



25 January 2017

## **Quarterly Activities Report Period Ended 31 December 2016**

- **High grade copper continued to be intersected at Rockface in the Jervois Project**
- **More new zones located by advanced cost effective DHEM survey technology**
- **Additional \$2.1M R & D Tax Incentive refund helps finance exploration**
- **Land access agreement reached and aboriginal heritage certificate received**
- **Base metal and gold potential at Yambah confirmed**

### **Overview**

During the quarter, KGL Resources Limited (ASX:KGL) (KGL or the Company) discovered further high grade copper at the Rockface prospect at the 100% owned Jervois Copper-Silver-Gold Project in the Northern Territory.

The continuing good exploration outcomes underlined the success of the Company's cost effective mode of operation - Down Hole Electromagnetic (DHEM) surveys leading to targeted drilling to discover high grade copper and other metals.

The Company is aiming to increase and upgrade the Jervois Resource to one of the world's lowest cost rankings before committing to development.

Increasing the Company's available funds, an additional \$2.1 million received during the quarter brought to more than \$3 million paid to KGL since last August under the Australian Government's R & D Tax Incentive refund scheme, recognising KGL's innovative metallurgical and related work.

## **Jervois Copper-Silver-Gold Project, Northern Territory (KGL 100%)**

During the quarter, the Company announced the results of two holes designed and drilled at Rockface to target the recently identified Conductor 6 (hole KJCD198) and to understand the edge of DHEM Conductors 3 and 5 (KJCD199). A further two holes (KJCD201 and 203) were drilled and partly reported, the assaying and DHEM survey process being still under way. KJCD201 was drilled to specifically target Conductor 3 and 5 at depth. KJCD203 was drilled to test previously untested Conductors 2 and 4 as well as fill in a 105m gap in Conductor 3 (Holes KJCD200 and 202 were abandoned at very early stages due to excessive deviation).

Targeting Conductor 6, hole KJCD198 included in assay results:

5.95m @ 4.94% Cu, 0.16% Zn, 25.9g/t Ag, 0.45g/t Au from 449.85 m

Hole KJCD199 intersected a broad zone of moderate to strong alteration with minor mineralisation from 550m to 620m, comprising mostly pyrite with a minor chalcopyrite.

DHEM surveying of holes KJCD198 and KJCD199 resulted in conductor zones being increased by 20% and created a much larger area to target future drilling programs.

Hole KJCD201 encountered strong copper mineralisation while targeting DHEM conductors approximately 110m below hole KJCD197 which last August intersected a broad zone of high grade mineralisation assaying 37.6m @ 5.98% Cu, 27.9g/t Ag and 0.6g/t Au from 535.4m.

KJCD201 intersected a zone of significant mineralisation associated with Conductors 3 and 5. A zone of strong mineralisation from 645.65m to 655.7m is enveloped by a broader zone of weak mineralisation. A hanging-wall halo has been observed from 642.6m to 645.65m and a footwall hale from 655.7m to 658.3m. A DHEM survey of KJCD201 was conducted to assist in targeting additional drilling into the highest grade mineralisation.

Hole KJCD201 also intersected a zone of weak mineralisation from 541m to 545.5m along strike from the recently discovered Conductor 7. The DHEM survey of KJCD201 should also further refine the size and location of Conductor 7 which is currently modelled to be the second largest conductor at Rockface and has yet to be drill tested.

The second hole, KJCD203, intersected strong copper mineralisation between two previous high-grade copper intersections. It was targeting DHEM Conductors 2, 3 and 4 in a 105m zone that separates holes KJCD183 (which assayed 16m @ 3.34% Cu) and KJCD195 (which assayed 10.5m @ 8.76% Cu). Between the two previous holes, KJCD203 encountered a broad mineralised zone of 54.9m that includes more than 24m (435.60m to 459.80m) of strong copper mineralisation.

Hole KJCD203 has also confirmed the continuity of the large Conductor 3 anomaly that has a vertical extent of approximately 350m.

A DHEM survey of KJCD203 will assist in targeting additional drilling into the highest grade mineralisation. The survey should further refine the size and location of the conductors intersected in and adjacent to this hole.

### **R & D Tax incentive refund**

During the quarter, the Company received a further R & D Tax Incentive refund of \$2.1 million. This brought the total recent R & D Incentive refunds to \$3 million following receipt of \$922,305 last August.

The refunds, under an Australian Government program that reimburses part of eligible research and development expenditure, acknowledge innovative metallurgical and related work undertaken at Jervois.

The refunds are providing KGL with cash to fund the Company's carefully targeted exploration activity well into 2017.

