

ASX Announcement 27 October 2014

#### **ACTIVITIES REPORT FOR QUARTER ENDED 30 SEPTEMBER 2014**

#### **Quarter Highlights:**

- Initial drilling confirms continuity of higher-grade Ni and Cu mineralisation
- New high grade lode (the Sugar Lode) discovered outside the current Resource
- Potentially economic grades of cobalt discovered with massive sulphide zones.
- Metallurgical Test Work Program commences
- Drilling continues at Babel

#### **West Musgrave Project (100% CZI)**

Cassini commenced its maiden drill program at the Nebo and Babel deposits on 2 September 2014. The aim of the program is to demonstrate continuity of massive Ni-Cu sulphide lenses and higher-grade disseminated zones as well as upgrading a large portion of the Inferred Resource to Indicated Resource category.

The drilling program comprises approximately 25,000 metres of reverse circulation ("**RC**") drilling (as well as approximately 500 metres of diamond core drilling and associated metallurgical test work) and is a combination of infill and exploratory step-out drilling

#### **Infill Drilling Provides More Exciting High Grade Results**

The infill program at Nebo continues to deliver exceptional results, which surpass the Company's expectations. A number of high-grade intervals have been returned from the latest batch of assays, including:

- 10m @ 2.46% Ni and 1.44% Cu from 90m; and
- 4m @ 3.11% Ni and 0.84% Cu from 119m:
  - o (within 36m @ 1.54% Ni and 1.04% Cu from 90m in CZC0005).
- 5m @ 1.89% Ni and 2.67% Cu from 106m in CZC0001.
- 2m @ 1.38% Ni and 1.17% Cu from 68m:
  - (within 17m @ 0.65% Ni and 0.46% Cu in CZC0003).
- 2m @ 1.00% Ni and 0.41% Cu from 81m in CZC0013.

These assay results clearly demonstrate the continuity of the higher-grade zone along these sections.



See Table 1 for a complete list of drill results. Refer to ASX announcements of 30<sup>th</sup> September and 15<sup>th</sup> October for JORC Table 1 drilling and assaying parameters.

#### **Significant Results from Cobalt Assays**

Assay results have also confirmed the presence of significant levels of cobalt, including **3m @ 0.62% Ni, 1.01% Cu and 0.13% Co** in CZC0010.

The cobalt appears to be associated with the massive sulphide zones and hence is expected to be found within those higher grade zones currently being targeted by Cassini. While the previous Resource modelling suggested only low grades of cobalt, it appears there are higher grade zones that can be isolated from the broader Resource that may be recoverable.

Platinum, palladium and gold assay results remain pending.

#### Sugar Lode discovery - Extensions of High Grade Mineralisation

The Company has now also proven the potential to grow the existing Resource, both in terms of tonnage and grade, as it tests areas beyond the extent of previous drilling. The latest assay results from Nebo have demonstrated immediate success from the first hole drilled beyond the current Resource area, CZC0024, which returned **7m @ 0.98% Ni and 1.13% Cu** from 185m, and **3m @ 1.45% Ni and 0.22% Cu** from 199m.

CZC0024 targeted an untested electro-magnetic ("EM") conductor identified during a review of previous historical surface and down-hole EM data at Nebo. During this review, several other untested EM conductors were identified both within and outside the current Resource area, at relatively shallow depths. Several of these EM conductors within the existing Nebo Resource will be drill tested as part of the 2014 drill program. This early success provides encouragement that additional new zones of higher grade mineralisation will be discovered, and that they will have the potential to materially enhance the Project's economics.

The new lode discovered with CZC0024 is within the northern "roll-over" contact of the host mafic intrusion. The mineralisation remains open both along strike and down-dip of the intrusion.

The location of the northern roll-over contact at Nebo is poorly defined by historical drilling and geophysics. This represents a significant opportunity to discover new, relatively high grade, mineralisation at depths considered suitable for open pit mining. The Company has drilled additional holes targeting mineralisation along this northern roll-over contact. Sulphide mineralisation has been identified in these holes, however all assay results are still pending.



