



ASX: **EQX** | 30 JANUARY 2015 | **ASX RELEASE**

DECEMBER 2014 QUARTERLY REPORT

HIGHLIGHTS

Mayoko-Moussondji

- Equatorial Resources Limited and the Republic of Congo Government signed a Mining Convention Agreement for the Mayoko-Moussondji Iron Project completing the permitting approval process for the development and management of the Project.
- Equatorial will benefit from various guarantees and taxation concessions within the Mining Convention which include a total corporate tax holiday for the first five years of production followed by a reduced corporate tax rate of 7.5% for a further five years and then a maximum corporate tax rate of 15% for the life of mine.
- The Mining Convention provides Equatorial with guaranteed access to the state owned railway and port facilities and includes the signing of a separate Rail Agreement with the state-owned Chemin de fer Congo-Ocean and a separate Port Agreement with the Port Autonome de Pointe-Noire.
- Pre-Feasibility Study results confirmed the technical and economic viability of the Mayoko-Moussondji Iron Project and demonstrated the potential for strong operating cash margins.
- Key Pre-Feasibility Study results for the Mayoko-Moussondji Iron Project included:
 - Annual Production: 2.5 million tonnes (dry) per annum
 - Operating Costs (LOM ave cash costs FOB): US\$39.93 per tonne
 - Total Capital requirement (mine, rail and port): US\$181.16 million
 - Capital Intensity: US\$72.46 per capacity tonne
 - Timeline to Production: 15-18 months from Final Investment Decision
 - Project returns: IRR of 25% and post tax NPV of US\$115 million*
- * NPV calculated using a 10% discount rate and long term index iron ore price of US\$74/t (FOB Pointe Noire)
- With the Mining Licence and Mining Convention in place, having completed the Pre-Feasibility Study, and obtained all key government and environmental permits, Equatorial has secured long term tenure and 100% ownership of Mayoko-Moussondji and is in a strong position to react to current market conditions and position the Project for future value creation.

Badondo

- Equatorial commenced an options study to investigate low-capital, low-volume initial development opportunities for a direct shipping ore mining operation at the Badondo Iron Project leveraging off planned regional infrastructure development of nearby projects.
- Equatorial continues to investigate regional opportunities for partnership and amalgamation.

Corporate

- **Reacting to the continued adverse market environment for iron ore development projects Equatorial has reduced its cost footprint and will maintain a focus on leveraging opportunities to build shareholder value.**
- **Equatorial is in a strong financial position with significant cash reserves and no debt. As at 31 December 2014 the Company held A\$38.7 million in cash**

Equatorial Resources Limited ("Equatorial" or the "Company") is pleased to present its quarterly report for the period ending 31 December 2014.

MAYOKO-MOUSSONDJI IRON PROJECT

The Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "the Project") is located in the southwest region of the Republic of Congo ("ROC") and has access to an existing railway line running directly to the deep water port of Pointe-Noire (refer Figure 1). The Project currently has Probable Ore Reserves of 38.5Mt at 42.01% Fe, and total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Resource of 182Mt at 35.7% Fe. The near surface Hematite Resource mineralisation has been shown to readily upgrade, using simple processing techniques, to "Mayoko Premium Fines", a 64.1% Fe product.



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

Signature of Mining Convention Agreement

On 10 December 2014, Equatorial announced that the Company and the Republic of Congo ("ROC") Government had signed a Mining Convention Agreement ("Mining Convention") for Mayoko-Moussondji. Signing of the Mining Convention follows the granting of a 25 year Mining Licence for the Project in March 2014 (refer ASX Announcement 31 March 2014).

The Mining Convention was signed at an official ceremony in Brazzaville on 9 December 2014 attended by a number of Ministers and senior members of the ROC Government and Equatorial's Managing Director & CEO, Mr John Welborn.

