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GASCOYNE PROJECT EXPLORATION UPDATE

ANNOUNCEMENT 25 JULY 2014

Audalia Resources Limited (ASX: ACP) is pleased to announce the results from the Gascoyne Project reconnaissance rockchip and trap-site stream sediment sampling programme carried out in June 2014.

An area sampled previously that contained gold anomalies from five river catchments were followed up with more detailed sampling. A total of 25 trapsite stream sediment samples were analysed for bulk cyanide leach gold. Two kilograms of minus 2mm material was collected from the base of loose gravel in dry watercourses. Up to 5.4ppb gold (average of 2 samples, 3.39ppb and 8.16ppb) was obtained in one catchment where the estimated background is 0.3ppb.

Two small catchments with moderately anomalous lead values from last field programme were followed up with more detailed sampling. Twenty eight minus 80 mesh stream sediment samples were analysed for copper, lead and zinc. The highest lead value occurred in sample CW903, which analysed 63ppm Cu, 275ppm Pb and 130ppm Zn. District-scale background is approximately 20ppm Cu, 20ppm Pb and 30ppm Zn.

Fifty two rock chip samples were collected and analysed for gold plus a suite of 15 elements. Anomalous results are listed below.

Sampno	East	North	Cu (ppm)	Pb (ppm)	Zn (ppm)	Au (ppb)	Geology
CW671	362568	7283482	349	419	491		20m x 2m ironstone
CW673	361721	7283971	314		1604		5m x 20cm ironstone
CW676	366976	7283203			1081		ironstone
CW690	377628	7284526			1080		20m x 2m ironstone subcrop
CW697	382014	7284681				25	20m by 30cm ironstone

The sampling has indicated several base metal and gold anomalies that require further field work to follow-up for possible target drilling.

The Gascoyne Project remains prospective for targeting a Broken Hill Sedimentary Exhalative (SEDEX) massive sulphide Pb, Zn and Cu deposit.

A full set of results is attached in Appendix 1.

Authorised by:

Dato Soo Kok Lim Executive Chairman



Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Brent Butler, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Butler is a consultant geologist with 30 years' experience as a geologist. Mr Butler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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' (JORC Code). Mr Butler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition - Table 1

Section 1 - Sampling Techniques and	d Data
Sampling techniques	25 Trapsite Stream Sediment (TSS) 2kg samples collected using -2mm mesh for bulk leach gold. 28 Trapsite Stream sediment 2kg samples using -80 mesh for copper, lead and zinc. 52 rockchip samples collected for gold and 15 additional elements.
Drilling techniques	Not applicable as no drilling has been completed for this work.
Drill sample recovery	Not applicable as no drilling has been completed for this work.
Logging	Not applicable as no drilling has been completed for this work.
Sub-sampling techniques and sample preparation	Not applicable as no drilling has been completed for this work.
Quality of assay data and lab tests	Samples were collected in the field and trnasported directly to Intertek laboratories in Perth for anlaysis. The TSS gold samples were analysed by method CN2000/MS. The base metal samples (Cu, Pb, Zn) were analysed by AR01/MS and the rockchip multiment were analysed by ARU10/MS for Au, Ag, As, Mo, Sn, Ta, W and ARU10/OE for Al, Ba, Ca, Cu, Fe, Mg, Mn, Pb, Zn.
Verification of sampling and assaying	Four duplicates samples were inserted.
Location of data points	Soil sample sites were located with a hand held GPS.
Data spacing and distribution	Samples sites were randomly selected.
Orientation of data in relation to geological structure	Not applicable as no drilling has been completed for this work.
Sample security	Sample security is managed by the Company. The field samples are collecte in 8" by 12" calico bags and tied and then placed into a large plastic bag and tied for transporation directly to the laboratoty. The assay laboratory audits the samples on arrival and reports any discrepany to the Company.
Audits or reviews	No audits or review of the sampling techniques or data has been carried out.



