



ASX: EQX / 31 JULY 2014 / ASX RELEASE

## JUNE 2014 QUARTERLY REPORT

### HIGHLIGHTS

#### Mayoko-Moussondji Iron Project

- Progression of the Pre-Feasibility Study being prepared by WorleyParsons and Orelogy.
- The Pre-Feasibility Study is expected to capture technical and infrastructure progress which will improve project returns and reduce upfront capital requirements.
- Mining Convention Agreement negotiations commenced to define the Project's fiscal rights and legal responsibilities with respect to the Mining Licence.
- The Mining Convention is expected to include taxation benefits and other government advantages.
- Rail and port access agreements advanced as part of the Mining Convention negotiation process.
- Certificate of Environmental Compliance received confirming approval of the Company's Environmental and Social Impact Assessment.
- Completion of the Pre-Feasibility Study and signature of the Mining Convention are expected in the current quarter and will provide a strong platform for the financing and development of the Project.

#### Badondo Iron Project

- Exploration field program completed including the clearing of access lines along and across the main strike of the DSO hematite exploration target area.
- Preparation and planning work advanced for future resource drilling campaigns.
- Regional developments continue to advance potential infrastructure solutions which will unlock the immense value of the large scale high quality iron resources of the Congo Craton.

### Corporate

- The Company continues to investigate regional opportunities for partnership and value creation.
- A focus on efficiency, the use of contracted services, and the controlled allocation of resources continues to drive reductions in the Company's cost profile.
- Equatorial remains in a strong financial position with significant cash reserves and no debt. As at 30 June 2014 the Company held A\$40.5 million in cash.

Equatorial Resources Limited (“Equatorial” or the “Company”) is pleased to present its quarterly report for the period ended 30<sup>th</sup> June, 2014.

## MAYOKO-MOUSSONDJI IRON PROJECT

The Mayoko-Moussondji Iron Project (“Mayoko-Moussondji” or “the Project”) is located in the southwest region of the Republic of Congo (“ROC”) and has access to an existing railway line running directly to the deep water port of Pointe-Noire (refer Figure 1). The Project currently has total Indicated and Inferred Resources of 917 million tonnes (“Mt”) at 31.4% Fe which includes a Hematite Resource of 182Mt at 35.7% Fe. The near surface Hematite Resource mineralisation has been shown to readily upgrade, using simple processing techniques, to “Mayoko Premium Fines”, a 64.1% Fe product.

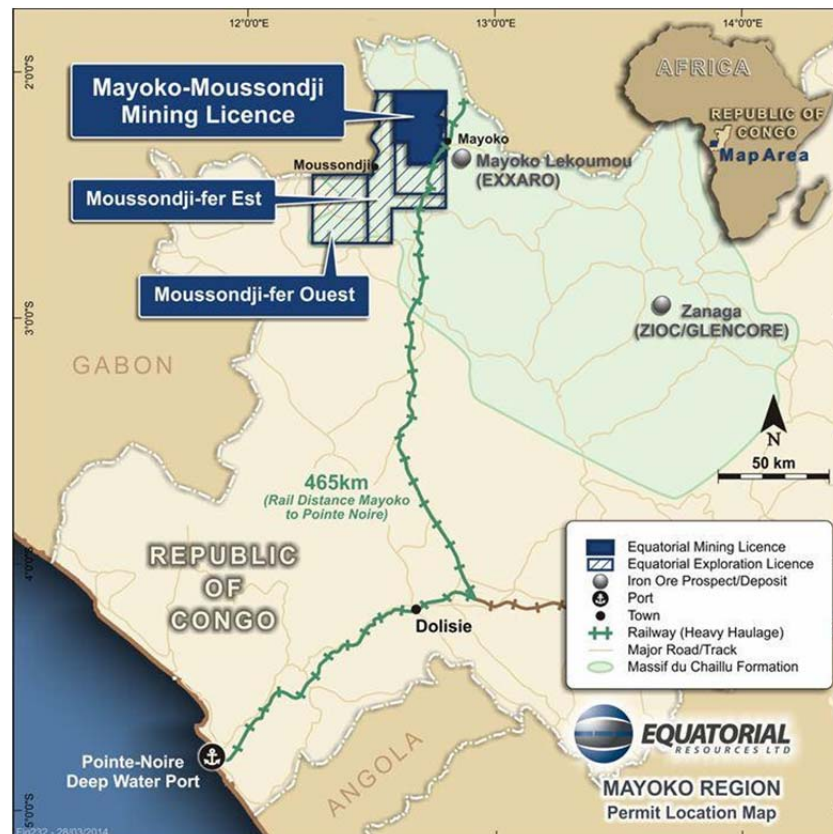


Figure 1: Equatorial’s permit locations in the Mayoko region including the Mayoko-Moussondji Mining Licence

## Mining Convention Agreement

On 31<sup>st</sup> March, 2014 Equatorial announced that its application for a Mining Licence to develop and mine Mayoko-Moussondji was approved at a meeting of the Ministerial Council of the ROC Government. Equatorial has the exclusive right to mine within the boundaries of the licence area for an initial period of 25 years and may be renewed for further periods of 15 years each subject to further application.

