



ASX ANNOUNCEMENT

28th April 2017

Quarterly Activities Report for Period Ended 31 March 2017

Highlights:

- Maiden Ore Reserve of 1.16Mt at 24.8% vermiculite >710 micron (20% >710 micron cut-off) at Namekara Vermiculite Mine – providing immediate feedstock for at least 5 years of mine life
- Upgraded Indicated Mineral Resource of 4.6Mt at 19% vermiculite >710 micron (10% >710 micron cutoff – including revised Inferred Mineral Resource of 55.5 Mt at 18% vermiculite >710 micron (10% >710 micron cut-off)
- First vermiculite sales delivered into key markets - North America and Southern Africa – with strong repeat orders continuing to be received from existing European, Asian and Australian customer base
- 14 customers established across 5 continents – 10 customers have placed repeat orders
- Cash receipts for the period of A\$518,000 (Dec 2016 Q2: A \$40,000) – cash receipts building favourably as production ramps up and sales start to materialise from stockpiles established
- US\$750,000 loan facility secured from major shareholder LB International to strengthen production profile and deliver operational efficiencies at Namekara Mine
- Closure of Convertible Note and Payout of Bridging Loan post quarter end
- Cash at bank, debtors and booked sales of \$A2.07 million at quarter end and a pending trade finance facility of \$A1.5 million

Black Mountain Resources Limited (ASX: BMZ) (Black Mountain or the Company) is pleased to provide its Quarterly Activities Report for the period ended 31 March 2017.

OPERATIONS

Namekara Vermiculite Mine, Uganda

Sales & Logistics

Namekara's entry into the conservative, industrial minerals, vermiculite market has been successful and the envisaged strategy has proven to be very effective. The weighted average price received is within 5% of target, which is testament to the Company getting its pricing correct. The spread of customers is well defined in terms of size, geographic diversity and off-take terms. This allows BMZ to address the historic market risk issue which plagued Namekara's former developer.

The Company now has 14 customers across 5 continents. The Company has an almost 100% success rate in repeat orders

with 10 of its 14 customers now repeat customers. Of the customers who have yet to re-order, all were supplied with vermiculite in the last 6 weeks. In terms of value, 25% of the customers account for 75% of off-take sales by value. This concentration of sales value in a few key customers will allow the Company to implement the freight and logistics savings planned for the current quarter, especially for customers where off-take is based on CIF rather than FOB, Mombasa terms.

Production Update

Namakera Mining Company Limited (**NMCL**), is a 100% subsidiary of Black Mountains Resources Limited through its 100% interest in Industrial Minerals International Corporation (IMIC). NMCL is the registered holder of Mining License ML 4651, upon which it operates the Namakera Vermiculite Mine and also conducts exploration activities on the Busumbu Phosphate Project.

Table A: Quarterly Production Table

	Dec 2016 ⁽¹⁾	March 2017 ⁽²⁾	Relative Performance (+/-)	YTD 2016/17
ROM Production	13,895	19,780	+5,885	38,685
ROM Plant Feed	14,092	14,495	+403	33,269
Plant Yield	13%	15%	+2%	
Vm Production	1,803	2,135	+332	4,764
Sales Tonnes	1,011	1,641	+630	3,772
Closing Vermiculite Stock	1,401	1,784 ⁽³⁾	+383	

Notes

- 1: The Namekara mine began operating in late November 2016 under BMZ's management.
- 2: The Namekara mine operated for 41 days out of a possible 86 days in the March Quarter. 2017 Production began on the 2nd January and treated ore until the 4th February, and then recommenced the treatment of ore on the 18th March.. In the period 5th February to 17th March inclusive, the NMCL Plant retreated 96 tonnes of historically stockpiled off spec material.
- 3: The Vermiculite Stock was affected by the retreatment of 277 tonnes of medium grade material which was retreated to produce fines material for an existing client.

During the quarter, the Namekara plant produced Large, Medium, Fine and Super Fine material in the ratio of 23%, 51%, 23% and 3% respectively. This means that Namekara produces 74% of its product in the premium products of large and medium grade vermiculite. During the quarter, the plant produced an average of 47 tonnes per day with a peak production of 79 tonnes per day. The average plant efficiency for recoverable vermiculite was 54% and overall yield was 15%. The plant utilisation was 88%, a significant improvement on the previous quarter. The plant availability was 67% on planned operations, although the plant treated fresh ore for only 41% of the period. The Company will be targeting material improvements to plant availability going forward. A decision was made not to process mined ore for the period 5th February to 17th March inclusive. During this period, the plant treated off spec, stockpiled vermiculite product while a new mine plan was developed from the new Ore Reserve and a detailed analysis was carried out of the high drying costs.