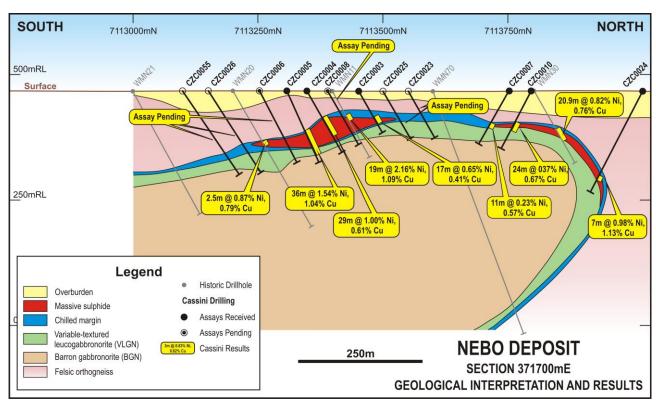


Figure 1. Section through 371700E showing new massive sulphide lode in CZC0024 and high grade zone in CZC0005.

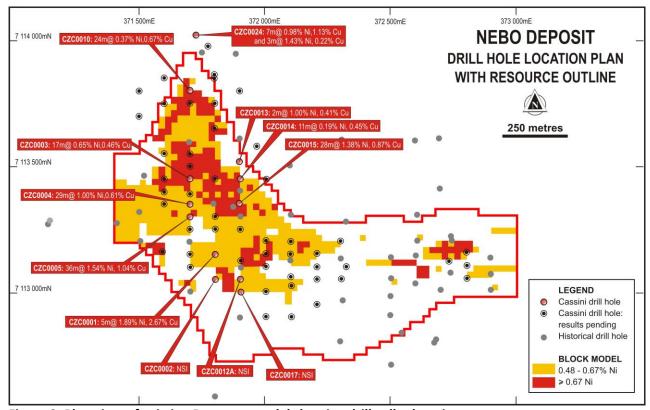


Figure 2. Plan view of existing Resource model showing drill collar locations.



#### **Metallurgical Test Work Program commences**

The metallurgical test work will be a staged program testing up to seven different styles of mineralisation. This program is a far more detailed program than that completed by the previous operators, and is relevant to Cassini's higher-grade development strategy. Analysis of the higher-grade massive sulphide mineralisation from Nebo is being prioritised.

Diamond drilling ("DD") to obtain samples for the metallurgy program has now been completed. A total of five PQ core holes (600 metres in total) were drilled, targeting seven different styles of mineralisation at both Nebo and Babel. The last of the samples is currently being freighted to the laboratory in Perth.

Strategic Metallurgy Pty Ltd ("SM") has been appointed to manage the Company's metallurgical test work program. SM has had recent nickel and copper test work experience with Sirius Resources Limited's Nova-Bollinger deposit, an orebody with similar geological characteristics to Nebo-Babel.

SM successfully developed and demonstrated a processing flow sheet for a sulphide deposit containing chalcopyrite, pentlandite and pyrrhotite. This flow sheet uses a sulphide depressant to separate copper and nickel minerals, and to upgrade the nickel concentrate by selectively depressing pyrrhotite. This approach has proved to be effective and, at this early stage, SM believes a similar result can be attained for the West Musgrave ore.

#### **Key Mineralisation Characteristics**

The mineralogy of the Nebo-Babel deposit is comparable with other mafic intrusion-hosted systems such as Sudbury (Canada), Norilsk (Russia), Voisey's Bay (Canada) and Nova (Western Australia).

Key positive features consistent with these systems include:

- A high Iron/Magnesium (Fe/MgO) ratio. Concentrates low in MgO are attractive to smelters.
- Coarse, granular sulphides. Coarser material typically allows relatively easy separation of the metalbearing sulphide component from the ore.
- A lack of significant levels of deleterious magnesium-rich minerals such as talc and fibrous serpentine that can be problematic in conventional processing circuits (impacting recoveries and concentrate quality).
- Low contents of penalty elements such as arsenic (As). Notably, in the entire Nebo-Babel drill hole database, only one sample with Ni > 0.2% contains >100ppb As.
- The presence of Cobalt and PGE mineralisation with potential to add credits to saleable concentrates.





Figure 3. Recently drilled massive sulphide core (CZD0001) showing coarse pentlandite and chalcopyrite mineralisation with pyrrhotite.