The Mining Convention defines the fiscal rights and responsibilities of both the government and the holder with respect to the operation of the relevant Mining Licence. The negotiation of a Mining Licence and Mining Convention is carried out on an individual basis between the ROC Government and each mining company and is guided by the terms of the Mining Code, the specific attributes of the mining project, and the precedent of previously granted conventions and legislation. The Mining Code has a number of favourable terms for miners. The government is entitled to a 3% royalty on revenues and a 10% free interest in the mining project.

The corporate tax rate for mining companies in the ROC is normally 30% and the Mining Convention allows mining companies to negotiate various tax and investment incentives.



Figure 2: The official signing of the Mayoko-Moussondji Mining Convention by (L to R) Mr. Pierre Oba, ROC Minister of Mines, Mr. Rodolphe Adada, ROC Minister of Transport, & Mr John Welborn, Managing Director & CEO of Equatorial



Figure 3: Mr Rodolphe Adada, ROC Minister of Transport, presents Mr John Welborn, Managing Director & CEO with the signed Mining Convention for Mayoko-Moussondji

The key benefits and advantages provided to Equatorial within the signed Mining Convention, the Rail Agreement and the Port Agreement are:

- A 25-year unrestricted right to mine all forms of iron ore within the Mining Licence area which is renewable for further terms of 15 years;
- Access to the railway and port facilities for an initial period of 25 years with guaranteed capacity commencing at 500,000 tonnes per annum in year 1 and increasing to 12Mt per annum in year seven;
- The ROC Government to participate as a shareholder;
- Equatorial will have access to the lowest priced fuel in the ROC at a subsidized rate established by statute; and
- Taxation concessions, benefits, and exemptions including;
 - Total corporate tax holiday for the first five years of production;
 - A reduced corporate tax rate of 7.5% for a further five years;
 - A maximum corporate tax rate of 15% for the remaining period of the Mining Convention;
 - Various advantageous treatments of depreciation and deductions;
 - Exemption from Value Added Tax on imports required for mining operations;
 - No fees, levies, or taxes charged in respect of the export of iron ore; and
 - Reduced customs regime during the construction period.

The Mining Convention is subject to conditions precedent including the official granting to Equatorial of access to the mining area, the signing of various implementation agreements, the publication of the ratifying law in the official gazette of the ROC, and other standard terms of the ROC Mining Code including ratification by the ROC Parliament.

Completion of Pre-Feasibility Study

On 25 November 2014, Equatorial announced the results of a Pre-Feasibility Study (“PFS” or “Study”) for Mayoko-Moussondji, reported in accordance with the JORC Code (2012).

The PFS was prepared by WorleyParsons Services Pty Limited ("WorleyParsons") and Orelogy Pty Ltd ("Orelogy"), and incorporates an updated mine plan based on a maiden Ore Reserve Estimate generated from the upgraded resource of near surface hematite material, rail and port advancements, and other Project refinements since the completion of the Scoping Study for the Project in July 2013. The PFS work also successfully investigated the opportunity to reduce the Project's capital requirements through the use of leasing and build own operate ("BOO") contracting solutions.

Production Profile

The PFS for Mayoko-Moussondji is based on the staged development of a 2.5 million tonnes per annum ("Mtpa") hematite fines product operation, commencing with a production rate of 1.0Mtpa in Year 1 and ramping up to 2.5Mtpa in the fourth year of operation.

It is expected that with further targeted drilling the resource will continue to grow with the upgrading of Inferred Mineral Resources into Indicated Mineral Resources and this will either be used to extend the mine life and/or to drive higher production volumes in the future.

High Quality Product – 64.1% Fe Mayoko Premium Fines

The PFS flow sheet is designed to process both colluvial and friable hematite ore types from Mayoko-Moussondji and produce a premium fines iron product with low impurities, through simple processing techniques with high overall mass recovery. The excellent chemical and physical properties of Mayoko Premium Fines are expected to demand premium pricing relative to the 62% Fe index price.

