



26 July 2018

## **ASX Announcement**

Manager of Company Announcements  
ASX Limited  
Level 40, Central Park  
152-158 St George's Terrace  
PERTH WA 6000

*By E-Lodgement*

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## **QUARTERLY REPORT Period Ended 30 June 2018**

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The Board of EHR Resources Limited (**EHR** or **the Company**) (ASX: EHR) provides the following commentary and Appendix 5B for the Quarter ended 30 June 2018.

### **La Victoria Exploration Update**

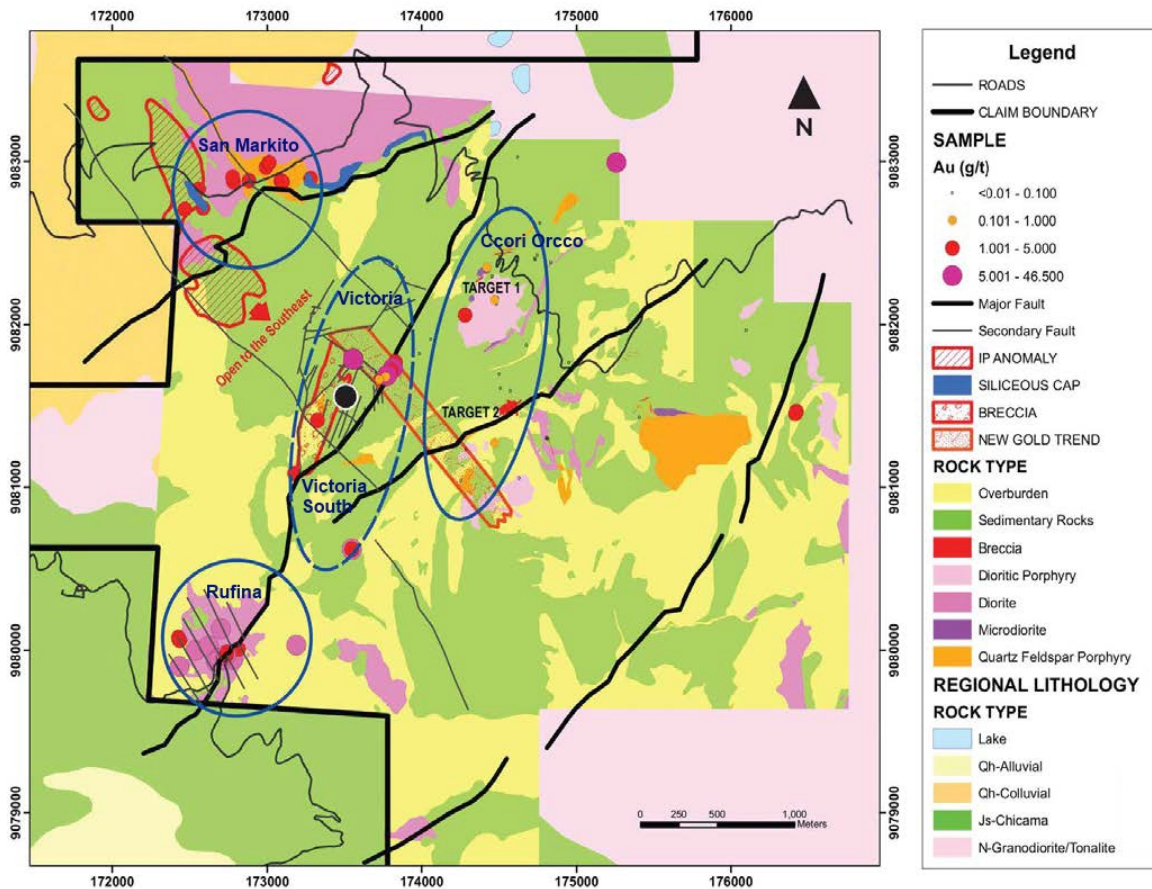
EHR is currently earning up to a 25% interest in the La Victoria Gold-Silver Project (**Project**) in northern Peru through a two-stage farm-in agreement with its joint venture partner, Eoro Resources Limited (**Eoro**), which was signed in March 2017. In December 2017, EHR completed the first stage of the farm-in by contributing CA\$2 million to exploration, and as a result earned an initial 10% interest in the Project. EHR is entitled to earn an additional 15% interest in the Project by spending a further CA\$3 million on exploration.