#### **Review of Historical Metallurgy Work**

SM has reviewed the extensive database of existing metallurgical information on the Nebo-Babel deposits and arrived at the following conclusions:

- A metallurgical test work program designed specifically for Cassini's higher-grade strategy is warranted. This approach will be different to that historically tested for this ore.
- Cassini's focus on a higher-grade plant feed, centred on the massive ore components of the ore-bodies, coupled with new drill-hole information from the current program, means there are a number of gaps in the historical work completed that need to be addressed.
- Potential exists to produce separate copper and nickel concentrates by using techniques not yet applied to the Project. For example Strategic have successfully used specific sulphide depression reagents to enhance the selective flotation of the different sulphide minerals in copper-nickel sulphide ores.
- A focussed program of work will result in comprehensive geo-metallurgical model of the two ore-bodies that will maximise the potential profitability of the Project.



SM believes that there is potential to produce separate copper and nickel concentrates from the Nebo and Babel ore bodies. Producing separate saleable copper and nickel concentrates will maximise the revenue potential. A conceptual flow sheet, intended to produce separate concentrates, has been proposed and is based both on typical properties of massive sulphide ore as well as existing flow sheets processing similar copper-nickel sulphide ores elsewhere around the world.

Although the Nebo massive sulphide ore is the initial focus of further work, the metallurgical properties of the other ore types will require investigation.

#### **Scoping level Transport and infrastructure Study**

During the Quarter, Cassini commissioned MinEx Consulting's Richard Schodde to undertake a preliminary assessment on the impact of transport logistics on the economics of Nebo-Babel. Mr Schodde has over 30 years of experience in a wide variety of project analysis and strategic planning roles within the international resources industry – including 15 years at WMC (in its Business Development Group and as Strategic Planning Manager for the Exploration Division) and more recently, 4 years at BHP Billiton (as Minerals Economist in their Global Exploration Team). In 2008 he founded MinEx Consulting to provide strategic and economic advice to mining and exploration companies. He is also on the Editorial Board for the Journal for Resources Policy - an international journal devoted to minerals policy and economics, aimed at economists and decision-makers in academia, government and industry Richard has published several papers on exploration performance and is internationally recognized by his peers as a world leader in mineral economics.

The objective of the report was to provide a scoping-level estimate of the incremental impact of transport distance on the economics of an open pit mine at Nebo-Babel versus a similar operation in the Fraser Range. The report provided guidance on the impact on both the operating and capital costs of the Project.

The report considered the impact on operating costs such as total costs of transportation of the concentrate to port, increased labour costs due fly in/ fly out workforce, and the additional costs for transporting fuel and consumables to site.

The comparison showed that the increased operating cost due to the location of Nebo/Babel represents only 4.0% of the total value of the ore. In other words, the head grade only needs to rise by 4% (say 1% to 1.04% Ni) to offset the additional distance for Nebo/Babel at Jameson versus having the same deposit next door to the Nova/Bollinger deposit in the Fraser Range.

The impact on capital costs of the Project relate to increased costs to transport the construction materials onto site, and the cost of mobilising labour. Also, additional expenditure was allocated to cover the lack of infrastructure in the area.

Preliminary modelling suggested that the capital cost penalty associated with project development in the West Musgrave is around 9%. That is, there would a 9% increase in the capital costs of the project related to the remote location.

It is the Company's view that neither of these cost increases will have a material impact on the overall economics of the project.



#### **West Arunta Project (X17)**

On 9 December 2013 Cassini announced it had executed a Share Sale Agreement to earn up to 75% of Crossbow Resources Pty Ltd ("Crossbow"), which owns 100% of the West Arunta Project ("X17" or the "Project") in Western Australia.

The X17 Project is a highly prospective Copper-Gold and Lead-Zinc target in an underexplored region of Western Australia.

The primary target on X17 is located in an area that has had limited previous exploration. Analysis of previous geochemical data collected by the Geological Survey of Western Australia (GSWA) indicates a very large (40km x 20km) geochemical anomaly. Cassini's first-stage exploration will comprise a low-cost geochemical survey to identify potential drill targets.

During the quarter, Cassini completed a detailed geochemical survey to refine the existing, broadly-spaced GSWA geochemical sampling. Approximately 2,600 soil, lag, rock chip and 2kg bulk samples were collected on a nominal 1km x 0.5km grid, with potential for more closely spaced follow-up where required.

