

AIC Resources Limited ("AIC" or "the Company")
(ASX:A1C)

QUARTERLY REPORT FOR THE QUARTER ENDED 30 JUNE 2018

HIGHLIGHTS

Exploration

- ❖ Geological mapping and structural interpretation defines 4km greenstone outcrop at Two Pools.
- ❖ Mapping and geochemical sampling ~1 km north of Copper Hills returned interesting soil anomaly (<58ppb) within weathered mafic and schistose rocks.
- ❖ Continued airborne magnetic interpretation with site based geophysicist.
- ❖ Drilling programs planned for late 2018.

Corporate

- ❖ As at 30 June 2018, AIC held approximately \$7.8 million in cash.



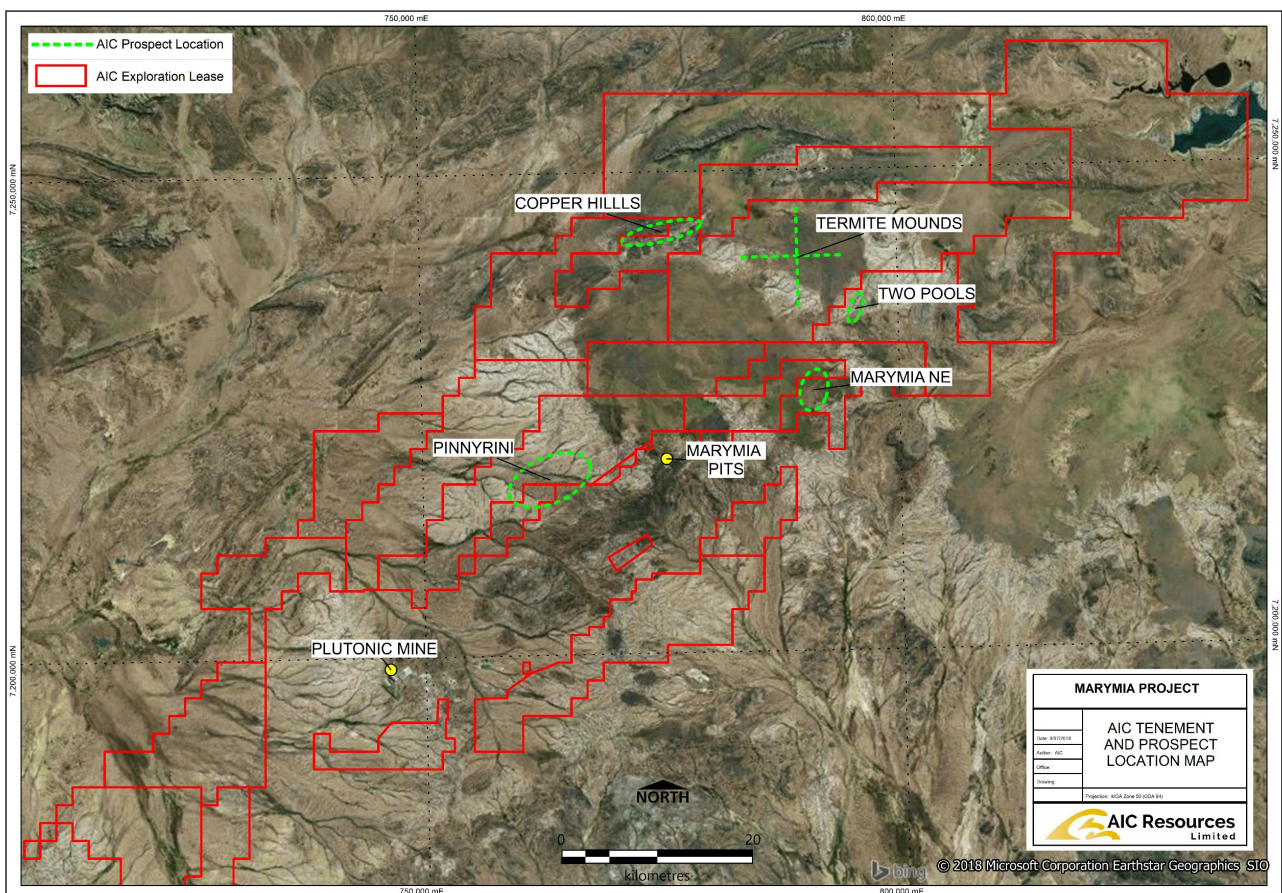
MARYMIA PROJECT BACKGROUND

The Company is the 100% owner of the ~3,160km² Marymia Project located 1,200km north-east of Perth on the northern margin of the Yilgarn.