The ROC Mining Code stipulates that following the grant of a Mining Licence, a Mining Convention Agreement (“Mining Convention”) is signed between the holder and the government. The Mining Convention defines the fiscal rights and responsibilities of both the government and the holder with respect to the operation of the relevant Mining Licence.

Following the approval of the Mining Licence for Mayoko-Moussondji, the Company immediately commenced negotiations with the ROC Government over the related Mining Convention. This involved presenting a draft Mining Convention to the relevant ROC Government Ministries and related draft agreements to the ROC rail and port authorities.

Company management then made a series of technical presentations to the ROC Government Ministries and rail and port authorities to support the proposed terms included within the draft Mining Convention.

To accelerate the Mining Convention process Equatorial's Managing Director and CEO, Mr John Welborn, convened an inter-Ministerial "Committee of Negotiation" in Brazzaville which was attended by representatives of the seven relevant Ministries and the rail and port authorities. The week-long series of meetings was designed specifically to negotiate the terms of Equatorial's Mining Convention and related agreements. The Committee of Negotiation significantly advanced the Mining Convention terms and a subsequent review of the documentation is currently underway after which the Mining Convention will be presented for formal approval and signature. Following signature the Mining Convention will be submitted to the ROC Parliament where it is expected to be ratified and become legislation. Approval and signature of the Mining Convention is expected during the current quarter.



**Figure 2: John Welborn, Managing Director & CEO attends the inter-Ministerial "Committee of Negotiation" in Brazzaville, July 2014**

## Pre-Feasibility Study

Equatorial is currently completing a JORC (2012) Compliant Pre-Feasibility Study ("PFS") for Mayoko-Moussondji. The PFS is being prepared by WorleyParsons Services Pty Limited ("WorleyParsons") and Orelogy Pty Ltd ("Orelogy") and will incorporate a revised mine plan based on the upgraded resource of near surface hematite material, rail and port advancements, and other Project refinements. The PFS work is also investigating the opportunity to reduce the Project's capital requirements through the use of leasing and build own operate ("BOO") contracting solutions.

Equatorial published the results of its Scoping Study for Mayoko-Moussondji in July 2013 which envisaged the development of a 2 million tonne per annum ("2Mtpa") operation based on the maiden Indicated and Inferred Hematite Resource published in February 2013. Equatorial's project management team directed by the Company's Technical Studies Manager Paul Henharen is now completing the PFS which includes:

- a revised mine plan based on the Indicated Hematite Resource of 55Mt at 39.3% Fe which is included within the updated Mineral Resource Estimate ("MRE") published in December 2013. The updated MRE has total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Resource of 182Mt with indicated and inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt. For full details of the MRE including resource classifications, refer to ASX announcement dated 4 December 2013;
- the potential for increased annual production and product transport based on optimization of rail transport;
- improved port export solutions as a result of recent government funded port expansions that will allow for panamax sized vessels to load within the port of Pointe-Noire; and
- the potential to reduce overall capital expenditure via leasing and other financing arrangements.



Equatorial held meetings during the quarter with potential process and mining services providers, process equipment and rolling stock suppliers, and logistics companies based in Southern Africa to evaluate opportunities for upfront capital reduction via outsourcing, leasing and BOO arrangements.

Requests for quotations were issued to selected groups of contractors, particularly in relation to power, laboratory, mining, rolling stock and processing plant and the responses will be incorporated into the PFS.

### Mining Plan

During the June 2014 quarter Orelogy completed updated mining schedules and mine plan based on the MRE (December 2013) at Mayoko-Moussondji. The mine plan includes a mining schedule for the Indicated Hematite resource to be used for the purpose of the JORC PFS and a separate schedule based on the larger Indicated and Inferred Hematite resource. Equatorial's Technical Studies Manager Paul Henharen and WorleyParsons are now incorporating the Orelogy mine plan into the PFS which is expected to be finalised shortly.