The objective of this work would be to define a focused gold and/or base metal anomaly for detailed follow up including drilling.

Results from the sampling program remain pending at the end of the Quarter.

#### Nevada Projects, USA

Cassini operates three projects in the State of Nevada, USA.. The Nevada projects represent a near term opportunity for exploration success in one of the world's pre-eminent gold mining jurisdictions. Nevada is known as "Elephant County" with seven +20Moz gold deposits and significant recent discoveries being made, despite 150 years of exploration (Long Canyon, Railroad, South Carlin, Spring Valley). Nevada is an exploration and mining friendly jurisdiction with good local infrastructure and a high level of exploration and mining expertise and knowledge.



#### **Cortez East Project**

Cortez East is located about 18 km east of the Cortez Gold Mine (owned by Barrick Gold Corporation) in Eureka County. Barrick report the Cortez complex containing 11 Moz Au proven and probable reserves, and produced 1.34 Moz Au in 2013. This does not include the recently discovered Gold Rush deposit, with a 9.96Moz Au resource.

Assay results were received from the program of 1,800 soil samples (30 m × 100 m grid) collected during the June quarter. Gold anomalies (up to 0.46 ppm Au, excluding one 53.3 ppm Au sample taken on old mine workings) occur over a strike length of almost 3.5 km within the claim block. These anomalies have a complex multi-element character (Au, As, Ag, Sb, Tl plus base metals), possibly reflecting both low sulphidation epithermal and Carlin-type mineralizing events. More detailed interpretations are continuing.

A mapping and rock sampling program commenced during the September quarter, with completion and final results expected early in the December quarter. Preliminary



results suggest that the bulk of the gold anomalism occurs in non-reactive siliciclastic rocks of the upper plate Vinini Formation. Our target lies at the intersection of the structures that formed conduits for the mineralizing fluids with reactive shaley carbonates in the lower plate of the Roberts Mountain Thrust.

A gravity survey was completed over the claim block (304 stations on a 100 m  $\times$  100 m grid), with 54 regional stations recorded in the surrounding area to better define the regional trend, and detailed lines comprising another 42 stations. Results received at the end of the quarter support the geological interpretation of a structural culmination that forms the basis of the target at Cortez East. A positive gravity anomaly interpreted to be sourced from uplifted dense carbonate rocks in the lower plate of the Roberts Mountain Thrust has a northwesterly trend through the project area, and the soil geochemical anomalies lie mainly on the westerly flank of this feature. Interpretation of this dataset will be completed during the December quarter, with a view to estimating the depth to the prospective lower plate carbonate host rocks.



Development of drill targets is expected to be completed during the December quarter, but may require support from additional geophysical surveying (Audio Magnetotellurics). Permitting will be undertaken during the winter months in preparation for a spring 2015 drilling program.

#### **Quinn Canyon Project**

Quinn Canyon is located in Nye County, 135 km SSW of Ely, in an area with no significant past or present gold producing mines. The Project has been over-looked by other companies as it does not lie within any currently recognized gold "trend", and consequently has received little previous exploration. However, the property contains large (up to 200m wide) outcrops of jasperoid (siliceous rock formed by hydrothermal alteration of limestone, often associated with Carlin-type gold mineralisation) with highly anomalous gold content. As such, the project represents an opportunity to discover a new gold camp in Nevada. The project area is mountainous, with good exposure of the geology, making target identification relatively inexpensive.

A program of regional mapping and prospecting was carried out by two experienced contract geologists, John Zimmerman and Brion Theriault during the September quarter. This resulted in the identification of a new zone of strongly elevated gold in rock samples at the western end of the large jasperoid-capped Breccia Hill. A newly identified exposure of Pogonip Group sediments (possibly correlative with Long Canyon host stratigraphy) to the southeast of Breccia Hill also returned strong gold (up to 1 g/t Au) and Carlin pathfinder element assay results. The mapping also identified an exposure of Kanosh Shale with some jasperoids containing 100-200 ppb Au. Although this is not a target of immediate interest, the result provides encouragement that the Kanosh Shale is a good host rock in this area, and could be mineralized in a favorable structural setting.

Results from this initial program are being assessed, and a decision to either proceed with drill permitting or undertake further mapping and sampling in spring 2015 will be made during the December quarter.