The Marymia Project is considered to have strong potential to host gold ore deposits. Additionally, some Tenements have the potential to host base metal, lithium or rare earth metal mineralisation. The Company proposes to undertake an exploration work program in order to define a mineral resource capable of sustaining an independent and viable mining operation.

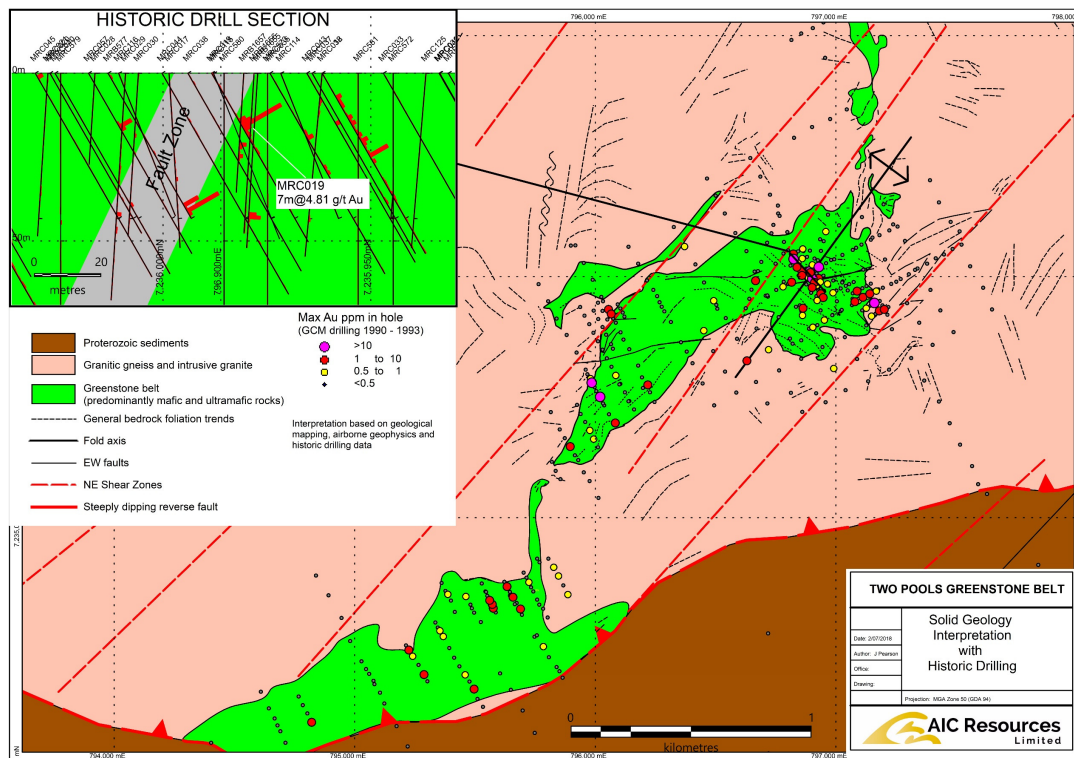
EXPLORATION

Exploration during the quarter was concentrated on the geological and structural understanding of the mineralisation at Two Pools, both on structural controls of known mineralisation and a more regional setting of the 4km strike length of greenstones. Elsewhere, mapping and surface geochemical sampling has progressed throughout the tenement area, in particular Copper Hills and the Termite Mounds.



