



26 April 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 31 March 2018**

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The Board of EHR Resources Limited (**EHX** or **the Company**) (ASX: EHX) provides the following commentary and Appendix 5B for the Quarter ended 31 March 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.

During the Quarter, Eoro and EHR agreed to restructure the arrangements for the Stage 2 Earn-in Period by splitting Stage 2 into two components, Stage 2A and Stage 2B (*Refer ASX Announcement lodged 2 March 2018*). This was done with the objective of aligning the planned Stage 2 drilling program to the revised timetable for securing drilling and local community permits which are prerequisites to proceeding with an exploratory drilling program in Peru.

Under these restructured arrangements, in Stage 2A EHR will acquire an additional 8% interest of La Victoria by incurring exploration expenditure of CA\$1.6 million on or before June 30, 2018, subject to extension if modification drilling permits are delayed. Following the completion of Stage 2A, EHR will have ten business days to notify Eoro if it intends to exercise the option to proceed with the Stage 2B Earn-in phase, whereby EHR may earn a further 7% interest in the Project by expending an additional CA\$1.4 million on exploration on or before December 31, 2018, subject to extension if modification permits are delayed.

At the end of either Stage 2A or Stage 2B, a joint venture will be formed between Eoro and EHR on the basis of their respective interests in La Victoria and on typical terms for a joint venture of this nature, with Eoro being the project operator.



Stage	Earn-in Interest	Earn-in Period	Earn-in Amount (CAD\$)
Stage 1 <sup>(i)</sup>	10%	30 March 2017 – 31 December 2017	CAD \$2 million
Stage 2A <sup>(ii)</sup>	8%	On or before 30 June 2018	CAD \$1.6 million
Stage 2B <sup>(ii)</sup>	7%	On or before 31 December 2018	CAD \$1.4 million

(i) In December 2017, the Company completed the required to earn a 10% interest in the Project.

(ii) These dates may be extended in certain circumstances

During the Quarter, Eloro and EHR announced the drilling results of the first reconnaissance drilling program which was undertaken within the Rufina Target Zone at La Victoria, with this drilling intersecting a significant gold-bearing epithermal system of approximately 350 meters width (Refer ASX Announcement lodged 17 January 2018).

The joint venture parties are encouraged by these results, and Eloro and EHR are now intending to proceed with a 4,500 meter diamond drilling program which will test priority targets at San Markito and Victoria/Victoria South, and further test Rufina mineralization in the Candelario Sector (Figure 1). It is also noted that the permitting process to move drill platforms to San Markito, Victoria/Victoria South, and Rufina is underway, with approval expected in May 2018.

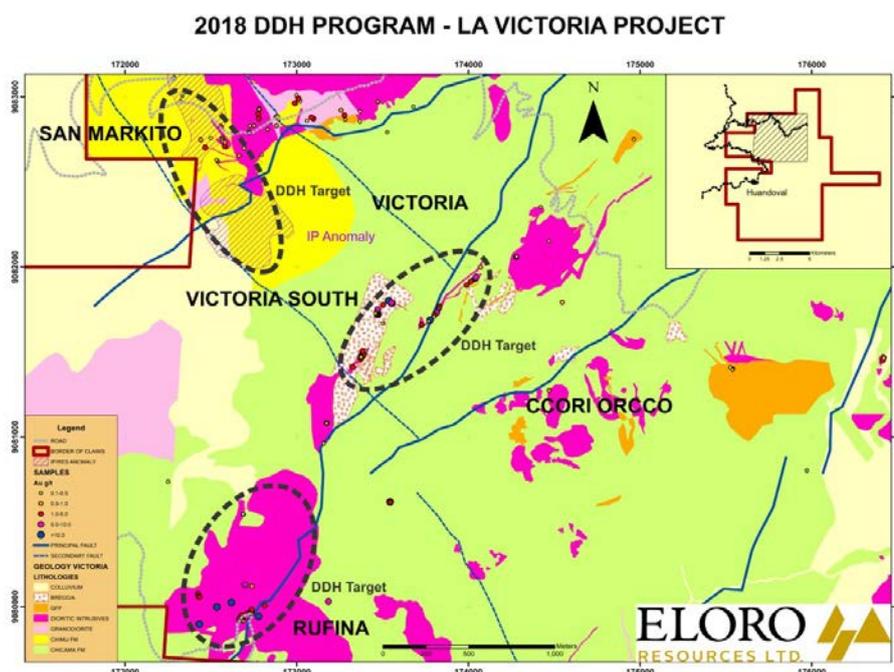


Figure 1: Location of drilling targets at La Victoria

### Corporate

At the end of the Quarter, the Company had cash reserves of approximately \$3.25 million.

Subsequent to the March 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 \$1,900,000 (before costs). Funds raised under the Placement are primarily intended to be used to meet the 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.

Following the Placement, the Company has cash reserves of approximately \$5.065 million as at 26 April 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>	Eoro 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")**

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(319)	(2,586)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(114)	(602)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	62
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Settlement Costs	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(421)</b>	<b>(3,126)</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

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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>	-	-
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	-	476
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	-	(190)
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>286</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	3,675	6,094
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(421)	(3,126)
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)	-	286

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,252</b>	<b>3,252</b>

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	3,252	3,675
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,252</b>	<b>3,675</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

Current quarter \$A'000
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(56)

-

## Explanation necessary for an understanding of the transactions

- |     |   |          |
|-----|---|----------|
| 6.1 | Director and consulting fees paid to Directors and/or Director related entities     | \$39,006 |
|     | Company secretarial and financial management fees paid to a Director related entity | \$16,800 |

**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

Current quarter \$A'000
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## Explanation necessary for an understanding of the transactions

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

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	1,900	-
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.		

In April 2018 (Q4), EHX received applications for 21,111,111 fully paid ordinary shares in the Company at a price of \$0.09 per Share (**Placement Shares**) to raise approximately A\$1.90 million (before costs) through a placement to sophisticated and professional investors (**Placement**) as announced on 11 April 2018.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	(1,286)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(140)
9.6 Other (provide details if material)	(114)
<b>9.7 Total estimated cash outflows</b>	<b>(1,540)</b>
9.6 Share issue costs in relation to the Placement as announced on 11 April 2018.	

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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 April 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.