#### **White Flats Project**

The White Flats project is located about 10 miles SSW of Elko and about 18km NE of the Rain Gold deposit in low lying hills overlooking the South Fork of the Humboldt River. An extensive zone (2 km strike length) of alteration with anomalous gold in rock chips and soils occurs in Overlap Sequence stratigraphy. This alteration and mineralization is interpreted as being associated with leakage from a Carlin-type system at depth.

Results from the reconnaissance soil sampling conducted during the June quarter were received, along with reconnaissance geological mapping. The new soil geochemical data are consistent with the compilation of historical gold-only data, but provide a more coherent picture, due to improved



analytical accuracy and lower detection limits. The gold in soil analytic values are strongly correlated with arsenic and antimony, and also with a suite of elements commonly associated with carbonaceous shale; a geochemical signature observed in several Carlin-type gold systems in Nevada. The reconnaissance mapping identified a set of N-S and NNW trending structures that act as the primary controls on gold observed at surface, with local highs at intersections with NE-trending structures.

A detailed gravity survey (209 stations on a 100m × 100m grid plus regional coverage outside the project tenure to define the background trend) was read at White Flats in September. Results from this survey have not been interpreted in detail but the responses show more complexity than what was observed at Cortez East. In this case, the outcropping carbonate units of the overlap sequence coincide with positive gravity anomalies that are superimposed on a broader peak that possibly reflects a north-south trending horst structure.

The distribution of gold and Carlin pathfinder elements in soils is controlled at a local scale by the intersection of reactive shaley carbonate rocks with structures that acted as mineralizing fluid conduits. At a regional scale, the mineralization is located on the western flank of an interpreted horst structure containing dense Devonian carbonate rocks that are favourable hosts for Carlin-type gold mineralization.

Interpretation of the gravity data, and possible Audio Magnetotelluric surveying, followed by drill permitting will be completed during the December quarter.

#### **ENDS**

For further information, please contact:

#### **Richard Bevan**

Managing Director Cassini Resources Limited Telephone: +61 8 9322 6569

Email: richard@cassiniresources.com.au

#### **About Cassini**

Cassini Resources Limited (ASX: CZI) is an Australian resource company that successfully listed on the ASX in January 2012. In April 2014, Cassini acquired the significant Nebo and Babel nickel and copper sulphide deposits in the Musgrave region of WA. The Company's primary focus is now on the development of these deposits and progressing them through to successful mineral production as a matter of priority.



Cassini aims to progress its development projects, to explore and add value to its exploration stage projects with the aim to increase shareholder value.

#### **Competent Persons Statement**

The information in this report that relates to Exploration Results and Mineral Resource Estimates is based on information compiled or reviewed by Mr Greg Miles, who is an employee of the company. Mr Miles is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Miles consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The Company is not aware of any new information or data, other than that disclosed in this report, that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates as reported in the market announcement dated 3rd of April 2014 continue to apply and have not materially changed.



Table 1 – Drill Hole Details

									Intersection		
HOLE ID	East	North	RL	Dip	Azi	EOH (m)	From (m)	Width (m)	Ni %	Cu %	Co%
CZC0001	371800	7113150	469	-60	360	162	106	5	1.89	2.67	0.04
CZC0002	371800	7113050	468	-60	360	192			NSI		
CZC0003	371700	7113450	468	-60	360	96	39	3	0.40	0.53	<0.01
							46	7	0.12	0.50	<0.01
							58	17	0.65	0.46	0.03
						Including	68	2	1.38	1.17	0.06
CZC0004	371700	7113350	469	-60	360	138	56	29	1.00	0.61	0.04
						Including	81	2	3.12	1.07	0.06
							99	3	0.67	0.45	0.02
							118	3	0.32	0.45	0.01
CZC0005	371700	7113300	469	-60	360	156	90	36	1.54	1.04	0.06
						Including	90	10	2.46	1.44	0.08
						And	108	2	3.67	0.16	0.12
						And	119	4	3.11	0.84	0.11
							134	11	0.41	0.52	0.02
CZC0006	371700	7113250	469	-60	360	162			ANR		
CZC0007	371700	7113750	469	-60	180	120			ANR		
CZC0008	371702	7113390	468	-60	360	120			ANR		
CZC0009	372732	7113119	470	-60	347	120			ANR		
CZC0010	371700	7113800	469	-60	180	132	57	24	0.37	0.67	0.04
						Including	74	3	0.62	1.01	0.13
CZC0011	371900	7113125	468	-60	360	198			ANR		
CZC0012	371900	7113050	469	-60	360	42			Abandoned		
CZC0012A	371906	7113043	469	-60	360	210			NSI		
CZC0013	371900	7113515	468	-60	360	144	77	2	0.14	0.44	<0.01
							81	2	1.00	0.41	0.03
CZC0014	371900	7113450	468	-60	360	132	80	11	0.19	0.45	<0.01
							97	3	0.45	0.24	0.01
CZC0015	371900	7113350	468	-60	360	144	63	28	1.38	0.87	0.05
						Including	63	4	2.06	2.02	0.06
						And	84	6	3.40	0.96	0.08
							96	8	0.71	0.27	0.02