Two Pools

Nearly four kilometres of greenstone can be mapped at Two Pools in a deformed belt, that is offset from the main Plutonic-Marymia greenstone belt by a major east-north-east trending, steeply north dipping, reverse fault. Directly south of Two Pools, the fault offsets Archaean granites and gneiss on the northern hanging wall against Proterozoic shales and cherts to the south. **Shallow drilling during the early 1990's by Great Central Mines (GCM) indicates that gold intersects greater than 0.5 g/t occur along the entire length of the Two Pools greenstone belt**, with significant intercepts occurring in an interpreted fold hinge near the northern extremity. The greenstone is structurally complex with faults and shears observed in N-S, E-W, NW-SE and NE-SW directions, many of which are interpreted to be Proterozoic in age associated with the Gascoyne Orogen and probable proximity to the major reverse fault. GCM recognized gold mineralisation to be associated with quartz veins within both mafic and ultramafic amphibolite units, however the structural complexity prohibited interpreted continuity of the mineralised veins. With the benefit of the completed airborne magnetic survey and integration with geological mapping, AIC have re-interpreted the geology and structural setting of the greenstone. **Reverse circulation drill holes are planned to target potential extensions to the known mineralisation at depth and along strike.**



During the quarter, AIC completed:

- a historical data review;
- an interpretation of high resolution aeromagnetic data; and
- geological mapping.

A summary of GCM drilling in the proximity of the Two Pools greenstone belt includes:

- 263 RAB holes for 12147 (an average depth of 46m); and
- 175 RC holes for 11549 (an average depth of 66m).

Note that all drilling, sampling and assay data is unverified historic data taken directly from GCM WA Mines Department Reports.

Marymia North East

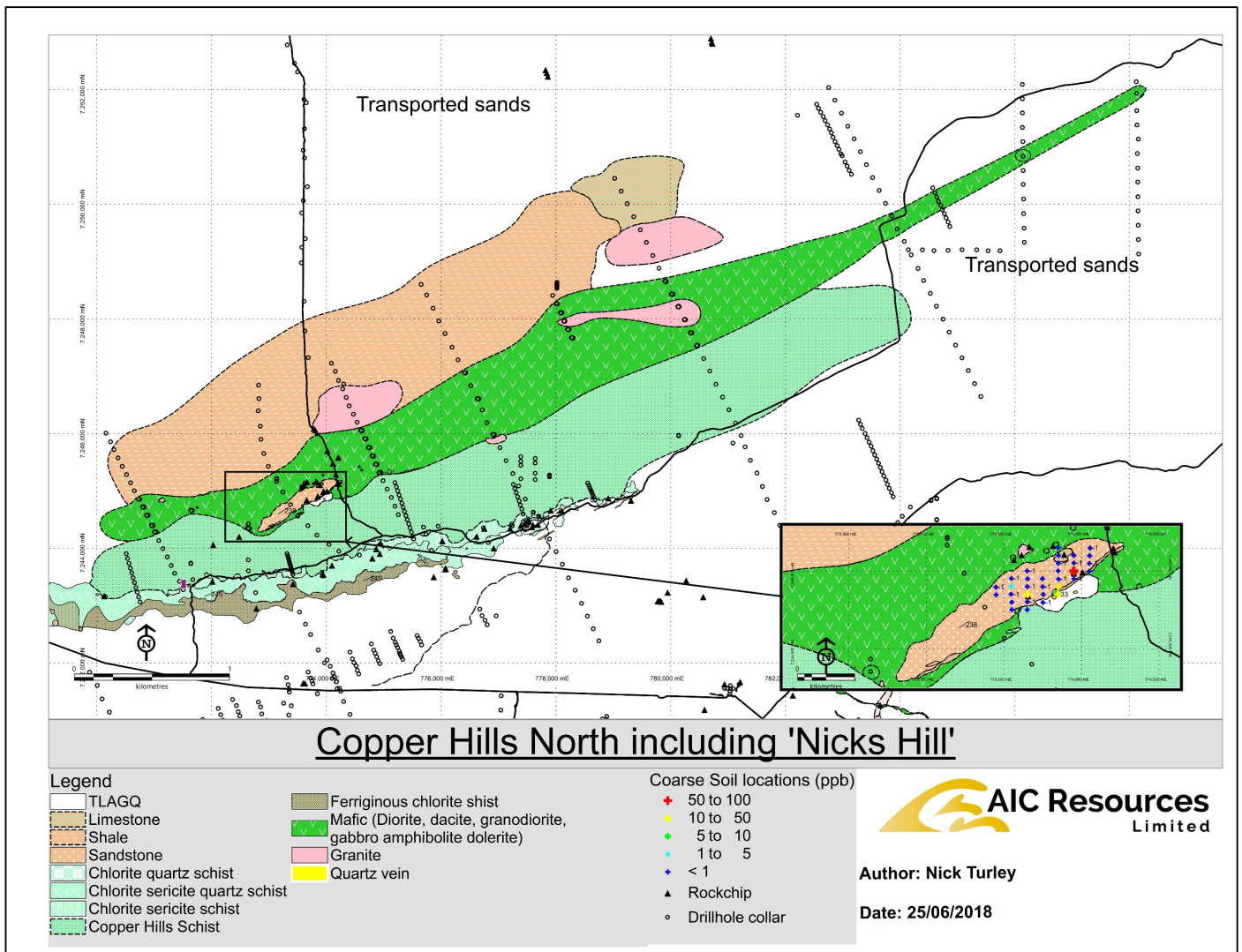
Mapping and geological interpretation has been completed over Marymia North East (Marymia NE) and a reverse circulation drilling program is planned to test the mineralisation at depth.