Mayoko-Moussondji Iron Project Mayoko Premium Fines Target Product Specifications						
Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	LOI ₁₀₀₀
64.1	4.5	2.3	0.077	0.015	<0.07	2.2

Table 1: Mayoko Premium Fines Target Product Specifications

Maiden Ore Reserve Estimate

The maiden Ore Reserve Estimate for Mayoko-Moussondji totals 38.5Mt at 42.01% Fe and is classified as a Probable Ore Reserve Estimate (refer Table 2 below).

Mayoko-Moussondji Iron Project Probable Ore Reserve Estimate - October 2014							
Reserve Class	Tonnage (Mt)	Fe grade (%)	SiO ₂ grade (%)	Al ₂ O ₃ grade (%)	P grade (%)	LOI (%)	S grade (%)
Probable	38.5	42.01	21.57	7.79	0.062	5.62	0.047
<i>Note: Totals may not add up due to rounding. All Material is reported at 20% Fe cut-off grade. The Ore Reserves contain only Indicated Mineral Resource classifications which are detailed in Table 6 of this Announcement.</i>							

Table 2: Probable Ore Reserve Estimate

The Ore Reserve Estimate has been reported in accordance with the JORC Code (2012) and has been prepared by Mr Aleksandar Mihailovic, a Senior Mining Engineer at Orelogy, who is a Competent Person and member of the Australasian Institute of Mining and Metallurgy. The Ore Reserve Estimate has been generated from the PFS mine plan which is based entirely on Indicated Hematite Mineral Resource comprising 55Mt at 39.3% Fe and does not take into account Inferred Hematite Mineral Resources of 127Mt that, upon further drilling, have the potential to be converted to the Indicated category and significantly increase mine life beyond the initial 8.5 years.

Capital Costs

The capital cost required to achieve 2.5Mtpa is estimated at US\$181.16 million. This translates to a capital intensity figure of US\$72/t which is low when compared with other iron ore developments globally, as demonstrated below in Figure 3.

The capital cost estimates include a 15% contingency on all items. A summary of the schedule of capital expenditure is shown in Table 3 below:

MAYOKO-MOUSSONDJI IRON PROJECT			WorleyParsons resources & energy
Year	Production	Capacity	Incremental Capex Total (USD)
1	1.0 Mtpa	1.5 Mtpa	134.48 M
2	1.5 Mtpa	1.5 Mtpa	13.23 M
3	2.0 Mtpa	2.0 Mtpa	23.99 M
4	2.5 Mtpa	2.5 Mtpa	9.46 M
TOTAL			181.16 M

Table 3: Capital Cost Summary by Year

The capital cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of $\pm 30\%$.

Equatorial has assumed the leasing of all major components of rail rolling stock, laboratories and power requirements. Total leased capital over the Life Of Mine ("LOM") was estimated at US\$121.7 million. Leasing costs for these items have been included in operating costs (see below).

Sustaining capital was estimated at US\$22.0 million over the LOM and excludes any escalation as well as the mine closure allowance estimate of US\$8 million.