### **Land Access and Aboriginal Heritage**

KGL through its subsidiaries Jinka Minerals Ltd and Kentor Minerals (NT) Pty Ltd, has concluded negotiations with the traditional land owners at Jervois and the Central Land Council and entered into an Indigenous Land Use Agreement (ILUA) to allow the project to proceed. The ILUA is currently with the National Native Title Tribunal where, as part of the registration process, it has been accepted for notification and, in the absence of objection, will be registered after 1 May 2017.

An Authority Certificate from the Aboriginal Areas Protection Authority in the Northern Territory has also been issued confirming no aboriginal heritage matters would impact upon the project.

KGL looks forward to continuing to build its relationship with the traditional land owners and their representatives as the project proceeds.

## Yambah exploration licences, Northern Territory (KGL 100%)

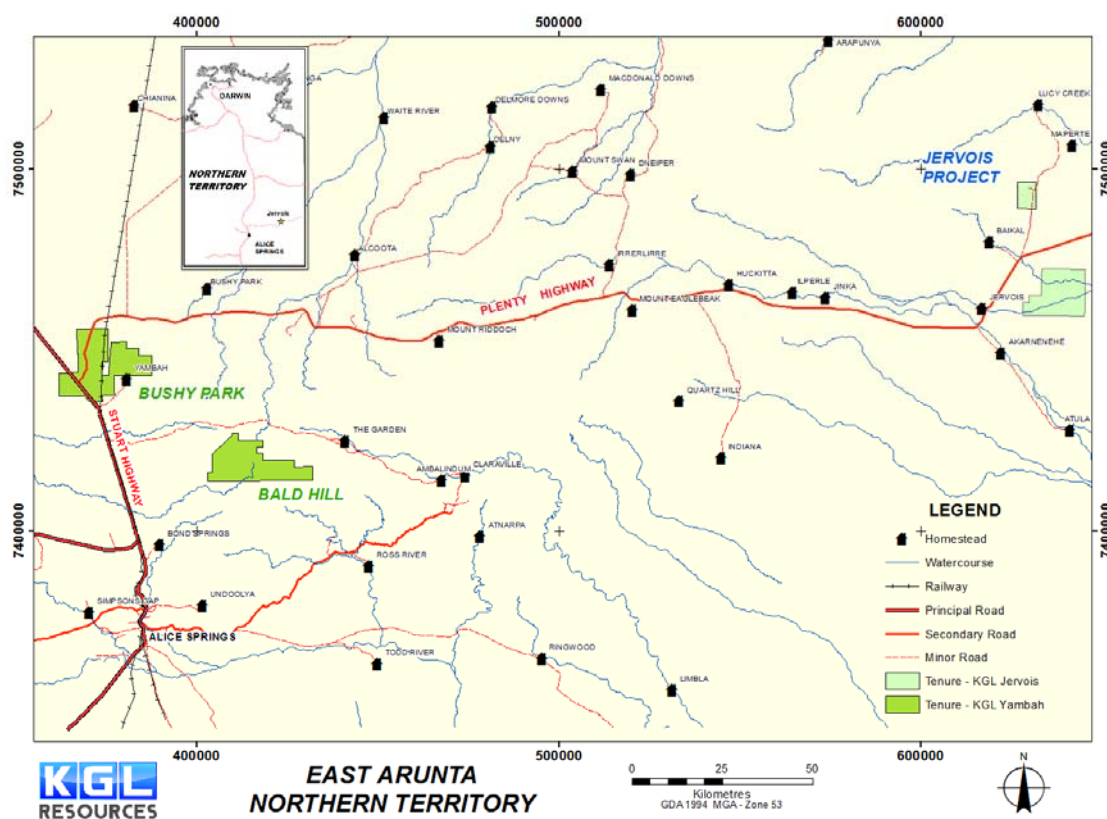


Figure 1 Location plan of Jervois and Yambah

Rock chip and soil sampling completed during the quarter confirmed the base metal and gold potential at Yambah.

KGL acquired the EL28271 (Bald Hill) and EL28340 (Bushy Park) exploration licences at Yambah, 60km north and northeast of Alice Springs, in 2015 because of the similarity of the style and age of the mineralisation to Jervois. The latest sampling was conducted on EL28271 at the Dawn and Emily prospects discovered by KGL's initial exploration in 2015 (KGL reported encouraging sampling results in November 2015 - there was no historic sampling or drilling reported at either prospect).

At the Emily prospect, a peak result of 22.2% Cu, 4.01% Zn and 1.05g/t Au was included in samples taken along a mineralised ridge that coincides with a prominent east northeast trending aeromagnetic lineament that extends for 7.5km to the tenement boundary. A single soil sample traverse across the ridge generated a coincident gold and copper anomaly with a peak value of 283ppm Cu in a background of <20ppm Cu.

Best results at the Dawn prospect were 0.56% Cu, 0.38% Zn, 0.43% Pb and 4.0g/t Ag, the mineralisation being at the western end of an east-west trending aeromagnetic ridge that extends east for 12km to the tenement boundary. A traverse of soil samples across the ridge gave best results of 35.4ppb Au, 0.23g/t Ag, 1607ppm Cu, 297ppm Zn and 702ppm Bi.