Pinnyrini

An aircore drilling program has been planned over Pinnyrini to test geological and structural interpretation and bedrock geochemistry with the aim to determine a target for reverse circulation drilling.

Copper Hills

Mapping and geochemical sampling has continued throughout the tenement areas. A low rise approximately 1km to the north of Copper Hills was identified within extensive aeolian sands. The hill is formed by a sandstone cap with an iron cemented basal unit unconformably overlying a very sparse float and sub-crop of schist (typical of the Copper Hills schist), mafic (probably dolerite) and granite. Soil sampling over this hill returned gold values up to 58 ppb. Historic data collation and infill surface geochemistry is in progress to determine drill targets.



Regional Reconnaissance

Compilation of historical data and airborne geophysical interpretation, integrated with on-ground geological mapping and geochemical sampling, has progressed throughout the tenement package with aim to identify areas of interest to be tested with bedrock aircore drilling programs.

Planned Work Program

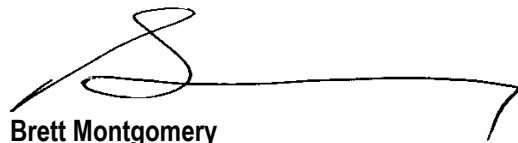
The Access and Mineral Exploration Agreement with The Gingirana Native Title Claim Group ("Gingirana") has been agreed in principle. A Program of Works for Marymia NE, Two Pools and Pinnyrini was submitted to the Department of Mines, Industry Regulation and Safety ("DMIRS"), and approval has now been received for Marymia NE and Two Pools. Once clearance has been obtained from the Gingirana, drilling can commence. Aircore drilling at Pinnyrini and more regional targets will follow.

CORPORATE

Cash

As at 30 June 2018, AIC held approximately \$7.8 million in cash. Refer to Appendix 5B for principal movements in cash for the quarter.

On behalf of AIC Resources Limited



Brett Montgomery
Managing Director
27 July 2018

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Competent Persons Statement

The information in this report that relates to all Geological Data and Exploration Results is based on, and fairly represents information and supporting documentation compiled by consultant geologist Dr Joanna Pearson of Odyssey Directions Pty Ltd. Dr Pearson is a Member of The Australian Institute of Geoscientists and 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 Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Pearson consents to the inclusion in this report of the matters based on her information in the form and context in which they appear.

Geophysical information in this report is based on data compiled by Mr Peter Staples who is employed by SFDesign Pty Ltd which provides consulting services to the Company. Mr Peter Staples is a Member of Australian Society of Exploration Geophysicists and has sufficient experience to provide geophysical and geological services which are relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Staples consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The assay samples were analysed by Intertek Genalysis Laboratory Services Pty Ltd, Maddington, Western Australia.