On the 20th March, the Company announced the installation of a new intermediate storage facility as the first step to address the high drying costs and on the 23 February, the Company announced its maiden Ore Reserve for the Namekara Operation.

The Company thus anticipates a material increase to production in the June Quarter as the new mine plan is implemented and the drying cost improvement plans are implemented.

Cash receipts building favourably

Receipts from customers for the period was A\$518,000 up from A\$40,000 in the second quarter. While still in the early stages, the initial sales are encouraging and reflect solid early demand for the Namekara vermiculite product across the Company's growing sales channels.

Given recent improvements to production facilities and production levels, sales are expected to continue strengthening quarter-on-quarter.

Completion of Mine Development Drilling Program

In February, Black Mountain confirmed the completion of a maiden exploration program, a Mineral Resource and grade control drilling program, and analysis of all samples. Data gained from this program was subsequently used to create a master database, by combining this new data with Rio Tinto PLC's ("Rio") and Gulf Industrial Limited's (ASX: GLF) ("Gulf") previous drilling data.

The primary objective of this campaign was to upgrade part of the resource from Inferred Mineral Resource, to Indicated Mineral Resource that would facilitate the Probable Ore Reserve for the short-medium term. The secondary objectives were to tie the databases together by assaying and exfoliation for four different vermiculite flake, particle size distributions for each 1-metre drill hole intersection, and to use this as a basis for the development of an updated short term mining plan.

The program was the first to be undertaken by Black Mountain at the project, with a total of 2,415m across 68 holes drilled in and around the mine. In total, 2,039m (60 holes) were Aircore ("AC"), whilst 375m (8 holes) were Diamond Core ("DC"). Drill spacing in the open pit was 10m by 10m while around the pit it was 25m by 25m.

Twinning of historical Reverse Circulation ("RC") and DC drill holes was also completed in 11 holes, with AC drilling also used to twin a historical hole as part of a drill sterilization program for the location of a new waste dump closer to the open pit.

The AC drilling was designed to be an in-fill and exploration program, with results used towards upgrading the current resource classification and to provide the basis to develop a more detailed grade control block model for mine planning and scheduling. The DC drilling program is in addition to the historical RC and DC drilling programs completed at the Namekara Vermiculite Mine by Rio, who drilled 3,490m of RC in 72 vertical holes (of which 66 were for resource estimation within the current mining lease and 6 were to test mineralisation outside the mining lease), and Gulf who completed 3,408m of DC in 54 NQ3 holes.

Further details on the mine development drilling program can be viewed within ASX announcement dated 24 February 2017.

Maiden Ore Reserve Delivered

During the quarter, Black Mountain reported its maiden Ore Reserve estimate and an updated Indicated Mineral Resource for the Namekara Vermiculite Deposit located in Uganda, see Figure 1 and Table A1.

The maiden Ore Reserve estimate is a culmination of the 2,415m resource drilling program undertaken by BMZ, (announced to the ASX on the 24th of February 2017) and Mineral Resource updates by CSA Global Pty Ltd ("CSA Global") using the BMZ drill data in conjunction with 3,490m reverse circulation drilling completed by Rio and 3,408m diamond core drilling completed by Gulf (announced on the ASX on the 10th of March 2017).

Furthermore, ongoing feasibility studies completed by BMZ, 15 years of mining, processing and marketing experience and optimised pit designs have been used as a basis to convert the Indicated Resources into Ore Reserves.

Further work to convert remaining Indicated Mineral Resource onto Reserve and extend mine life past 5 Years

The Ore Reserve is converted only from Indicated Resources that are currently located above the 1180mRL, which is the estimated level of the water table. The Indicated Mineral Resource extends by an additional 15m below the 1180mRL. However the Company has yet to complete geo-hydrological studies to assess pit dewatering parameters and characteristics. As such, the Company has not as yet classified any of the Indicated Mineral Resource below the water table as Ore Reserves. The indicated Mineral Resource below the 1180mRL is 0.69 MT at 25.48% Vermiculite. Given that the current Probable Ore Reserve provides for a mine life in excess of 5 years, the Company intends to complete hydro-geological studies in the next few years to assess the feasibility of mining below the current water table so as to facilitate expansion of the process facility and access the improved grades at depth. The Company will also complete an annual drilling program in the dry season to infill drill the remainder of the Resource. Drilling by BMZ constitutes about 10% of the infill into the Resource. The dry season runs from December through to February every year.