Dawn and Emily are interpreted as being on the same mineralised trend that has been offset by a northeast trending fault just west of the Dawn prospect. The aeromagnetic lineament has a total strike length of 26km within the tenement and has not been targeted by previous exploration.

The style of mineralisation at the Dawn and Emily prospects has similarities to other base metal prospects within the Strangways Metamorphic Complex of the Arunta Region. Although the metamorphic conditions differ, there are also similarities to the Reward prospect at the Jervois project.

Planned exploration at Dawn and Emily will include prospecting, mapping and rock chip sampling along the trend to test the full strike extent of the aeromagnetic anomaly coincident with the mineralisation. Additional sampling is also planned at the Gecko, Rankins and Turners prospects on EL28271.

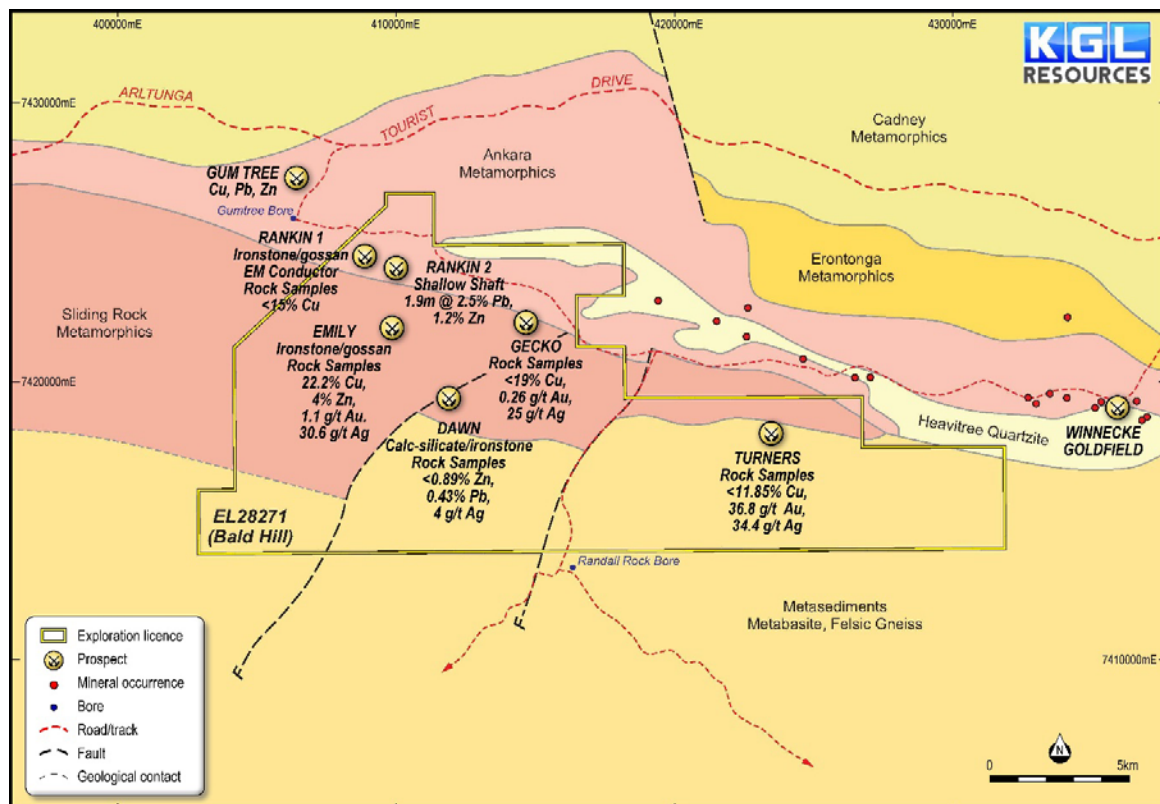


Figure 2: Yambah EL28271 (Bald Hill) location plan with prospects and sampling results

## Outlook

The assay results of the two holes drilled at Rockface during the December quarter are expected to be available for announcement shortly. Results of DHEM surveys of both holes are

also expected to become available, providing more information on mineralised zones and guidance for further drilling at Rockface where the major focus is being maintained.

Planning will also continue for the drilling of conductors identified by previous DHEM surveying at the Reward prospect, the location of the largest currently known indicated and inferred mineral resources at Jervois.

### For further information, contact:

Ms Kylie Anderson  
Company Secretary  
Phone: 07 3071 9003

## About KGL Resources

KGL Resources Limited is an Australian mineral exploration company focussed on increasing the high grade resource at the Jervois Copper-Silver-Gold Project in the Northern Territory and developing it into a multi-metal mine.