APPENDIX 1 – AIC RESOURCES LIMITED TENEMENTS

| Mining Act Tenure | | Company's Ownership Interest |
|---------------------------|---------|------------------------------|
| Tenement | Status | |
| E52/2943 | Granted | 100% |
| E52/2944 | Granted | 100% |
| E52/2945 | Granted | 100% |
| E52/2973 | Granted | 100% |
| E69/3247 | Granted | 100% |
| E52/3027 | Granted | 100% |
| E52/3028 | Granted | 100% |
| E52/3029 | Granted | 100% |
| E52/3044 | Granted | 100% |
| E52/3154 | Granted | 100% |
| E52/3171 | Granted | 100% |
| E52/3190 | Granted | 100% |
| E52/3265 | Granted | 100% |
| E52/3317 | Granted | 100% |
| E52/3318 | Granted | 100% |
| E52/3319 | Granted | 100% |
| E52/3346 | Granted | 100% |
| E52/3368 ⁽²⁾ | Granted | 100% |
| E52/3397 | Granted | 100% |
| E52/3455 | Granted | 100% |
| ELA52/3087 ⁽¹⁾ | Pending | 0% |
| ELA52/3622 ⁽³⁾ | Pending | 0% |
| ELA52/3623 ⁽³⁾ | Pending | 0% |
| ELA52/3624 ⁽³⁾ | Pending | 0% |

Notes:

- (1) For ELA52/3087, to the effect that if this tenement is not granted it does not adversely affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised. Note that Cosmopolitan Minerals Ltd ("CML") is the registered applicant of ELA 52/3087 and once this application is granted, application will be made for the tenement to be transferred to AIC. This tenement was recommended for approval.
- (2) On 30 October 2017, the registered native title group in respect of the area of E52/3368, lodged an objection with the National Native Title Tribunal alleging that the grant of E52/3368 (which occurred on 27 July 2016) was invalid as it did not comply with the relevant Native Title Act 1993 (Cth) processes. If the grant of E52/3368 is unwound, the prospectivity of the Marymia Project will not be adversely affected and the funds set aside for exploration on E52/3368 will be re-directed to other granted Tenements.
- (3) These tenements were applied for in March 2018. If they are not granted, it does not affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised.

Mining Tenements disposed: Nil.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

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

| Criteria | JORC Code explanation | Commentary |
|--|---|---|
| Sampling techniques | <ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | <ul style="list-style-type: none"> Surface geochemical results stated in this report are based on soil sampling. Surface vegetation was cleared, and a hole dug to approximately 15cm. Samples were sieved through aluminium sieves and approximately 300g of -5mm+1.6mm fraction collected in manila packets. Rock chips samples are collected from surface outcrop directly into calico bags. Termite mound were sampled by taking a bulk, un-sieved sample of approximately 2kg and removing most of any organic matter present. No measures have yet been taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. However, an orientation study was first conducted to determine the most appropriate sampling medium and assay technique. Reports of mineral occurrences are based in information sourced from open file data. On ground verification of these occurrences is purely visual reconnaissance at this stage. No work worthy of current 'industry standard' has been done to verify reported drill holes or mineral occurrences. |
| Drilling techniques | <ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | <ul style="list-style-type: none"> No drilling has been undertaken by AIC Resources during this reporting period. Drilling results from previous explorers, predominantly Great Central Mines, are taken from Mines Department Reports. Details of drilling techniques are not always recorded and have not been verified by AIC Resources. |
| Drill sample recovery | <ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | <ul style="list-style-type: none"> Historical drill holes mentioned in relation to mineralisation at Marymia NE prospect are sourced from the Western Australia Mineral WAMEX database and measures taken to maximize sample recovery and to ensure representative nature of the samples is generally not recorded. AIC Resources has not undertaken any physical data verification. No comment can be made as to relationship between sample recovery and grade in historical drill hole data |
| Logging | <ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. | <ul style="list-style-type: none"> Not applicable. Not applicable. Not applicable. |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. | <ul style="list-style-type: none"> Not applicable. No techniques are discussed in relation to historical drill hole data mentioned in the Report. AIC Resources has not taken any measures to verify drilling sample types, the appropriateness of sample preparation techniques or quality control procedures. An orientation geochemical program was first undertaken by AIC Resources to determine the |