ORE RESERVE

The Ore Reserve estimate, classified and reported in accordance with the JORC Code, is listed in Table A1. Ore Reserves are excluded in the Mineral Resource estimate. This is the first Ore Reserve estimate reported for the Namekara deposit as reported to the ASX on the 29th March 2017.

Table A1. NAMEKARA ORE RESERVE ESTIMATE, MARCH 2017 UPDATE
(% CUT-OFF)

	Million Tonnes	Grade % (> 710 μ m)	Bulk Density	Contained Vermiculite (Kt) (> 710 μ m)
Probable Ore Reserve	1.16	24.8	2.15	322

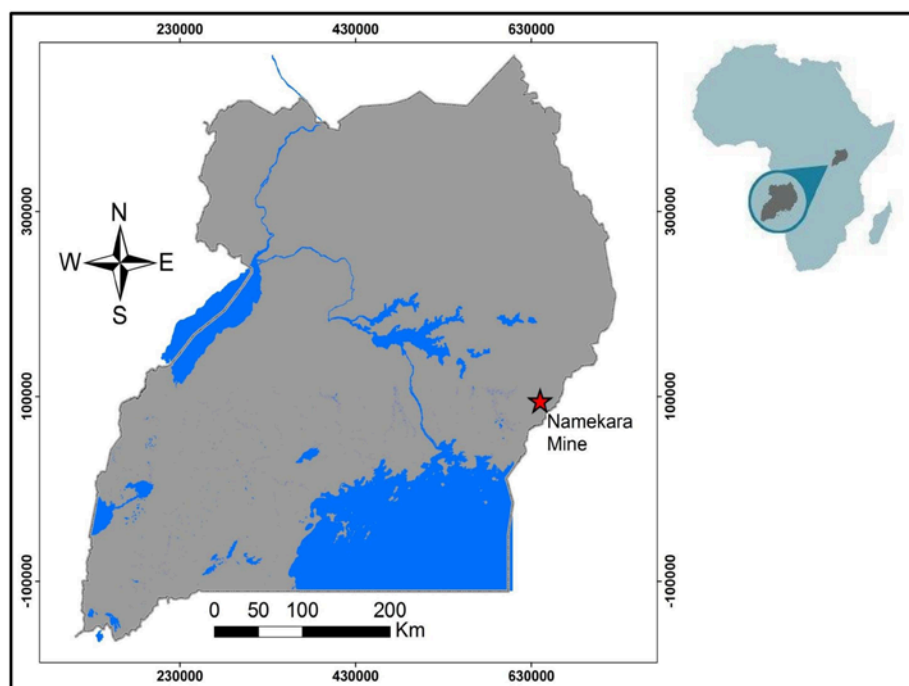


Figure 1: Location of Namekara Mine in Southern Uganda

Dilution of the Mineral Resource estimate and an allowance for ore loss has been included in the Namekara Ore Reserve estimate. About 85% of the Indicated Mineral Resources intersected by the optimised pit mine design at a 20% Cut-off grade has been classified as Probable Ore Reserves after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the Namekara project. There is no Measured Resource in the open pit mine design.

Upgrade to Mineral Resource Estimate

In March, the Company also provided a maiden Indicated Mineral Resource estimate (“MRE”) for the Namekara Vermiculite Deposit – see Table A2. The Resource estimate was generated by CSA Global using the latest data generated from the 2,415m drilling program completed during the quarter.

**Table A2. NAMEKARA MINERAL RESOURCE ESTIMATE, MARCH 2017 UPDATE
(10% CUT-OFF)**

	Million Tonnes	Grade % (> 710µm)	Bulk Density	Contained Vermiculite (Mt) (> 710µm)
Indicated Resources above 1780 m RL	3.0	19.4	2.15	0.58
Indicated Resources below 1780 m RL	1.6	19.7	2.15	0.32
Total Indicated Resources	4.6	19.5	2.15	0.90
Inferred Resources above 1780 m RL	30.9	17.9	2.15	5.53
Inferred Resources below 1780 m RL	24.6	17.3	2.15	4.26
Total Inferred Resource	55.5	17.7	2.15	9.79
Total Resource	57.1	19	2.15	10.57

CSA Global was commissioned by Black Mountain to complete a revised geological model and Mineral Resource update based upon the data from drilling completed within the Namekara deposit, up to and including the end of December 2016. Drilling included 3,490m by Rio, 3,408m by Gulf and 2,415m by Black Mountain.