### Rail

The PFS work program has included a detailed assessment of previously completed rail studies to investigate the opportunity for increased tonnages. In addition, the impact of the upgraded communication and control systems being installed by the ROC Government and the planned upgrading of track infrastructure and maintenance facilities has been incorporated into the PFS.

### Port

The impact of the on-going World Bank and ROC Government funded expansion of the port of Pointe-Noire has been incorporated into the PFS work program and is expected to have a significant impact on Project economics and Project development alternatives. The dredging and upgrading of port facilities will enable access to the port for panamax sized bulk carrier vessels and the creation of a large area of new space within the existing port suitable for stockpiling. The port master plan now includes the creation of a new wharf area which is expected to be available for use by bulk commodity exporters.

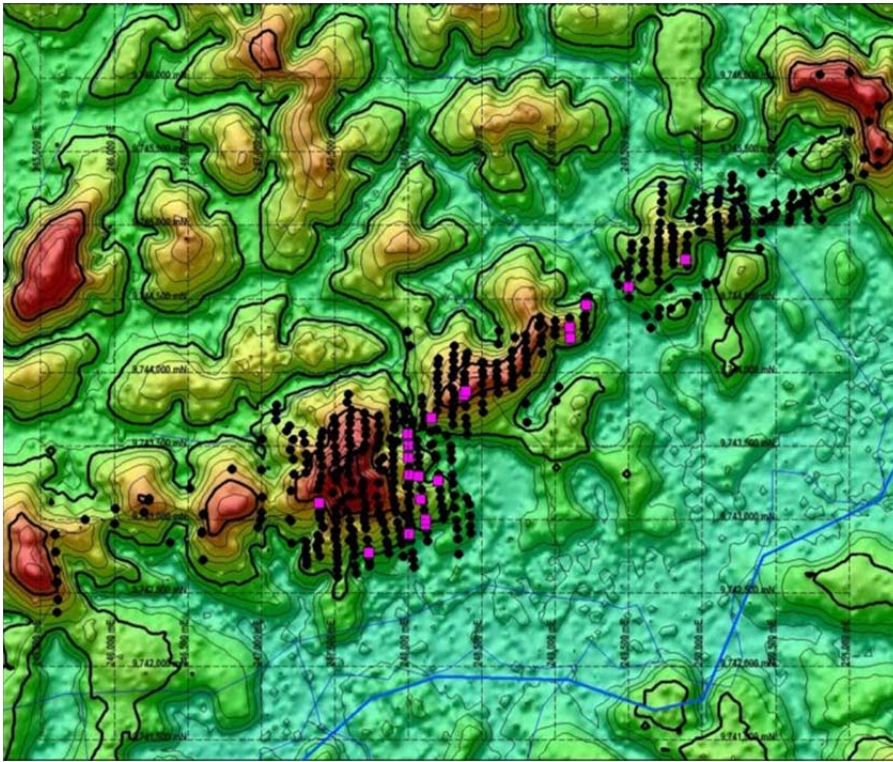


Figure 3: Port of Pointe-Noire, Republic of Congo

## Exploration and field activities

### Metallurgical trenching program

A trenching program was carried out during June 2014 to acquire bulk samples of colluvial hematite mineralisation for metallurgical upgrade studies. The purpose of the trenching program and bulk sample collection was to provide further support for Equatorial's proposed process flow sheet and specifically focus on the colluvial material added to the Project's resource inventory as part of the MRE upgrade announced in December 2013. Trenches were opened up to a depth of approximately 6m using an excavator. This work program continued the successful trenching program completed as part of the MRE upgrade during late 2013. Each trench was geologically logged and sampled. Two 50kg samples were collected for each ore unit. An additional 2kg sample was collected and treated at the Mayoko Sample Preparation Laboratory to create a pulp. This sample pulp was analysed using a handheld Nitron XRF device to provide real time data. A representative subset of the collected bulk samples were boxed, cleared by customs and sent from Pointe-Noire to Australia in early July 2014 for metallurgical test work to be conducted at the Nagrom Laboratory in Perth, Australia. Results are expected during the current quarter.



**Figure 4: Trenching locations along the Makengui strike length**

*Key: black dots = existing drill holes and trenches;  
pink squares = samples for metallurgical test work*



**Figure 5: Preparation of trench samples at the Mayoko Sample Preparation Laboratory**

### Potential ore products

A series of road cuttings and shallow trenches were exposed across the strike of Makengui to open the various ore products for inspection and to facilitate metallurgical studies.