| Criteria | JORC Code explanation | Commentary |
|--|--|--|
| | <ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. | appropriate sample type and analysis. All samples are dried, and pulverised by Intertek Genalysis laboratory in Perth. No information is available, and is not relevant for this stage of exploration, for historical drill holes mentioned in the report. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | <ul style="list-style-type: none"> Soil, termite mound and rock chip sample results reported were assayed at Intertek Genalysis Laboratory in Perth. Soil and rock chips were analysed by aqua-regia digest ICPMS analysis (AR10/MS, 1ppb detection level Au) and termite mound samples by Enhanced ICPMS (AR10/eMS, 0.1ppb detection level Au). Both techniques are considered a partial digest and appropriate for this stage of exploration. No information is reported for the assay technique used for historical drilling. No geophysical data or hand held XRF instrument data is reported. Quality control procedures for soil and termite sampling involves insertion of 2 certified reference material samples (standards) and collection of 2 field duplicates for every 100 samples collected. This is considered acceptable levels for early stage exploration. No information is available for the quality control procedures used for historical drilling. |
| Verification of sampling and assaying | <ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. | <ul style="list-style-type: none"> Significant intersections mentioned in the report are taken from Mines Department Open File reports and have not been verified. No twinned holes are reported. Field data is collected with a hand-held GPS and LogChief data collection software. It is imported directly into an SQL DataShed database. No adjustments have been made to assay data. |
| Location of data points | <ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. | <ul style="list-style-type: none"> Soil, termite and rock chip samples are collected with a hand-held Garmin GPS which has an accuracy of approximately 5m. Historical drilling at Marymia NE have only been verified by visual location in field. The company is using MGA 94 zone 50 as a standard grid system; Historical data was recorded in AMG66, AMG84 and Lat and Long projections. The data is re-projected to MGA94 and verified visually where possible. All topographic controls are currently by hand held GPS normally with a 5m error and visual. |
| Data spacing and distribution | <ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. | <ul style="list-style-type: none"> Exploration soil sampling density at Pinnyrini is based on a 80 X 80 m offset grid. As the trend of the underlying bedrock is not understood it was considered the most appropriate spacing and pattern to use at this prospect. Not applicable. No sample compositing has been recorded and is not being reported. |
| Orientation of data in relation to | <ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. | <ul style="list-style-type: none"> Exploration lag sampling density at Pinnyrini is based on a 80 X 80 m offset grid. As the trend of the underlying bedrock is not understood it was considered the most appropriate spacing |

| Criteria | JORC Code explanation | Commentary |
|-----------------------------|---|--|
| <i>geological structure</i> | <ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> | <p>and pattern to use at this prospect. Sampling at Copper Hills is based on 80m spaced samples along 160m spaced lines which run perpendicular to the known strike of rock and mineralisation.</p> <ul style="list-style-type: none"> At this early stage of assessment of the Marymia project it is not possible to comment on the relationship between drilling orientation and orientation of key mineralised structures. |
| <i>Sample security</i> | <ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> | <ul style="list-style-type: none"> Individual lag samples are collected in manila packets at each site and collated in bundles of 10 in calico bags which are then collected into polyweave sacks and wired closed at exploration camp. The polyweave sacks are then driven to Newman and dispatched to Perth by commercial trucking company. No information is available as to measures taken to ensure sample security for historical drilling. |
| <i>Audits or reviews</i> | <ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> | <ul style="list-style-type: none"> No data audits or sampling reviews have been undertaken. |