Further details on the Upgraded Mineral Resource Estimate can be viewed in the ASX announcement dated 10 March 2017.

First Sales Completed into Southern Africa and North America

In March, the Company's 100%-owned subsidiary Namekara Mining Company Limited ("NMCL") completed the first sale of vermiculite to a new customer in Southern Africa. This was a significant development for the business as Southern Africa is a market that has traditionally been supplied and dominated by two large and well respected Southern African vermiculite producers.

Black Mountain's first sales into this market, undertaken on a trial basis, confirms that there is healthy demand in Southern Africa for Namekara's premium vermiculite product. It also reaffirms that the Company's logistics and delivery capabilities are globally competitive.

Post quarter end, the Company also secured its first sale into North America, the world's largest vermiculite market. This is a very important development for the Company and provides excellent validation of the Namekara product in a very large market. The sale is made up of all four grades of Namekara's premium product. Black Mountain expects to gain further market share in North America, especially through the supply of large and medium sized grades. The Company is potentially the only vermiculite producer in the world that can significantly expand production and supply of these grades.

NMCL has also entered into five supply contracts, which run for 12 months, for supply of material into the UK, Europe and Japan. Customers in all of these markets have placed repeat orders for more material, either for different grades for testing, or for additional material in current grades due to increased demand.

The sales team plan to meet with as many of these customers at The Vermiculite Association annual gathering in mid-May to further strengthen the Company's sales pipeline.

NMCL have received strong enquiries from potential customers in Australia, and the sales team plan to meet the various parties this month to convert these enquiries into firm orders. This is expected to further increase the number of customers who are using Namekara vermiculite on the Australian market.

Cost Reduction Initiatives

During the quarter, Black Mountain initiated a strategic cost reduction program, following the Namekara Mine's first three months' production to the end of January 2017. The Board and senior management have undertaken a detailed review of the cost base and identified a number of areas for immediate and sustainable cost savings.

Since the commencement of operations in November 2016, the Company has also achieved consistent container shipments, with a total of 1,641 of product shipped for the March quarter.

A new warehouse facility in Tororo, near site, and a planned logistics office in Mombasa during Q2 2017.

Furthermore, the Company also commenced plant improvements at the Namekara Mine during the quarter highlighted by the installation of an Intermediate Storage Facility (ISF) that will be placed between the Wet Plant and the Dry Plant. The installation is expected to cost A\$240,000 and will take approx. three months to complete, delivering annualised operating cost savings of A\$1.3 million and payback is estimated within two months.

Black Mountain is also expected to materially improve the overall processing plant's Effective Operating Time (EOT), leading to both increased production capacity and availability and will report further on these improvements in due course.

Successful Land Acquisition and Resource Definition Works

The acquisition of the land at P3, located adjacent to Namekara's open pit (P1) was successfully completed on 20 January 2017 – enabling the stripping of this area and mining commencement in the near-term.

Busumbu Phosphate Project

The Busumbu Phosphate deposit, is located approx. 1km to the southeast of the Namekara Vermiculite Mine on of Mining License ML 4651. No exploration or technical work was undertaken during the Quarter.

US SILVER PROJECTS

No exploration or technical work was undertaken during the Quarter. The Company is actively looking to divest of its 70% owned US based subsidiary, ABM Mining Corporation.

Corporate Overview

During the quarter, Black Mountain secured a US\$750,000 loan facility ("the loan") from its major cornerstone investor LB International Limited ("LB International") to fund production growth initiatives at the Namekara Mine. LB International is Black Mountain's major shareholder through its associated company, Richmond Partners Master Limited, an entity controlled by the Company's Non-Executive Director Luca Bechis.

Funds raised have been deployed towards meeting the increasing demand for high quality, large and medium flake vermiculite from the Namekara mine and processing facility. The loan attracts a 10% per annum interest rate on the drawn amount, calculated monthly on the outstanding balance due (including capital interest); and a facility fee of 6% is payable on the total drawdown amount.

The loan (together with the interest, the facility fee, and transaction costs) is to be repaid in full on the maturity date, and Black Mountain has the option to repay all or part of the outstanding balance at any time after the issue date. The loan carries a default interest rate of 2% per month, with monthly capitalisation on the outstanding balance due.