**Figure 6: Makengui Hill - Hematite Exposed**

### Site infrastructure studies

During the quarter, further site investigations were conducted to finalise the rail load out location, processing plant location, camp site and river crossing location for the Project. The proposed sites were investigated for suitability with respect to elevation, gradient, soil conditions and the location of streams and rivers.

Sites for the potential rail load out were hand cleared of vegetation and auger soil samples were collected at 50m intervals along the proposed route and geologically logged.

Sites for all required above-ground infrastructure were successfully determined and results have been incorporated into the overall PFS program.

### Exploration of new Mayoko licence areas

On 28<sup>th</sup> June, 2013 Equatorial announced the granting of two additional Exploration Licences for iron, the Moussondji-fer Ouest Exploration Licence ("Moussondji Ouest") and the Moussondji-fer Est Exploration Licence ("Moussondji Est") increasing the Company's tenure in the Mayoko region to 2,680km<sup>2</sup>.

During the June 2014 quarter Equatorial conducted a geological mapping mission to Moussondji Ouest, 50km south west of the Makengui Prospect. Access to Moussondji Ouest is via Mayoko to Mougoundou Sud and then via logging tracks to the village of Poudi for a total of 99km. Travel is via both sealed and dirt roads. The mapping results confirmed that the tenement area is of similar geological construction to Mayoko-Moussondji and a number of target areas were identified where outcropping iron ore was visible. Rock samples were collected and further geological interpretation, including the assay results of the collected samples, will be provided in the coming quarter.

## BADONDO IRON PROJECT

The Badondo Iron Project ("Badondo") is located in the northwest region of the ROC within an emerging cluster of world class iron projects including Sundance Resources Ltd's ("Sundance") (ASX:SDL) Mbalam-Nabeba project, Core Mining Limited's ("Core Mining") Avima project and Gabon's Belinga project (refer Figure 7).

Badondo has an estimated Direct Shipping Ore ("DSO") Hematite Exploration Target of between 370 and 620Mt at a grade of between 58% and 67% Fe as part of a Total Exploration Target of 2.8 to 4.6 billion tonnes at a grade of between 35% and 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

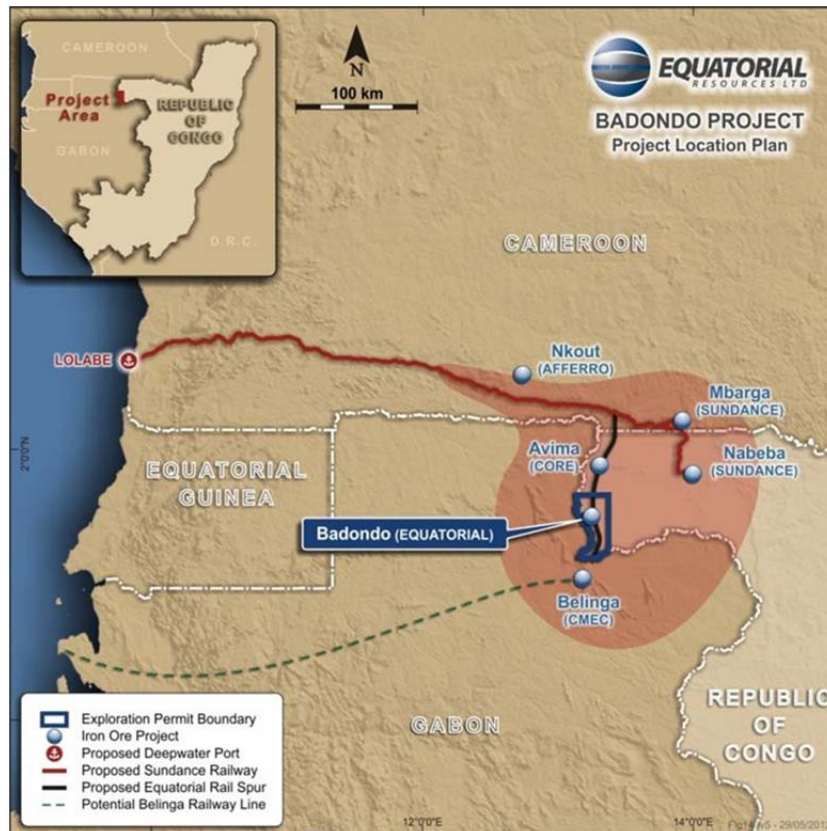


Figure 7: Badondo project location map

## Field program completed

During the June 2014 quarter a team of Company geologists and infrastructure experts completed a field campaign at Badondo. The campaign, which commenced in late March 2014, was designed to support the on-going planning for a resource definition drilling program designed to convert the Exploration Target into mineral resources.