Section 2 - Reporting of Exploration Results											
Mineral tenement and land tenure status	Audalia owns the Gascoyne project 100% that comprises of E09/1568-70 and E09/1824-25. All are in good standing. No security, environmental or legal issues have been noted.										
Exploration done by other parties	BHP (2003-4), ABM Resources (2007) and Altera Resources (2008) explored the area for base metals.										
Geology	The Gascoyne Project lies within the Gascoyne Province which is the deformed and high-grade metamorphic core zone of the early Proterozioc Capricorn Orogen. The province consists of voluminous granitoid intrusions, mantled-gneiss domes, metamorphosed and partly melted sedimentary rocks, and remobilized Archaean basement gneiss. It lies between the Archaean Pilbara Block and Yilgarn Block and tectonic trends within the Gascoyne Province wrap around the margins of these relatively stable cratons.										
Drill hole information	Not applicable as no drilling has been completed for this work.										
Data aggregation methods	Not applicable as no drilling has been completed for this work.										
Relationship between mineralisation widths and intercept lengths	Not applicable as no drilling has been completed for this work.										
Diagrams	Not applicable as no drilling has been completed for this work.										
Balanced reporting	All results have been reported in Appendix One and Appendix Two.										
Other substantive exploration data	No.										
Further work	Further work is planned during August to follow-up on anomalous results.										