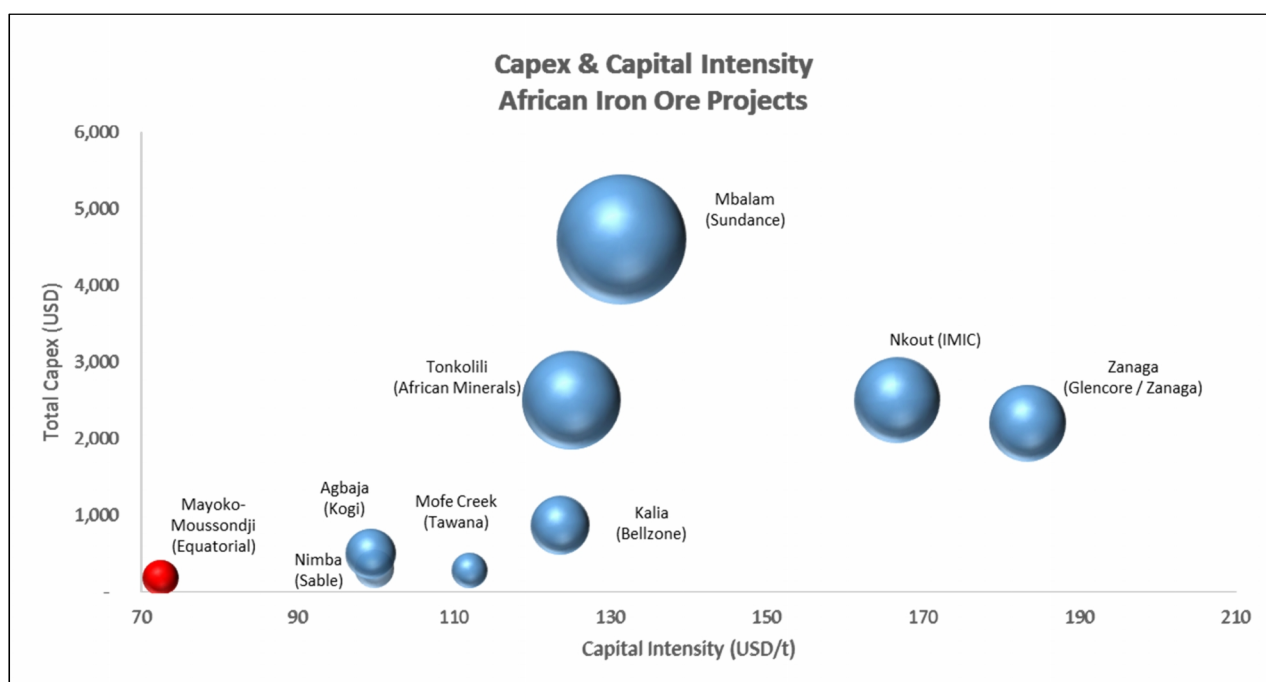


Figure 4: African Iron Ore Projects – Capital Required and Capital Intensity

Source: Published company data

Operating Costs

The operational LOM is 8.5 years with a total production schedule of 18Mt of Mayoko Premium Fines produced at an average LOM operational cost of US\$39.93/t “Free on Board” (“FOB”) Pointe-Noire, including LOM lease costs of US\$7.99/t.


MAYOKO-MOUSSONDI IRON PROJECT						
Description	Overall	Mining	Process	G&A	Rail	Port
LOM	\$39.93/t	\$13.21/t	\$7.16/t	\$2.34/t	\$14.35/t	\$2.88/t

Table 4: Life of Mine Operating Cost Summary

The operating cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of $\pm 30\%$.

Positive Financials

Cash flow modelling of Mayoko-Moussondji showed a post-tax, 100% equity (no financing) net present value (“NPV”) of US\$115M (at a discount rate of 10%) with total earnings before interest, tax, depreciation and amortisation (“EBITDA”) cash flows over the PFS 8.5 year project life of US\$551M. The cash flow model utilises real dollars and therefore does not factor any inflationary impacts on revenue, operating and capital costs and uses an industry standard 10% discount rate. This generated a post-tax internal rate of return (“IRR”) of 25.1%.

Financial Results (Post-tax without financing) (Sales to China only)	Discount Rate	Result
Net Present Value	10%	US\$115M
	8%	US\$145M
	12%	US\$90M
Internal Rate of Return (post tax)		25.1%
Pay Back (nominal)		4 years
EBITDA (average at steady state)		US\$89M pa
Gross Margin (per tonne steady state)		US\$34/t

Table 5: Financial Results Summary

Upside Potential

Equatorial has identified areas for potential economic improvement as follows:

- Significant potential exists to increase mine life with the conversion of Inferred Mineral Resource into Indicated Mineral Resource based on targeted additional drilling. The Indicated Hematite Mineral Resource that was used to support the PFS mine plan represents only 30% of total Hematite Mineral Resource (Inferred & Indicated).
- Potential exists to continue to increase the resource base at Mayoko-Moussondji in future if required. Drilling has been completed over only 21km of more than 46km of identified magnetic strike at the Project.