The work conducted during the quarter at Badondo included the following:

- Regional review of infrastructure including roads servicing Badondo, major waterways and nearby villages;
- Review of the Company's existing camp infrastructure and planning for future expansion;
- Further mapping of outcropping hematite areas on the Badondo ridge line by Company geologists;
- Review of drill pad areas and planning for future clearing programs;
- Development of a preferred model for access to Badondo for large drilling rigs; and
- Regional meetings with government authorities, local leaders and service providers to discuss project plans.





Figure 8: In-situ lichen covered hematite outcrop at Badondo



Figure 9: Completion of new storage area at Badondo Camp



Figure 10: Western BIF flank at Badondo

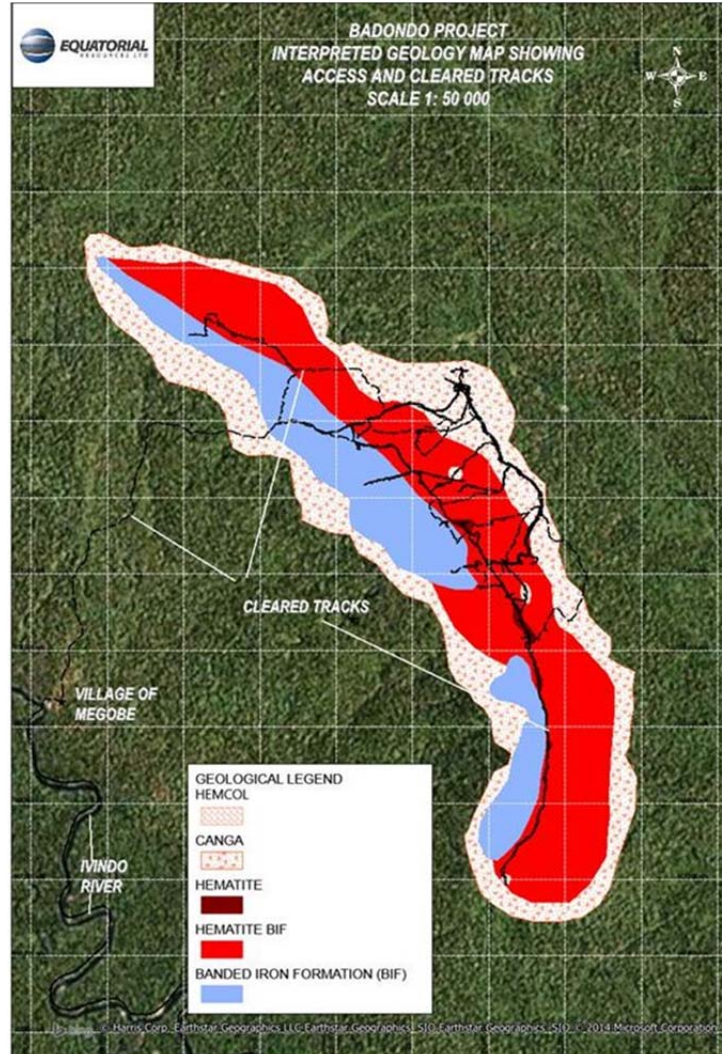


Figure 11: Interpreted geological map showing access and cleared tracks

The field campaign was highly successful and achieved all designed objectives. Equatorial is developing a clearer model for preferred access to Badondo to support future resource definition drilling. In addition, Company geologists are selecting key target areas for drilling along the Badondo ridge line.



## Regional developments

A number of significant developments have occurred during or subsequent to the quarter which continue to demonstrate the strong appetite by large global players for the development of the massive potential of this untapped iron region:

- On the 23<sup>rd</sup> April, 2014, Core Mining announced that the ROC Government acquired a 15% stake in the Avima iron ore project. Core Mining has indicated they are progressing a staged approach to production with Stage 1 production of 3Mtpa expected in 2015. Core Mining's Avima project is 40km north of Badondo.
- During May 2014, the government of Gabon commenced initial talks with mining companies interested in developing the Belinga iron ore deposit. It is expected a formal tender process will be conducted during 2016. Belinga is a multi-billion tonne iron ore deposit in Gabon which is 45km south of Badondo.
- On 25<sup>th</sup> June, 2014 Sundance announced it had secured a 10-year firm off-take agreement with global commodities trader Noble Resources International Pte Limited, a wholly owned subsidiary of the Noble Group ("Noble"). Noble will buy all product produced by the Mbalam-Nabeba iron ore project ("Mbalam-Nabeba") for the first ten years of operation outside that allocated to Sundance's equity participants. Mbalam-Nabeba straddles the border between Cameroon and ROC and is approximately 90km from Badondo.
- On 6<sup>th</sup> June, 2014, Sundance announced the appointment of Mota-Engil Africa ("Mota-Engil") to build \$US3.5 billion port and rail infrastructure for Mbalam-Nabeba. Mota-Engil and Sundance signed a binding and bankable Engineering Procurement and Construction ("EPC") contract for the Cameroon section of the port and rail infrastructure. Sundance also appointed Africa's largest bank, Standard Bank as Financial Advisor and non-exclusive Lead Debt Arranger for project level funding.
- On the 9<sup>th</sup> June, 2014, Sundance and the government of Cameroon signed the Rail and Mineral Terminal Concessions in relation to the construction and operation of rail and port infrastructure for Mbalam-Nabeba. The signing of these agreements formalises the legal and fiscal terms under which Sundance will operate both the port and rail infrastructure facilities to be constructed under the EPC agreement signed with Mota-Engil Africa, and addresses two of the most significant conditions precedent to the Mbalam Convention.
- On the 18<sup>th</sup> June, 2014 Sundance signed the EPC contract for the Congo section of the Nabeba-Mbalam rail line which will be built in the Republic of Congo. The total length of railway contracted for construction by Mota-Engil is 580km in length and will run from Nabeba in the ROC and into Cameroon.
- International Mining & Infrastructure Corporation plc ("IMIC") commenced work during the June quarter on a PFS for its flagship iron ore deposit, the Nkout project in Cameroon. IMIC's PFS will include plans for an infrastructure solution for Nkout which is currently being developed with a group of Chinese companies including railway engineers, manufacturers, producers and iron ore off-takers. The infrastructure solution will focus on a multi-purpose and multi-user model and will potentially service other producers in the region, including the northern Congo where Badondo is located.

## HEALTH, SAFETY AND COMMUNITY

### Health and safety

#### HSE policies

Equatorial is committed to achieving the highest performance in occupational health and safety to create and maintain a safe and healthy environment at company sites and workplaces for all personnel and contractors. The Company has adopted detailed Health, Safety, Environment and Security policies. Weekly safety awareness briefings are held with specific topics chosen to highlight operational risks and promote safe working practice.

The Company maintained an excellent record during the June 2014 quarter with no loss time injuries at Mayoko-Moussondji or Badondo.

## Community development projects

During the June 2014 quarter Equatorial worked on the following community development projects in Mayoko and surrounding villages:

- Extensive work on the Mayoko water treatment station including controlling stock levels; cleaning tanks; filter management and replacement; chlorine control and pipe inspection and repair;
- Mayoko school gardening project involving the distribution of seeds to the school and basic training in planting and rearing of crops;
- Maintenance of the Mayoko town generator;
- Creation of an outdoor community viewing area where Equatorial screened live coverage of the World Cup football tournament;
- Education assistance program at the Mayoko Primary School; and
- Road repairs and upgrades, clearing and bridge repair works around Mayoko and Tsinguidi.



Figure 11: English lessons



Figure 12: Mayoko Primary School garden project

## Recruitment and training

Equatorial is committed to skills training and the hiring of Congolese staff. The following training programs were conducted during the quarter:

- Laboratory usage and safety;
- XRF usage, safety and accuracy;
- Advanced MapInfo training for geological staff;
- Cartography and GPD training;
- Satellite communications systems usage;
- Vehicle safety training;
- First aid training and management;
- English language courses; and
- Regular safety risk assessment training.





Figure 13: Sample preparation training at the Mayoko laboratory

## CORPORATE

### Funding & partnership opportunities to fast-track development

Mayoko-Moussondji's positive project fundamentals, as demonstrated by the completed Scoping Study and the recently approved Mining Licence, are currently being enhanced by the completion of a PFS and the advancement of a Mining Convention. The PFS and Mining Convention will provide a solid platform for Equatorial to advance discussions and negotiations with potential strategic partners and financiers. Equatorial continues to investigate opportunities for collaboration and partnership with significant mining houses and potential funders in order to fast track the financing and development of Mayoko-Moussondji.

The development activity in the Northern Congo Craton continues to demonstrate the underlying potential and value of the regional iron ore assets. Notwithstanding the volatility in global iron ore prices, the on-going progress of Sundance, Core Mining, IMIC, and the significant interest in the Gabonese Belinga project, coupled with the excellent exploration results already achieved at Badondo, provides encouragement for value creation in the region.

