENDITURE ALLOCATED UNDER PROSPECTUS - 2 YEAR PERIOD (A\$'000)	ACTUAL EXPENDITURE TO DATE 30 JUNE 2022 (A\$'000) ¹
Exploration on the Splinter Rock Project	5,802	253
Exploration on the Grass Rock Project	1,510	74
Expenses of the Offer	528	256
General working capital ²	1,432	352 ²
Totals	9.272	915

1. The Company incurred cash outflows before 1 April 2022 which have been added to this table to more accurately reflect the use of funds in relation to the IPO Prospectus. The Company notes that as at 30 June 2022 there are no material variances in the used funds to the Use of Funds statement in the IPO Prospectus
2. General working capital includes A\$165K of property plant and equipment purchases.

**Exploration
Expenditure**

Exploration and Evaluation expenditure during the quarter was A\$327k. Expenditure included exploration license fees, site visits, approvals, heritage surveys, track upgrades, drilling preparations and geological investigation.

**Related Party
Transactions**

During the quarter ended 30 June 2022, payments to related parties amounted to A86k, comprising Managing Director fees and consulting fees to GeoSpy Pty Ltd, which is an entity controlled by Darren Holden. Since the ASX listing on 22 June 2022, the consulting agreement with GeoSpy Pty Ltd has ceased

Mineral Interests

Mining Tenements

Table 2:
Schedule of
Exploration
Licenses (EL) held
end of June 2022
Quarter

PROJECT	EL NO.	HOLDER	STATUS	GRANTED	OWNERSHIP
Splinter Rock	E 63/2115	Odette Six Pty Ltd	Granted	4 Feb 22	100%
Splinter Rock	E 69/3904	Odette Six Pty Ltd	Granted	15 Feb 22	100%
Splinter Rock	E 69/3905	Odette Six Pty Ltd	Granted	15 Feb 22	100%
Splinter Rock	E 69/3907	Odette Six Pty Ltd	Granted	14 Feb 22	100%
Splinter Rock	E 69/3893	Odette Six Pty Ltd	Granted	20 Jan 22	100%
Splinter Rock	E 69/3894	Odette Six Pty Ltd	Granted	20 Jan 22	100%
Grass Patch	E 63/2185	Grass Patch Metals Pty Ltd	Granted	1 Mar 22	100%
Grass Patch	E 63/2151	Grass Patch Metals Pty Ltd	Granted	2 Dec 21	100%
Grass Patch	E 63/2152	Grass Patch Metals Pty Ltd	Granted	3 Dec 21	100%
Grass Patch	E 63/2154	Grass Patch Metals Pty Ltd	Granted	6 Dec 21	100%
Grass Patch	E 63/2153	Grass Patch Metals Pty Ltd	Application	-	100%
Grass Patch	E 74/693	Grass Patch Metals Pty Ltd	Application	-	100%

This announcement has been authorised for release by the Board of OD6 Metals Ltd

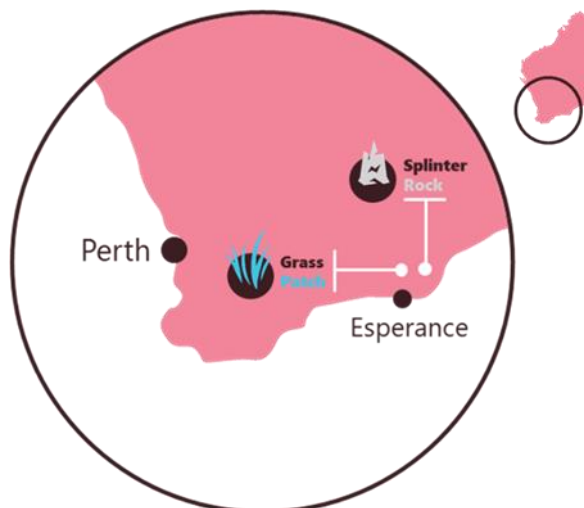
The information in this announcement that references previously reported exploration results is extracted from the Company's Prospectus dated 10 May 2022 (**Prospectus**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

About OD6 Metals

OD6 Metals is an Australian public company with a purpose to pursue exploration and development opportunities within the resources sector. The Company holds a 100% interest in the Splinter Rock Project and Grass Patch Project, which are in the Goldfields-Esperance region of Western Australia, about 30 to 150km north of the major port and town of Esperance.

The projects are considered prospective for clay-hosted rare earth elements (REEs), with the Company's aim of delineating and defining economic resources and reserves to develop into a future revenue generating operational mine. Clay REE deposits are currently economically extracted in China, which is the dominant world producer of REEs.

Rare earth elements (in particular, Nd and Pr), are becoming increasingly important in the global economy, with uses including advanced electronics, permanent magnets in electric motors and electricity generators (such as wind turbines) and battery technologies.



Corporate Directory

Managing Director	Mr Brett Hazelden
Non-Executive Chairman	Dr Darren Holden
Non-Executive Director	Mr Piers Lewis
Non-Executive Director	Dr Mitch Loan
Financial Controller/ Joint Company Secretary	Mr Troy Cavanagh
Joint Company Secretary	Mr Joel Ives
Exploration Manager	Tim Jones

Contact

OD6 Metals Ltd

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Appendix 5B

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

Name of entity

OD6 METALS LIMITED

ABN

34 654 839 602

Quarter ended ("current quarter")

30 JUNE 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(34)	(34)
	(e) administration and corporate costs	(356)	(426)
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	(390)	(460)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(3)
	(c) property, plant and equipment	(165)	(165)
	(d) exploration & evaluation	(236)	(491)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(401)	(659)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,000	9,880
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	(74)	(99)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(29)	(305)
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	7,897	9,476

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,251	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(390)	(460)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(401)	(659)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,897	9,476

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,357	8,357

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	8,357	8,357
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)	8,357	8,357

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	34
6.2	Aggregate amount of payments to related parties and their associates included in item 2	52
<i>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.</i>		

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. 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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(390)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(236)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(626)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,357
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,357
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	13
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 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?	
Answer:	
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?	
Answer:	

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

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?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 26 July 2022

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

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.