Market Conditions and the Pathway Forward

The slowing of demand growth for steel in China, combined with the significant growth in supply of iron ore from the world's biggest miners, has resulted in a sustained fall in the price of iron ore. Spot prices for iron ore declined by approximately 50% during calendar 2014 and are already down a further 11% in 2015 to the lowest levels seen in the last five years.

The decline in iron ore pricing has placed enormous pressure on iron ore development projects with the global cost curve likely to be restructured as a result. Only projects with low capital intensity, a competitive operating cost, and strong stakeholder support will attract funding and justify development in the current economic outlook.

In this environment the advantages of Mayoko-Moussondji of access to existing infrastructure which drives low capital intensity, the ability to produce a high quality iron ore product at a competitive cost, and the strong support of the ROC government for project development, position the Project as an exception in having the economic potential to justify development.

Having successfully been granted a 25 year Mining Licence, negotiated and signed the related Mining Convention, and completed the PFS and secured all key government and environmental permits, Equatorial has secured long term tenure and 100% ownership of Mayoko-Moussondji. The Company is in a strong position to react to current market conditions and position the Project for future value creation. Having completed the Company's technical study program and secured required permitting, Equatorial has been able to scale back activity and reduce the cost footprint of the asset. The Board will continue to investigate funding opportunities, including collaboration and partnership with strategic investors, in order to maximise the value of Mayoko-Moussondji for shareholders.

BADONDO IRON PROJECT

The Badondo Iron Project ("Badondo") is located in the northwest region of the ROC within an emerging cluster of world class iron projects including Sundance Resources Ltd's ("Sundance") (ASX:SDL) Mbalam-Nabeba project, Core Mining Limited's ("Core Mining") Avima project and Gabon's Belinga project (refer Figure 5).



Figure 5: Badondo project location map

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

Options Study

During the quarter Equatorial’s technical team commenced an Options Study to determine the potential for a low-capital initial operation at Badondo based on the Project’s high grade DSO potential. The development option would focus on the production of high grade, near surface DSO with transportation based on new regional road infrastructure currently being constructed by the ROC and Gabon governments and/or shared use of new rail infrastructure planned for the region. Equatorial has initiated discussions with regional iron ore development companies to assess the potential to develop shared rail and road transport infrastructure into the region.

Badondo remains a key regional asset with significant value potential. The downturn in global iron ore prices has resulted in Equatorial delaying plans for a more extensive resource drilling campaign. Equatorial continues to explore opportunities for regional collaboration and partnership.

CORPORATE

Market Conditions and Opportunities

Reacting to the continued adverse market environment for iron ore development projects Equatorial has confirmed its 100% ownership position of both Mayoko-Moussondji and Badondo and taken action to secure long term tenure while reducing the Company’s cost footprint.

The Company will maintain a focus on leveraging existing and new resource sector opportunities to build shareholder value.

Cash Position and Shareholder Information

As at 31 December 2014 the Company had 1,773 shareholders and 124,445,353 ordinary fully paid shares on issue with the top 20 shareholders holding 61.4% of the total issued capital.

Equatorial is in a strong financial position with significant cash reserves and no debt. As at 31 December 2014 the Company held A\$38.7 million in cash. Outstanding liabilities as at 31 December 2014 are estimated at approximately \$2.8 million which includes expenses relating to the Company’s cost reduction program (including redundancies), and an outstanding income tax liability relating to the large taxable gain made on African Iron Limited shares in 2012.