### Cash position and shareholder information

As at 30 June 2014 the Company had 1,720 shareholders and 122,185,353 ordinary fully paid shares on issue with the top 20 shareholders holding 76.2% of the total issued capital.

A focus on efficiency, the use of contracted services, and the controlled allocation of resources continues to drive reductions in the Company's cost profile.

Equatorial is in a strong financial position with significant cash reserves and no debt. As at 30 June 2014 the Company held A\$40.5 million in cash.

*For further information contact:*

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## ABOUT EQUATORIAL RESOURCES

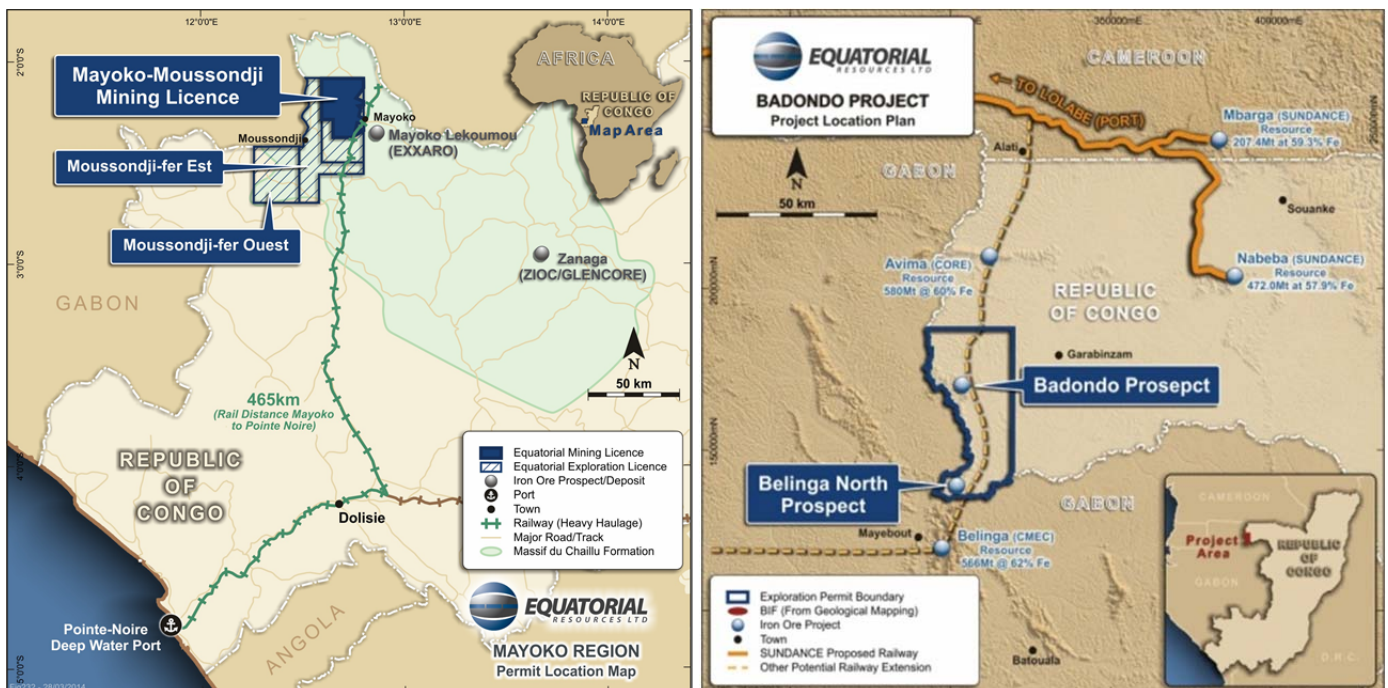
Equatorial Resources Limited (ASX:EQX) ("Equatorial" or the "Company"), is focused on the exploration and development of two 100% owned large-scale iron ore projects located in the politically stable and investment friendly Republic of Congo ("ROC"), in the emerging global iron ore province of Central West Africa.

The **Mayoko-Moussondji Iron Project**, located in the southwest region of the ROC, currently has total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Resource of 182Mt at 35.7% Fe. The resource contains indicated and inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt, Indicated Magnetite 2Mt, Inferred Magnetite 733Mt. For full details of the Mineral Resource Estimate including resource classifications, refer to ASX announcement dated 4 December 2013.