Appendix One

Rock chip sample results

Sampno	Eact	North	Au	Au-Rp1	Cu	Pb	Zn	Au	Ag	Al	As	Ba	Ca	Cu	Fe	Mg	Mn	Mo	Pb	Sn	Ta	w	Zn	Comments
	GDA94		ppm	ppm ppm	ppm	ppm	ppm	ppb	ppm	ppm	ppm	ppm	%	ppm	%	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	Comments
	1	1	0.01	0.01	0.2	0.5	1	1	0.05	20	1	2	0.01	1	0.01	0.01	1	0.1	1	0.5	0.05	0.1	1	
			CN2000/MS	CN2000/MS	AR01/MS	AR01/MS	AR01/MS	ARU10/MS			ARU10/MS				ARU10/OE					ARU10/MS			ARU10/OE	
CW671 CW672								<1 <1	<0.05 <0.05	6412 6251	5	296 352	0.13	349 59	45.59 7.14	0.12	3522 615	5.4 2.4	419	<0.5 <0.5	<0.05 <0.05	<0.1 0.5	491 21	Subcropping massive ironstone, 20m by ~2m, trending southeast ~3m by 1m contorted ferruginous quartz pod
	361721							<1	0.15	11684	5	425	0.04	314	>50.00	0.06	5556	3	172	0.6	<0.05	<0.1	1604	Subcropping ironstone, ~5m by 20cm, trending 100°
	361754							<1	<0.05	5248	12	408	0.21	133	42.19	0.29	5571	16	66	0.7	<0.05	5.6	750	~20cm ironstone band, traceable for 30m to west
CW675								<1	< 0.05	8525	4	543	0.08	93	48.53	0.14	4092	2.4	203	<0.5	<0.05	<0.1	567	Subcropping ironstone band, less than 50cm thick
	366977							<1	<0.05	7395	4	1107	0.18	112	>50.00	0.13	6318	4.9	190	<0.5	<0.05	<0.1	1081	Ironstone float
	367458 366422							2 <1	0.2 <0.05	3922 3735	9	318 141	0.09	65 105	5.67 23.89	0.02	471 442	3.1 1.8	149 8	<0.5 2.4	<0.05 <0.05	19.9 0.6	94	Yellow brown ironstained quartz vein 20m long by up to 1m thick , strike115, dip 60°N 12cm thick non-magnetic BIF
	366380							1	0.13	3781	2	739	0.07	94	24.07	0.14	259	1.6	6	2.4	<0.05	3.7	10	Haematitic BIF up to 20cm thick, trending ~260°. 1% boxworks after pyrite
	369977							<1	<0.05	2463	3	74	0.12	17	0.94	0.08	140	0.9	31	0.5	<0.05	0.4	21	Two quartz veins, each 20m by up to 30cm, with 50% tourmaline
	369495							<1	<0.05	6122	2	1185	0.03	7	3.01	0.09	224	0.6	10	1.2	<0.05	2.8	22	20m by ~1m ironstone subcrop trending 210°
CW682								<1	< 0.05	2030	<1	531	0.06	2	33.13	0.02	173	0.2	27	34.4	<0.05	0.4	11	10cm by 1m haematitic BIF? With 80% haematite. Could be xenolith in orthogneiss
	368984							<1	0.05	1879	1	433	0.37	15	16.44	0.06	151	0.8	3	7.7	<0.05	9.5	5	BIF 10m long by up to 15cm thick, trending 285 ⁰
	369262							1	0.1	1686	2	646	0.04	28	24.71	0.02	175	0.7	155	2.2	<0.05	9.7	26	BIF 20m long by up to 50cm thick
	369491							<1	<0.05	1446 2354	6 8	527 177	0.03	6 145	32.55 5.45	0.02	341 150	20.5 9.7	36 30	<0.5 8.3	<0.05 <0.05	31.9 7.7	62 159	Massive haematite associated with subcropping quartz vein 3m poddy ferruginous quartz vein up to 30cm thick
	370998							7	0.23	2061	3	191	0.03	20	19.22	0.03	492	2.2	15	3.8	<0.05	1.4	14	Ferruginous chert subcrop up to ~15cm thick
	377963							<1	< 0.05	5474	4	377	0.07	182	47.1	0.13	5927	2.4	48	<0.5	< 0.05	<0.1	597	Fe Mn float, probably hasn't travelled very far
CW689	377750	7284235						<1	0.05	4261	2	941	0.13	107	47.04	0.18	3625	3.3	63	<0.5	<0.05	0.1	300	Ironstone subcrop, ~60m long by ~2m wide, trending northwest
	377628							<1	< 0.05	3424	4	830	0.14	107	48.2	0.22	9338	5.1	34	<0.5	< 0.05	0.4	1080	2m by 20m ironstone subcrop trending 150°
	377960							<1	0.07	1529	2	153	0.11	204	7.41	0.09	1070	1.6	98	<0.5	<0.05	1.4	94	Folded laminated ferruginous chert, 1m by~12cm thick , 30% haematite bands
	378880 379334				-			3 <1	<0.05 <0.05	9937 14034	7	642 371	0.16	181 462	46.74 26.97	0.11	835 403	4.9 12.7	280 92	0.8	<0.05 <0.05	0.5 6.3	317 101	20m by 2m subcropping ironstone Sm by 50cm ironstone with minor vain quartz, transling 10c ²
	379334							<1	<0.05	15009	2	263	0.12	462 586	39.08	0.1	403 536	3.8	65	0.7	<0.05	0.5	224	5m by 50cm ironstone with minor vein quartz, trending 105' 20m by ~1m ironstone with minor vein quartz
	379063							<1	<0.05	5853	6	101	0.42	85	>50.00	0.03	494	28.2	42	<0.5	<0.05	0.6	40	10m by 30m patchy ironstone subcrop, trending 030°
	379472							<1	<0.05	13989	1	258	0.09	222	30.45	0.06	496	2.2	72	0.6	<0.05	<0.1	136	Ironstone, some with relic foliation, spread over 30m by 10m area
	382014							25	<0.05	14216	6	607	0.08	38	22.17	0.05	147	2.5	24	1.4	<0.05	0.2	15	20m by 30cm ironstone band trending 280°
CW698	382496	7284840						<1	0.09	21320	5	472	0.11	402	40.57	0.09	188	4.1	58	2	< 0.05	0.9	74	Irregular ~1m by 20m ironstone trending 60°
	382390							<1	<0.05	11397	3	138	0.04	364	25.87	0.03	198	2.6	31	0.7	<0.05	<0.1	141	2m by 20m ironstone associated with minor quartz veining, trending 280
		7289984						1	<0.05	9962	2	418	0.43	83	20.82	0.14	8064	4.4	10	1.1	<0.05	2.5	40	8cm by 1m magnetite BIF