Post quarter end, Black Mountain finalised an agreement with L1 Capital to close out and repay a Convertible Note and Bridging Loan Facility established in February 2016 and drawn down in July 2016. As final settlement of the secured L1 Convertible Note facility, Black Mountain has paid L1 Capital A\$355,000 in cash and issued two million Black Mountain Options. The Options are unlisted and have a strike price of \$0.05 and will expire on 30th April 2020.

In addition, the Company raised A\$535,000 through the issue of 535,000 Convertible Notes each with a face value of A\$1 to existing shareholders, the proceeds of which have been used to repay the L1 facility and will be used for working capital purposes.

During the quarter, Mr Jason Brewer resigned as a Director of the Company.

Well placed for Q4 and beyond

Black Mountain enters the fourth quarter with cash at bank, debtors and booked sales of \$A2.07 million, and a pending trade finance facility of \$A1.5 million which provides additional financial flexibility.

Established stockpiles in Uganda and Europe, currently valued at A\$900,000 and growing, give Black Mountain the necessary near-term supply capacity to fulfil pending orders in the current quarter from new customers in strategically important markets.

Black Mountain is focused on continually optimising mine performance, lowering operating costs and strengthening production. All three objectives are being progressively achieved.

MANAGEMENT COMMENTARY

Black Mountain's Chairman and Chief Executive Officer Julian Ford commented: *"The March quarter was a highly active period for Black Mountain, with a number of critical operational and corporate initiatives put in place to deliver significant near-term value to the Company's flagship Namekara Vermiculite Mine.*

"A core focus for management this year has been on driving increased operational efficiencies at Namekara in order to strengthen daily annualised production rates and to position Namekara as the premier global vermiculite supplier, with our team making significant inroads during the quarter.

"A key achievement was the delivery of our Maiden Ore Reserve Estimate for Namekara, which underpins a rolling five year Mine Plan. Importantly, this has been achieved with infill drilling of only 10% of the current Namekara Resource, which gives our team great confidence of unlocking a long-life mining operation at Namekara.

"The initial sales are pleasing. While still modest and in the very early stages, it demonstrates that the Namekara mine can deliver quality product efficiently, and that there is growing demand for our product across a number of markets.

"It is not lost on the global vermiculite market that Namekara is now one of the only large remaining sources of premium large and medium grade vermiculite, a major strategic advantage for Black Mountain as we establish and strengthen our sales channels.

"The Company's ability to deliver product cost effectively and reliably into key markets, such as North America, has also further enhanced BMZ's reputation as a reliable global supplier of large and medium flake vermiculite. With an aggressive mine development strategy and marketing campaign in place, the Company looks forward to providing shareholders with further corporate and operational updates in the near-term."

-ENDS-

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Forward Looking Statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Person’s Statement

The information in this report that relates to Exploration Results has been compiled by Andrew Scogings and Patrick Takaedza. Dr Scogings is a full-time employee of CSA Global Pty Ltd. Mr Takaedza is a full-time employee of Namekara Mining Company Ltd. Dr Scogings is a Member of the Australian Institute of Geoscientists and Mr Takaedza is a member of the Australian Institute of Mining and Metallurgy. Both Dr Scogings and Mr Takaedza have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code (2012). Both Dr Scogings and Mr Takaedza consent to the disclosure of this information in this report in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Matthew Cobb, who is a full-time employee of CSA Global Pty Ltd. Dr Cobb is a Member of the Australian Institute of Geoscientists and has sufficient experience 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 JORC Code (2012). Dr Cobb consents to the disclosure of this information in this report in the form and context in which it appears.

The information in this report that relates to mineral resource regularisation, pit optimisation process, mine scheduling and pit design for the Ore Reserves has been compiled by Patrick Takaedza. Mr Takaedza is a full-time employee of Namekara Mining Company Ltd. Mr Takaedza is a member of the Australian Institute of Mining and Metallurgy. Mr Takaedza has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code (2012). Mr Takaedza consents to the disclosure of the information in this report in the form and context in which it appears.