The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located. A Scoping Study completed for the project has delivered excellent results demonstrating low capital intensity and an initial mine life of 23 years for production of 2Mtpa of "Mayoko Premium Fines", a 64.1% Fe product, with operating costs expected to average \$41 per tonne FOB.

Production targets and the cost forecasts are from Scoping Study results (see ASX Announcement 16 July 2013). There is a low level of geological confidence associated with inferred resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The Scoping Study is based on low-level technical and economic assessments which are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case, or to provide certainty that the forecasts and production targets will be realised.

The **Badondo Iron Project** is located in the northwest region of the ROC within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam-Nabeba project, Core Mining's Avima Project, and the Gabonese Belinga Project. The Project has an estimated Hematite Exploration Target of between 370 and 620 million tonnes at a grade of between 58% and 67% Fe as part of a Total Exploration Target of 2.8 to 4.6 billion tonnes at a grade of between 35% and 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.





## Competent Persons Statements

The information in this report that relates to Exploration Results and Mineral Resources for Mayoko-Moussondji was extracted from the Company's ASX announcement dated 4 December 2013 entitled "Resource Upgrade at Mayoko-Moussondji" and is available to view on the Company's website at [www.equatorialresources.com.au](http://www.equatorialresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement 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 in this presentation have not been materially modified from the original ASX announcement.

The information in this report that relates to Production Targets for Mayoko-Moussondji was extracted from the Company's ASX announcement dated 10 March 2014 entitled "Half Year Accounts" which in turn was a summary of the material assumptions included in the Company's ASX Announcement dated 16 July 2013 entitled "Scoping Study for Mayoko-Moussondji" and both are available to view on the Company's website at [www.equatorialresources.com.au](http://www.equatorialresources.com.au). The Company confirms that all material assumptions underpinning the Production Target, and forecast financial information derived from the Production Target, in the original ASX announcements continue to apply and have not materially changed.

The information in this report that relates to Exploration Targets for Badondo was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Results for Badondo is based on, and fairly represents, information compiled by Ms Marlene Kelly, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Ms Marlene Kelly is a consultant who is engaged by the Company to provide geological consulting services. Ms Kelly has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which she 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'. Ms Kelly consents to the inclusion in this presentation of the statements based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Targets for Badondo is based on, and fairly represents, information compiled by Mr Mathew Cooper, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Cooper is employed by Core Geophysics Pty Ltd who was engaged by the Company to provide geophysical consulting services. Mr Cooper has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cooper consents to the inclusion in this presentation of the statements based on his information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**Equatorial Resources Limited**

ABN

**50 009 188 694**

Quarter ended ("current quarter")

**30 June 2014**

### Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration & evaluation	(1,512)	(9,808)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(616)	(3,138)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	404	1,767
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Business development	(95)	(384)
<b>Net Operating Cash Flows</b>		<b>(1,819)</b>	<b>(11,563)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(19)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(2)</b>	<b>(19)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,821)</b>	<b>(11,582)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,821)	(11,582)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	180
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material): - Capital raising expenses	-	(3)
	<b>Net financing cash flows</b>	-	177
	<b>Net increase (decrease) in cash held</b>	(1,821)	(11,405)
1.20	Cash at beginning of quarter/year	42,287	51,878
1.21	Exchange rate adjustments to item 1.20	(3)	(10)
1.22	<b>Cash at end of quarter</b>	40,463	40,463

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	205
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors' fees, superannuation, company secretarial services and provision of office services.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,250
4.2 Development	
4.3 Production	-
4.4 Administration	500
<b>Total</b>	<b>1,750</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	591	665
5.2 Deposits at call	39,872	41,622
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>40,463</b>	<b>42,287</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Not applicable			
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ See chapter 19 for defined terms.

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	122,185,353	122,185,353	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>*Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	<u>Options:</u> 2,000,000	-	<u>Exercise price</u> \$0.46	<u>Expiry date</u> 16 Dec 2015
		<u>Rights:</u> 2,260,000	-	\$Nil	30 Jun 2015
		2,855,000	-	\$Nil	31 Dec 2016
7.8	Issued during quarter	<u>Options:</u> 2,000,000	-	<u>Exercise price</u> \$0.46	<u>Expiry date</u> 16 Dec 2015
		<u>Rights:</u> 1,110,000	-	\$Nil	30 Jun 2015
		890,000	-	\$Nil	31 Dec 2016
7.9	Exercised/vested during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not~~\* (delete one) give a true and fair view of the matters disclosed.

Sign here:..... Date: 31 July 2014  
(~~Director~~/Company secretary)

Print name: Greg Swan

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.