CZC0016	371900	7113250	468	-60	360	180			ANR		
CZC0017	371900	7113000	470	-60	360	210			NSI		
CZC0018	372000	7113200	469	-60	360	144			ANR		
CZC0019	372000	7113100	469	-60	360	180			ANR		
CZC0020	372000	7113000	470	-60	360	222			ANR		
CZC0021	371600	7113750	470	-60	180	150			ANR		
CZC0022	371600	7113850	470	-60	180	204			ANR		
CZC0023	371700	7113550	469	-60	360	106			ANR		
CZC0024	371725	7114020	470	-60	180	228	185	7	0.98	1.13	0.03
							195	2	0.54	0.84	0.02
							199	3	1.43	0.22	0.04
			NSI = N	o Significaı	nt Intercept,	ANR = Assays n	ot received				



#### **APPENDIX 1 – TENEMENT SUMMARY – 30 SEPTEMBER 2014**

Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Existing West Musgrave				
E69/2907	WA	Granted	100%	100%
E69/2909	WA	Granted	100%	100%
E69/2917	WA	Granted	100%	100%
E69/2918	WA	Granted	100%	100%
E69/3091	WA	Granted	100%	100%
E69/3137	WA	Granted	100%	100%
E69/3145	WA	Granted	100%	100%
E69/3164	WA	Granted	100%	100%
E69/3165	WA	Granted	100%	100%
E69/3168	WA	Granted	100%	100%
Acquired West Musgrave				
E69/1505	WA	Granted	100%	100%
E69/1530	WA	Granted	100%	100%
E69/2069	WA	Granted	100%	100%
E69/2070	WA	Granted	100%	100%
E69/2201	WA	Granted	100%	100%
E69/2313	WA	Granted	100%	100%
E69/2338	WA	Granted	100%	100%
M69/72	WA	Granted	100%	100%
M69/73	WA	Granted	100%	100%
M69/74	WA	Granted	100%	100%
M69/75	WA	Granted	100%	100%
Crossbow (X17)				
E80/4749	WA	Granted	75%	75%
E80/4835	WA	Granted	75%	75%
E80/4836	WA	Granted	75%	75%
E80/4796	WA	Granted	0%	75%
E80/4813	WA	Granted	0%	75%
Nevada				
White Flats Project (12 claims)	Nevada	Leased	100% (leased)	100% (leased)
Cortez East (40 claims)	Nevada	Leased	100% (leased)	100% (leased)
Quinn Canyon (12 claims)	Nevada	Leased	100%(leased)	100% (leased)
Agate Pass (12 claims)	Nevada	Leased	0%	100% (leased)



#### 2. MINING TENEMENTS ACQUIRED/DISPOSED Nature of Interest at beginning Interest at end of **Tenement Reference** Location interest of quarter quarter **Acquired** E80/4796 WA Granted 0% 75% E80/4813 WA Granted 0% 75% Cortez East (28 claims) Nevada Leased 0% 100% (leased) Agate Pass (12 claims) Leased 0% 100%(leased) Nevada **Disposed** E77/1801 WA Relinquished 100% 0% E69/2911 WA Relinquished 100% 0% Quinn Canyon (8 claims) Relinquished 100% (leased) 0% Nevada

3. BENEFICIAL PERCENTAGE INTERES FARM-OUT AGREEMENTS	STS HELD IN F	FARM-IN OR		
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Nil				

# 4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED Tenement Reference Location Nature of interest at beginning of quarter Acquired Nil Disposed Nil