In March 2018, Eoro and EHR restructured their arrangements for the Stage 2 Earn-in Period by separating Stage 2 into two components, Stage 2A and Stage 2B (refer ASX Announcement lodged 2 March 2018). Under these restructured arrangements, EHR has committed in Stage 2A to spend CA\$1.6m on exploration to earn an additional 8% interest in the Project. Following completion of Stage 2A, EHR may elect to proceed with Stage 2B, whereby EHR may earn a further 7% interest in the Project by spending an additional CA\$1.4million on exploration by December 31, 2018 ( subject to extension if modification permits are delayed).

At the end of the Quarter, EHR had contributed CA\$1.27 million to exploration in Stage 2A, and is expected to complete Stage 2A in the next quarter at which time it will have earned an 18% interest in the project.

During the Quarter, the primary focus of exploration at La Victoria has been on the Rufina target (refer Figure 1) where a diamond drilling campaign of up to 2000 meters is nearing completion. The final drill permit for Rufina was issued early in June, and drilling commenced shortly thereafter. To date, three diamond drill holes have been completed at Rufina to test a new core silicified zone which was identified during an initial drilling campaign undertaken late last year, and the results from this campaign are pending.

The San Markito target, which is located 2.7 km north of Rufina (refer Figure 1) remains the primary target for the Project. The permitting process for San Markito is well advanced and the intention is to drill test San Markito in the next quarter with a 2000 meter diamond drill program. This drilling will be undertaken over the extensive silver-gold mineralisation that exists within intrusive diorite and Chimu Formation sandstones. This mineralisation is considered to be extensive and occurs over a width of 500+ meters and a strike length of at least 2.5 kilometers. Further geological mapping and sampling over this target zone is also under way.



**Figure 1:** Geological map of La Victoria showing the Mineralised target zones including Rufina and San Markito zones.

## Corporate

At the end of the Quarter, the Company had cash reserves of approximately \$3.84 million.

During the Quarter, EHR completed a Placement to sophisticated and professional investors (**Placement**). The Company issued 21,111,111 fully paid ordinary shares at a price of \$0.09 per share to raise \$1.9 million (before costs). The shares were issued in two tranches with 19,500,000 shares issued on 18 April 2018 to raise \$1,755,000. On 15 June 2018, a further 1,611,111 fully paid ordinary shares were issued to raise an additional \$145,000, being the remaining placement shares taken up by the Board of EHR as approved by shareholders at a General Meeting held 12 June 2018.



Funds raised under the Placement are primarily intended to be used to meet EHR's expenditure commitments in relation to the Stage 2A and Stage 2B farm-in arrangements at La Victoria. In addition, the funds will be used to strengthen the Company's balance sheet, and for working capital.

On 18 June 2018, the Company requested a suspension from official quotation to allow the Company to prepare and lodge a cleansing prospectus and make an application to the Federal Court of Australia seeking declaratory relief and ancillary orders relating to prior trading in certain shares while those shares remained subject to secondary trading restrictions under the Corporations Act 2001 (Cth). The Company obtained the orders sought at the Federal Court of Australia hearing held on 28 June 2018, and recommenced trading on ASX on 28 June 2018.

### **About EHR Resources Limited**

EHR is a mineral resources company which holds a 10% interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru, and currently is earning a further 15% interest in the Project. The La Victoria Gold/Silver Project, owned and operated by Eoro Resources Limited (TSX-V: ELO), covers 89 square kilometres and is within 50 km of several large, low-cost producing gold mines including Yanacocha (Newmont Mining), La Arena (Tahoe Resources) and Laguna Norte (Barrick Gold). Infrastructure in the area is good with access to road, water, and electricity and the project is located at an altitude that ranges from 3,100m to 4,200m above sea level.