## Competent Person Statement

The Jervois Exploration data in this report is based on information compiled by Rudy Lennartz, a member of the Australian Institute of Mining and Metallurgy and a full time employee of KGL Resources Limited. Mr. Lennartz has sufficient experience which is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Lennartz has consented to the inclusion of this information in the form and context in which it appears in this report.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table. Results reported under JORC 2004 have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.

Hole	Date originally Reported	JORC Reported Under
KJCD 198	10/11/2016	2012
KJCD 197	19/09/2016	2012
KJCD183	26/04/2016	2012
KJCD195	02/08/2016	2012

## Tenements

Tenement Number	Location	Beneficial Holding
ML 30180	Jervois Project, Northern Territory	100%
ML 30182	Jervois Project, Northern Territory	100%
EL 25429	Jervois Project, Northern Territory	100%
EL 30242	Jervois Project, Northern Territory	100%
E28340	Yambah, Northern Territory	100%
E28271	Yambah, Northern Territory	100%

<b>Mining Tenements Acquired and Disposed during the quarter.*</b>	<b>Location</b>	<b>Beneficial Holding</b>
PL 01/12	Savo Island, Solomon Islands	0%

<b>Tenements subject to farm-in or farm-out agreements</b>	<b>Location</b>	<b>Beneficial Holding</b>

<b>Tenements subject to farm-in or farm-out agreements acquired or disposed of during the quarter</b>	<b>Location</b>	<b>Beneficial Holding</b>
PL 01/12	Savo Island, Solomon Islands	0%



# 1 JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Rock chip samples were taken as traverses across strike and as point source samples of particular rocks and exposures.</li> <li>Soil samples were taken at a 20m or 40m intervals across the strike of the stratigraphic sequence.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>Rock chip sample traverses were conducted by taking a small representative sample at regular intervals across strike for 4-5m to give a bulk sample of ~2kg.</li> <li>Soil samples were taken at a depth of 10-20cm and sieved to -80mesh to give a sample of ~200g.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times,</li> </ul>	<ul style="list-style-type: none"> <li>No QAQC samples were submitted with the rock chip or soil samples analysed.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Data is validated on entry into the Datashed database.</li> <li></li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>All sampling is conducted on the MGA 94 Zone 53 grid using a handheld GPS.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Soil and rock chip sample traverses were taken along and across strike.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples were stored in sealed polyweave bags on site and transported to the laboratory at regular intervals by KGL staff.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>The sampling techniques are regularly reviewed.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The Dawn and Emily prospects are within EL28271 100% owned by Kentor Minerals (NT), a wholly owned subsidiary of KGL Resources.</li> <li></li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Previous exploration has primarily been conducted by BHP, Central Pacific Minerals and Mithril Resources.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>EL28271 lies on the Alice Springs 1: 250 000 map sheet (SF 53-14). The tenement lies within the Aileron Province of the Arunta Region. Outcropping and interpreted basement geology is comprised of the Palaeoproterozoic (1.8–1.7 Ga) Strangways Metamorphic Complex (SMC) and mafic intrusives. The SMC consists of felsic and mafic granulites, orthogneiss, paragneiss, minor calcilicates, iron formations, and granitoids. Retrograde</li> </ul>

Criteria	JORC Code explanation	Commentary
		<p>schists and mylonites are found in high-strain zones formed during the Palaeozoic Alice Springs Orogeny.</p> <ul style="list-style-type: none"> <li>Basemetals prospects with EL28271 have similarities to the Oonagalabi-type Cu-Pb-Zn occurrences. These comprise a number of lenses up to 1000m long of magnesium-rich rocks that are stratabound.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

## 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

KGL Resources

### ABN

52 082 658 080

### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>	-	-
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(766)	(2,911)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(98)	(715)
	(e) administration and corporate costs	(98)	(648)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	63
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	2,051	2,878
1.8	Restructuring costs	-	(328)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>1,099</b>	<b>(1,661)</b>

<b>2.</b>	<b>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	—	—

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$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>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	2,988
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	-	(147)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,841</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	<b>1,462</b>	1,381
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>1,099</b>	<b>(1,661)</b>
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)	-	<b>2,841</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,561</b>	<b>2,561</b>

<b>5. Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	432	146
5.2 Call deposits	2,129	1,316
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,561</b>	<b>1,462</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 \$A'000</b>
30
-

Remuneration and expenses paid to non-executive directors for the quarter.

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

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$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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9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	821
9.2 Development	-
9.3 Production	-
9.4 Staff costs	121
9.5 Administration and corporate costs	98
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,040</b>

10. <b>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	PL 01/12	Subject to Farm-in agreement	75%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**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: .....  ..... Date: ....25 January 2017.....  
(Director/Company secretary)

Print name: Kylie Anderson.....

**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.