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ABOUT EQUATORIAL RESOURCES

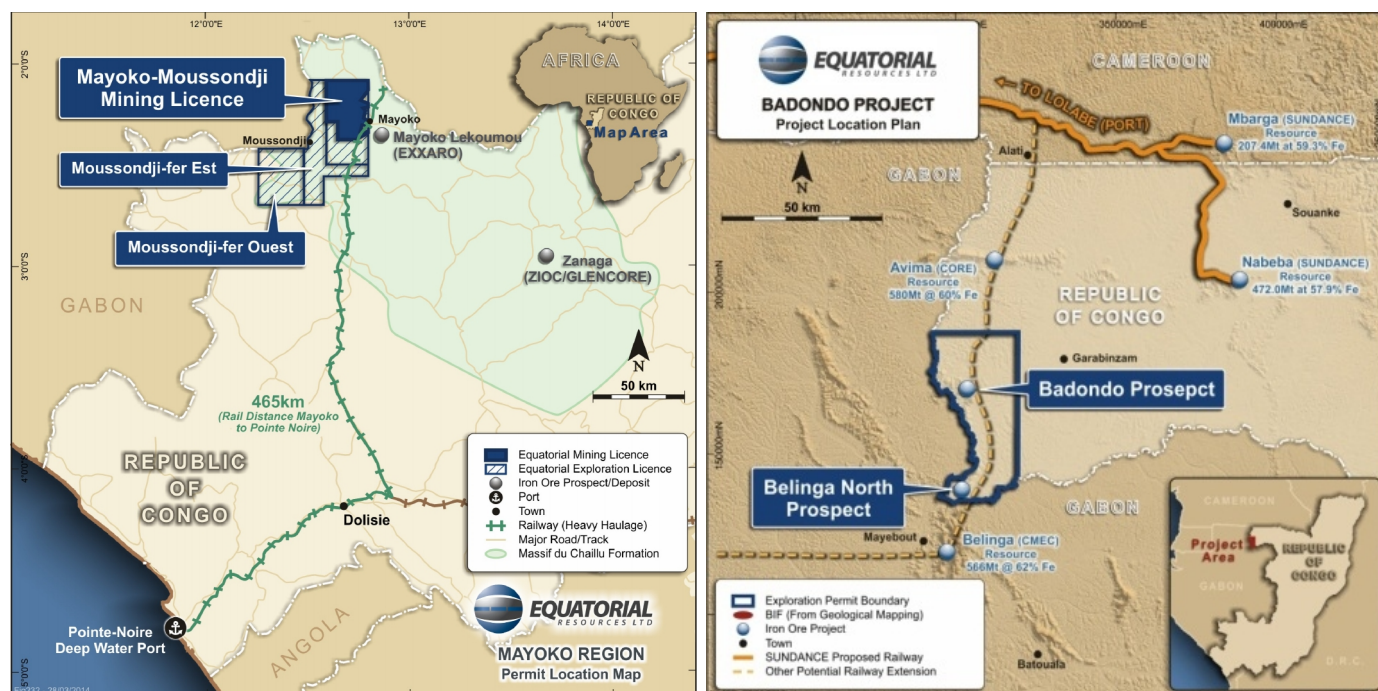
Equatorial Resources Limited (ASX:EQX), is focused on the exploration and development of two 100% owned large-scale iron ore projects located in the politically stable and investment friendly Republic of Congo ("ROC") in the emerging global iron ore province of Central West Africa.

The **Mayoko-Moussondji Iron Project**, located in the southwest region of the ROC, has Probable Ore Reserves of 38.5Mt at 42.01% Fe, and has total Indicated and Inferred Resources of 917Mt at 31.4% Fe which includes a Hematite Mineral Resource of 182Mt at 35.7% Fe. The resource contains Indicated and Inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt, Indicated Magnetite 2Mt, Inferred Magnetite 733Mt. For full details of the Ore Reserves, refer to ASX announcement dated 25 November 2014. For full details of the Mineral Resource Estimate including resource classifications, refer to ASX announcement dated 4 December 2013.