	369453 382420							1 <1	<0.05 <0.05	10010 12790	2 5	447 115	1.31 0.15	57 239	17.1 40.69	0.15 0.11	4681 407	0.8 1.7	5 21	0.9 1.5	<0.05 <0.05	1.7	45 220	
	382392							<1	<0.05	16915	2	395	0.15	20	26.37	0.03	154	0.4	20	2.9	<0.05	<0.1	11	
	383455							1	<0.05	12844	2	530	0.07	172	28.92	0.04	289	1.7	125	1	<0.05	1	391	
CW859								<1	< 0.05	6641	2	308	0.03	113	18.72	0.02	599	1.6	45	1.3	<0.05	0.4	186	
CW860								<1	<0.05	14050	2	73	0.12	236	42.86	0.12	226	12.7	139	<0.5	<0.05	0.2	141	
	375813							<1	<0.05	8695	11	155	0.03	114	19.32	0.02	534	3.6	78	<0.5	<0.05	<0.1	228	Fe Mn stained quartz vein, 20m by up to 30cm, trending 280
	377261 383610							<1 <1	<0.05 <0.05	35191 3764	6 438	1218 920	0.12	15 65	31.52 >50.00	0.12	177 8406	5.3 5.5	135 21	4.1 <0.5	<0.05 <0.05	<0.1 0.4	10 868	Ironstone band, ?2m thick by at least 100m, trending 080 d 10m by ~1m subcropping ironstone
CW1003								<1	<0.05	16355	5	266	0.12	182	41.34	0.46	213	13.6	1445	0.5	<0.05	<0.1	401	
	378666							<1	<0.05	11445	16	136	0.12	163	42.46	0.09	313	3.5	504	<0.5	<0.05	0.1	358	Discontinuous ironstone, 100m long by up to 1m thick, sporadic vein quartz, trending 110 20cm by 30m intermittent ironstone trending 130 20cm by 30cm
	380213							<1	<0.05	17671	3	717	0.05	66	22.91	0.04	102	0.9	67	2.6	<0.05	<0.1	45	Subcropping irostone bands spread across 3m for 20m+, trending 310
CW1007								<1	<0.05	20008	4	119	0.05	239	36.53	0.07	116	0.8	58	1.2	<0.05	<0.1	144	Two 50cm ironstone bands on ridge, extending for ~10m
CW1008	378541	7283941						<1	< 0.05	5503	2	658	0.07	74	47.84	0.3	4709	3.1	41	<0.5	<0.05	<0.1	1193	3m diameter dark brown (manganiferous?) ironstone subcrop
CW1009	378546	7274895						<1	< 0.05	18490	5	717	0.21	14	30.03	0.19	199	2.3	100	4.1	< 0.05	<0.1	22	Ironstone subcrfop, 15m by ~50cm, trending 120 ⁰
	378600							<1	<0.05	20213	6	880	0.11	14	34.06	0.11	826	2.1	129	2.9	<0.05	<0.1	81	50m by 10m ironstone float, trending 180 ⁰
CW1011								<1	<0.05	16226	2	317	0.04	112	30.08	0.05	173	1	44	1.3	<0.05	<0.1	200	Scattered ironstone patches with relic foliation
	385785							<1	<0.05	18320	4	118	0.03	219	33.33	0.04	192	0.5	51	1	<0.05	<0.1	305	50m by 50cm ironstone 1m high wall, trenting 180
	385775 385961							<1 <1	<0.05	5561 4262	1	81 240	0.01	62 135	10.48 9.68	0.03	261 116	0.7	24 18	<0.5 <0.5	<0.05 <0.05	<0.1 <0.1	71 70	30cm by 20m ironstone band with minor vein quartz, trending 120 One of several ironstained quartz pods, 3m by 1m
	376826							<1	<0.05	7054	5	904	0.08	198	46.71	0.11	5922	1.6	61	<0.5	<0.05	0.2	1037	60m by ~50cm subcropping ironstone trending 300°
	375879							7	0.33	1554	8	66	0.08	67	3.08	0.02	118	2.2	44	<0.5	<0.05	0.4	21	10m ferruginous quartzite up to 1m thick (metachert?)
CW901	361627				21.7	142.9)																Repeat of CW342
	361658				16.3	81.5			L						.									
	361768 361754				62.7 33.5	275.2 125.3			-						-	1		-	-					
	361818				16.3	44.7			 						 	1								
CW906	361839	7282872			23.9	80.3								<u>L_</u>										
CW907	361915	7282879			25.4	46.9	61						-											
CW908					15.1	35.3									-									
CW909 CW910					17.3 26.9	32.1 18.7			-						-	1		-						
CW910 CW911					33.7	13.9									1									
CW912	379981	7287134			23.6	25.3			<u></u>						<u></u>				1					
CW913					20.3	11.2	53	3					-		1									Repeat of CW170
	379973				25 13.8	18.5			1						ļ	1								
	379935 379613				13.8 28.3	25 17.6			1															
CW916 CW917					12.3	11.4									1									
CW918	379214				15.2	38.8		,	1						1									
CW919	378954	7286992			20.7	28.1							-		1									
CW920					20.3	18.6			1						1	1								
CW921 CW922					21.3 21.7	21.2 30.3			-						-	1		-	-					
CW922 CW923					23.5	41.9									1									Repeat of CW058
CW924	377834	7287611			18.5	27.4			t						t									
CW925	277821	7287584			26.3	22.2	30)																
CW926					26.5	24			ļ						ļ				Ţ					Duplicate of CW925
CW927					29 23.6	22.8 13.7			1						1	1								
					23.0	15./	- 31		 						 	1								Minor black sand on cobbly false bottom
CW928	364226																							Weathered schist bottom
CW928 CW830 CW831	364370	7283861	0.22																					
CW928 CW830 CW831 CW832	364370 364416	7283861 7283833	1.17																					Sand clay bottom
CW928 CW830 CW831 CW832 CW833	364370 364416 364558	7283861 7283833 7284066	1.17 1.15																					Sand clay bottom Cobbly sand clay bottom
CW928 CW830 CW831 CW832	364370 364416 364558 364606	7283861 7283833 7284066 7284042	1.17 1.15 1.43	8.16																				Sand clay bottom