Rule 5.5

### **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, 01/05/2013

Name of entity					
Cassini Resources Limited					
ABN	Quarter ended ("current quarter")				
50 149 789 337	30 September 2014				

#### Consolidated statement of cash flows

		Current quarter	Year to date (3
Cash f	flows related to operating activities	\$A'000	months)
			\$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,292)	(1,292)
	<ul><li>(b) development</li><li>(c) production</li></ul>	-	
	(d) administration	(449)	(449)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	62	62
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
-	Net Operating Cash Flows	(1,679)	(1,679)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) (i) equity investments	-	-
	(b) (ii) equity investments	-	-
	(c) other fixed assets	-	-
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)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows		
	(carried forward)	(1,679)	(1,679)

<sup>+</sup> See chapter 19 for defined terms.

1.13	Total operating and investing cash flows		
	(brought forward)	(1,679)	(1,679)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (share issue costs)	-	ı
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,679)	(1,679)
1.20	Cash at beginning of quarter/year to date	7,930	7,930
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,251	6,251

## Payments to directors of the entity, associates of the directors, 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		191
1.24	Aggregate amount of loans to the parties included in item 1.10		-

1.25 Explanation necessary for an understanding of the transactions

Amount includes:

- executive remuneration (including superannuation)
- non-executive remuneration
- geological and other consulting work provided to the Company
- company secretarial and financial management fees and office rent to Grange Consulting, of which Mr Phil Warren is a director.
- corporate advisory fee to Grange Capital Partners, in which Mr Phil Warren is an associate.

#### 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
	n/a

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

which the reporting entity has an interest	
n/a	

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<sup>+</sup> See chapter 19 for defined terms.

#### Financing facilities available

Add notes as necessary for an understanding of the position.

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

#### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	2,500
4.2	Development	-
4.3	Production	-
4.4	Administration	350
	m . 1	2,850
	Total	

#### 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'ooo
5.1	Cash on hand and at bank	6,251	7,932
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	6,251	7,932

<sup>+</sup> See chapter 19 for defined terms.

#### Changes in interests in mining tenements and petroleum tenements

		Tenement reference and	Nature of interest	Interest at	Interest at end of
		location	(note (2))	beginning of quarter	quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E69/2911	Relinquished	100%	ο%
		E77/1801	Relinquished	100%	ο%
		Quinn Canyon (8 claims)	Relinquished	100%(leased)	ο%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Cortez East (28 claims)	Leased	ο%	100%
		Agate Pass (12 claims)	Leased	ο%	100%
		E80/4796	Granted	ο%	75%
		E80/4813	Granted	ο%	75%

#### 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) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
7.3	<sup>+</sup> Ordinary securities	114,436,390	114,436,390		Fully Paid Ordinary
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks				
7.5	*Convertible debt securities (description)				

<sup>+</sup> See chapter 19 for defined terms.

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7.6	Changes during quarter (a) Increases					
	through issues					
	(b) Decreases					
	through					
	securities					
	matured, converted					
7.7	Options			Exercise Price	Expiry Date	
7-7	(description and	15,600,000		7,000,000	30 June 2015	
	conversion			- 20 cents		
	factor)					
				2,000,000	30 June 2015	
				- 25 cents		
				100,000	19 November 2017	
				- 11.2 cents	1911010111001 2017	
				4,000,000	9 April 2018	
				- \$0.20		
					A :1 0	
				1,000,000 - \$0.30	9 April 2018	
				- \$0.30		
				1,500,000	23 May 2019	
				- \$0.241		
_						
7.8	Issued during quarter					
7.9	Exercised					
	during quarter					
7.10	Expired during					
7.11	quarter  Debentures					
/.11	(totals only)					
7.12	Unsecured					
	notes (totals					
	only)					
_						
Compliance statement						

This statement has been prepared under accounting policies which comply with 1 accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

This statement does /does not\* (delete one) give a true and fair view of the 2 matters disclosed. 27 October 2014 Sign here: Date: .....

> (Director/Company secretary) Steven Wood

Print name:

<sup>+</sup> See chapter 19 for defined terms.

#### **Notes**

- 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.
- The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum 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 or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 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.
- 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.
- Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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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<sup>+</sup> See chapter 19 for defined terms.