### **Caution regarding Forward Looking Information**

*This document contains forward looking statements concerning EHR Resources Limited. Forward Looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements in this document are based on EHR's beliefs, opinions and estimates of the Project as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions or estimates should change or to reflect other future developments.*

For and on behalf of the Board,

Stephen Dennis  
Chairman



The following table sets out the information as required by ASX Listing Rule 5.3.3 namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

| <b>Agreement</b> | <b>Project/Permit</b> | <b>Location</b> | <b>Area</b>        | <b>Holder</b>           | <b>Beneficial %</b> |
|------------------|-----------------------|-----------------|--------------------|-------------------------|---------------------|
| Farm-in          | La Victoria Project   | Peru            | ~80km <sup>2</sup> | Eloro Resources Limited | 10%                 |

## 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

EHR Resources Limited

### ABN

33 160 017 390

### Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|---|----------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                            |  |
| 1.1 Receipts from customers                               | -                          | -                                      |
| 1.2 Payments for  |                            |  |
| (a) exploration & evaluation                              | (1,000)                    | (3,586)                                |
| (b) development   | -                          | -                                      |
| (c) production  | -                          | -                                      |
| (d) staff costs   | -                          | -                                      |
| (e) administration and corporate costs                    | (163)                      | (765)                                  |
| 1.3 Dividends received (see note 3)                       | -                          | -                                      |
| 1.4 Interest received                                     | 8                          | 70                                     |
| 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>(1,155)</b>             | <b>(4,281)</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                              | -                          | -                                      |

+ See chapter 19 for defined terms

| <b>Consolidated statement of cash flows</b>                     |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 2.2   | Proceeds from the disposal of:                        |                                    |   |
|   | (a) property, plant and equipment                     | -                                  | -   |
|   | (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   | Other (provide details if material)                   | -                                  | -   |
| <b>2.6</b>  | <b>Net cash from / (used in) investing activities</b> | <b>-</b>                           | <b>-</b>  |
| Explanation necessary for an understanding of the transactions. |   |                                    |   |

|             |   |              |              |
|-------------|---|--------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |              |              |
| 3.1         | Proceeds from issues of shares  | 1,900        | 2,376        |
| 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 | (150)        | (340)        |
| 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 (proceeds from unissued shares)                                       | -            | -            |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>1,750</b> | <b>2,036</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                             | 3,252   | 6,094   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (1,155) | (4,281) |
| 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)             | 1,750   | 2,036   |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 4.5   | Effect of movement in exchange rates on cash held | (7)                                | (9)   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b> | <b>3,840</b>                       | <b>3,840</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 3,840                              | 3,252                               |
| 5.2        | Call deposits   | -                                  | -                                   |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>3,840</b>                       | <b>3,252</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<br/>\$A'000</b> |
|------------------------------------|
| (34)                               |
| -                                  |

Explanation necessary for an understanding of the transactions

- 6.1 Company secretarial and financial management fees paid to a Director related entity \$33,600

**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<br/>\$A'000</b> |
|------------------------------------|
| -                                  |
| -                                  |

Explanation necessary for an understanding of the transactions

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

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | -   | -  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 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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|  |
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| <b>9. Estimated cash outflows for next quarter</b>   | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation   | (340)          |
| 9.2 Development  | -              |
| 9.3 Production   | -              |
| 9.4 Staff costs  | -              |
| 9.5 Administration and corporate costs   | (180)          |
| 9.6 Other (provide details if material)  | -              |
| <b>9.7 Total estimated cash outflows</b>   | <b>(520)</b>   |
| 9.1 Exploration payments to Eoro for Stage 2A earn-in. During the quarter, modification permits for the Mining Concessions were delayed. In accordance with the Earn-in Agreement between EHX and Eoro, any delay of permits for Stage 2A and Stage 2B will result in the Termination Date being automatically extended to accommodate such delay. Stage 2A is expected to be completed in the next quarter. |                |

| <b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | <b>Tenement reference and location</b> | <b>Nature of interest</b> | <b>Interest at beginning of quarter</b> | <b>Interest at end of quarter</b> |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | N/A                                    |                           |   |                                   |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           | N/A                                    |                           |   |                                   |



**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: 26 July 2018

Print name:     Sarah Smith

**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.