Gascoyne rockchips

Sampno	East	North	Au	Au-Rp1	Cu	Pb	Zn	Au	Ag	Al	As	Ba	Ca	Cu	Fe	Mg	Mn	Mo	Pb	Sn	Ta	W	Zn	Comments
		GDA94	ppm	ppm	ppm	ppm	ppm	ppb	ppm	ppm	ppm	ppm	%	ppm	%	%	ppm							
	1	1	0.01	0.01	0.2	0.5	1	1	0.05	20	1	2	0.01	1	0.01	0.01	1	0.1	1	0.5	0.05	0.1	1	
	Zone 50	Zone 50	CN2000/MS	CN2000/MS	AR01/MS	AR01/MS	AR01/MS	ARU10/MS	ARU10/MS	ARU10/OE	ARU10/MS	ARU10/OE		ARU10/OE	ARU10/OE	ARU10/OE	ARU10/OE	ARU10/MS	ARU10/OE	ARU10/MS	ARU10/MS	ARU10/MS	ARU10/OE	
CW836	364990	7283920	0.27																					Rough fresh gneiss bottom. Good trap site
CW837	365001	7283903	0.54																					Cobbly gravel on sand clay bottom
CW838	364746	7284768	0.36																					Jointerd gneiss bottom. Good trap site
CW839	364759	7284739	0.22																					Weathered schist bottom
CW840	365066	7284700	0.23																					Fresh gneiss. Good trap site
CW841	365120	7284729	0.33																					Moderate ironstone up to 1cm in gravel matrix
CW842	365710	7283690	0.48																					Gravel matrix on sand clay bottom
CW843	365726	7283712	0.63																					Gravel matrix on sand clay bottom
CW844	366149	7283807	0.56																					Gravel matrix on sand clay bottom
CW845	366163	7283816	1.11																					Gravel matrix with minor ironstone up to 1cm
CW846	366238	7283799	1.76	3.13																				Gravel matrix with moderate ironstone up to 1cm
CW847	366196	7283412	1.54																					Gravel matrix with moderate ironstone up to 1cm
CW848	366788	7283405	2.58	5.6																				Moderate ironstone up to 1cm on weathered schist bottom.Good trap site
CW849	368446	7283398	0.41																					Moderate ironstone up to 1cm on pebbly sand clay bottom
CW850	368432	7283486	0.21																					Gravel matrix on sand clay bottom
CW851	368477	7283470	0.21																					Pebbly sand clay bottom. Poor trap site
CW852	368884	7281315	0.11																					Moderate ironstone on sand clay bottom. Repeat of CW301
CW853	368813	7281431	0.12																					Moderate ironstone on sand clay bottom.
CW854	368820	7281448	0.15																					Minor ironstone on sand clay bottom