Table B: Tenement Schedule ⁽³⁾

Mining Tenement (Claim)	Reference No.	Interest Held
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	100%
EXPLORATION LICENSE 1534	EL 1534	100%
Mining Tenement (Claim)	Reference No.	Interest Held
New Departure Silver Project, Montana US¹		
MOTHER LODE – 8431	-	70%
DIRECTOR LODE – 5600	-	70%
PROTECTOR LODE – 5601	-	70%
SHIELD LODE – 5602	-	70%
CLIFF LODE – 2264	-	70%
GUARDIAN LODE – 2411	-	70%
QUIEN SABE LODE – 2265	-	70%
SIGNAL LODE – 2505A	-	70%
Conjecture Silver Project, Idaho US²		
SPIDER – SURVEYOR GENERAL'S SURVEY #2683	-	70%
CONJECTURE – SURVEYOR GENERAL'S SURVEY #2683	-	70%
RAINBOW – SURVEYOR GENERAL'S SURVEY #2689	-	70%
COMET – SURVEYOR GENERAL'S SURVEY #3071	-	70%
LUCKY STRIKE – SURVEYOR GENERAL'S SURVEY #2744	-	70%
SILVER CORD – SURVEYOR GENERAL'S SURVEY #2744	-	70%

Notes to Leases

1. The New Departure lease has been prepaid for the two year period July 2015 to June 2017. The lease fee was paid by Mr Greg Smith who is a Director of ABM Mining Company, the Lessee and majority owned subsidiary of the Company. Mr Smith is holding the lease on trust for ABM Mining who owe Mr Smith for these lease payments. For the period ending 30 June 2016, the outstanding fees owed to Mr Smith for these lease fees are US\$36,000. As at the date of this report these fees have not been paid by the Company.
2. The Conjecture Lease fees have not been paid since the end of March 2016. The Company owes Chester Mining Company, Lessor of the project. Mr. Bill Campbell, President of Chester Mining, has acknowledged that for the period being reported, the Company owes Chester US\$6,000 for the lease payments and has verbally agreed to rectify all the outstanding amounts on completion of the Namekara transaction. . As at the date of this report these fees have not been paid by the Company.
3. As a consequence of the issues outlined in the Notes 1 and 2, it is highly unlikely that the Company would be in a position to reclaim tenure over these tenements without substantial litigation costs and a major effort on behalf of BMZ management.

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

BLACK MOUNTAIN RESOURCES LTD

ABN

55 147 106 974

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	518	558
1.2 Payments for		
(a) exploration & evaluation	(14)	(502)
(b) development	-	-
(c) production	(694)	(1,532)
(d) staff costs	(501)	(1,060)
(e) administration and corporate costs	(203)	(856)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	(6)	(40)
1.9 Net cash from / (used in) operating activities	(900)	(3,432)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(45)	(265)
(b) tenements (see item 10)	-	-
(c) investments	-	(33)
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(45)	(298)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,500
3.2	Proceeds from issue of convertible notes	535	535
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(546)
3.5	Proceeds from borrowings	981	1,614
3.6	Repayment of borrowings	-	(1,361)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,516	4,742

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	441	-
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(900)	(3,432)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(45)	(298)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,516	4,742
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	1,007	1,007

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,007	441
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,007	411

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	69
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Nil

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Nil

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,811 ¹	1,811
8.2 Credit standby arrangements	Nil	
8.3 Other (please specify)	Nil	
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.		

¹ Total loan facilities available before drawdown

- a) Gorilla Pit Pty Ltd – \$7,500 repaid 13 April 2017
- b) L1 Capital Global Opportunities Master Fund – Convertible Note – \$355,000 repaid 5 April 2017
- c) Sanlam Private Wealth – \$12,000 repaid 13 April 2017
- d) Convertible Notes issued 5 April 2017 – Unsecured – 10%p/a interest - \$535,000 with a maturity of 30 April 2020, convertible at \$0.05 per share.
- e) LB International loan facility – Unsecured – 10%p/a interest with a 6% facility fee payable on maturity – US\$750,000 with a maturity of 6 September 2017

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	21
9.2 Development and capital expenditure	459
9.3 Production	851
9.4 Marketing	739
9.5 Staff costs	519
9.6 Administration and corporate costs	107
9.7 Repayment of L1 Capital Loan Facility	355
9.8 Interest paid to convertible note holders	13
9.9 Stock financing costs by Trade Financier	90
9.10 Total estimated cash outflows	3,154

The above amounts will be financed through the following sources:

- Cash on hand \$1,007,038
- Debtors and sales \$1,074,440
- Trade finance \$1,542,886

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Director)

Date: 28/4/2017

Print name: Julian Ford

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.