Section 2 Reporting of Exploration Results

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

| Criteria | JORC Code explanation | Commentary |
|---|---|--|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | <ul style="list-style-type: none"> AIC is the registered holder of the granted Tenements. Exploration licence application 52/3087 is still pending grant. Should this application be granted, consent will be sought to have title transferred to AIC in accordance with the Mining Act 1978 (WA). The Tenements co-exist with a number of pastoral leases including the Marymia, Three Rivers and Kumarina pastoral leases. On 30 October 2017, the registered native title group in respect of the area of E52/3368, lodged an objection with the National Native Title Tribunal alleging that the grant of E52/3368 (which occurred on 27 July 2016) was invalid as it did not comply with the relevant Native Title Act 1993 (Cth) processes. If the grant of E52/3368 is unwound, the prospectivity of the Marymia Project will not be adversely affected and the funds set aside for exploration on E52/3368 will be re-directed to other granted Tenements. |
| Exploration done by other parties | <ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. | <ul style="list-style-type: none"> Exploration was undertaken by numerous sources dating from 1972 until 2016 primarily Great Central Mines from 1990 – 1993. Drilling by previous explorers at Copper Hills are identified on an appropriate map in the text. Information from previous exploration has been sourced from the Western Australia Mineral WAMEX database and is publicly available |
| Geology | <ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. | <ul style="list-style-type: none"> The Marymia Project is located within the south-eastern part of the Capricorn Orogen situated between the Pilbara and Yilgarn Cratons. The main exploration model for the district is the Plutonic Mine sequence however, other structural styles and mineralisation may also be present. Specifically, at the Pinnyrini prospect where soils results are reported, there is no outcrop and the underlying geology is not known. However preliminary interpretation based on geophysics and limited GCM RAB drilling is that the prospect is located in an embayment in the overthrust granite and is underlain by greenstone and granite similar to elsewhere in the Plutonic greenstone belt. |
| Drill hole Information | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | <ul style="list-style-type: none"> No drilling has been undertaken by AIC Resources. Results from previous explorers are in relation to geochemical anomalies defined by AIC Resources and a table of results is not appropriate. |

| Criteria | JORC Code explanation | Commentary |
|--|---|---|
| Data aggregation methods | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. | <ul style="list-style-type: none"> Not applicable Not applicable |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | <ul style="list-style-type: none"> Not applicable at this stage of exploration |
| Diagrams | <ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | <ul style="list-style-type: none"> A plan of the lag sampling anomaly in relation to previous drilling is given in the text of the report. |
| Balanced reporting | <ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | <ul style="list-style-type: none"> Not applicable to this stage of exploration |
| Other substantive exploration data | <ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | <ul style="list-style-type: none"> Not applicable to this stage of exploration |
| Further work | <ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | <ul style="list-style-type: none"> AIC Resources has just commenced exploration program and sampling is ongoing. Further lag sampling and geophysical interpretation is planned for Pinnyrini and Copper Hills, with the aim to define a drilling program. |

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

AIC Resources Limited

ABN

71 619 035 737

Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (358) | (1,384) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs - exploration | (218) | (622) |
| - corporate | (87) | (306) |
| (e) administration and corporate costs | (24) | (110) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 54 | 105 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (633) | (2,317) |

| | | |
|--|-----|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (9) | (196) |
| (b) tenements (see item 10) | - | (1) |
| (c) investments | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| | (d) other non-current assets | - | - |
| 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 | (9) | (197) |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 10,200 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (638) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other – third party exploration expenditure (to be reimbursed) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 9,562 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 8,402 | 712 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (633) | (2,317) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (9) | (197) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 9,562 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 7,760 | 7,760 |

| 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 | 760 | 402 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (term deposits) | 7,000 | 8,000 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 7,760 | 8,402 |

| 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 | 87 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 Includes cash payments for :- - directors fees (including taxes paid during the quarter) - \$25,000 - salaries (including taxes paid during the quarter) - \$54,265 - superannuation - \$7,530 | |

| 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 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 N/A | |

| 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 | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| N/A | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 588 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs – corporate | 87 |
| 9.5 Administration and corporate costs | 116 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 791 |

| 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 | - | - | - | - |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

Compliance statement

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

Sign here: 
Director and Company secretary

Date: 27 July 2018

Print name: Heidi Brown

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.