The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located. A Pre-Feasibility Study completed for the project has delivered excellent results demonstrating low capital intensity and an initial mine life of 8.5 years for production of 2.5Mtpa of "Mayoko Premium Fines", a 64.1% Fe product, with operating costs expected to average \$39.93 per tonne FOB Pointe-Noire (including leasing costs). Equatorial intends to secure project funding, or the support of a suitable strategic partner, to enable the development of the Company's preferred production scenario for Mayoko-Moussondji.

Production targets and the cost forecasts are from Pre-Feasibility Study results (refer ASX Announcement 25 November 2014). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed.

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



Competent Persons Statements

The information in this announcement that relates to Production Targets, Ore Reserves, mine plan, mine schedule and estimated mine operating costs, and technical details including the process flowsheet and mass recovery, capital and operating cost estimates for the mineral processing, rail and port infrastructure “pit to port” elements for Mayoko-Moussondji were extracted from the Company’s ASX announcement dated 25 November 2014 entitled “Positive Pre-Feasibility Study for Mayoko-Moussondji” and is available to view on the Company’s website at www.equatorialresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Ore Reserves, Production Targets, and related forecast financial information derived from the Production Targets, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented in this report have not been materially modified from the original ASX announcement.

The information in the original ASX announcement that relates to the Ore Reserves, mine plan, mine schedule and estimated mine operating costs for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Aleksandar Mihailovic of Orelogy Pty Ltd who was engaged by Equatorial Resources Limited. Mr Mihailovic is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

The information in the original ASX announcement that relates to the technical details, including the process flowsheet and mass recovery, capital and operating cost estimates for the mineral processing, rail and port infrastructure “pit to port” elements of the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Paul Henharen. Mr Henharen is a full time employee of Acacia Management Consultancy Pty Ltd, which consults to WorleyParsons Services Pty Limited and Equatorial Resources Limited. Mr Henharen is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

The information in this report that relates to Exploration Results and Mineral Resources for Mayoko-Moussondji was extracted from the Company’s ASX announcement dated 4 December 2013 entitled “Resource Upgrade at Mayoko-Moussondji” and is available to view on the Company’s website at www.equatorialresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented in this report have not been materially modified from the original ASX announcement.

The information in the original ASX announcement that relates to in-situ Mineral Resources for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial Resources Limited. Mr Glassock has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

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

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Equatorial Resources Limited

ABN

50 009 188 694

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration & evaluation	(1,032)	(2,491)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(520)	(1,019)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	399	736
1.5	Interest and other costs of finance paid	-	-
1.6	Income tax deposit refunded	-	1,178
1.7	Other (provide details if material)		
	- Business development	(81)	(181)
Net Operating Cash Flows		(1,234)	(1,777)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(12)	(16)
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		(12)	(16)
1.13	Total operating and investing cash flows (carried forward)	(1,246)	(1,793)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,246)	(1,793)
	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 (provide details if material): - Capital raising expenses	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,246)	(1,793)
1.20	Cash at beginning of quarter/year	39,914	40,463
1.21	Exchange rate adjustments to item 1.20	3	1
1.22	Cash at end of quarter	38,671	38,671

Payments to directors of the entity and associates of the directors

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	140
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

Not applicable

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

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	400
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	299	1,042
5.2 Deposits at call	38,372	38,872
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	38,671	39,914

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	124,445,353	124,445,353	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,260,000	2,260,000	\$Nil	N/A
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	<i>Options:</i> 2,000,000	-	<i>Exercise price</i> \$0.46	<i>Expiry date</i> 16 Dec 2015
		<i>Rights:</i> 2,305,000	-	\$Nil	31 Dec 2016
7.8	Issued during quarter				
7.9	Exercised/vested during quarter				
7.10	Expired during quarter	<i>Rights:</i> 490,000	-	<i>Exercise price</i> \$Nil	<i>Expiry date</i> 31 Dec 2016
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here:..... Date: 30 January 2015
(~~Director~~/Company secretary)

Print name: Greg Swan

Notes

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

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+ See chapter 19 for defined terms.