SOVEREIGN METALS LIMITED

MARCH 2015 QUARTERLY REPORT

Sovereign Metals Limited ("the Company" or "Sovereign") is pleased to present its quarterly report for the period ending 31 March 2015. The Company's primary focus during the period continued to be the advancement of its graphite prospects in Malawi, including the major Duwi Flake Graphite Project and the Lifidzi Saprolite-Hosted Graphite Project.

Highlights:

➢ *Exploration Activities Focus on Saprolite Hosted Flake Graphite Deposits:*

- *Ground EM survey (totalling 85 line km) covering areas prospective for saprolite-hosted flake graphite at Lifidzi, Malingunde and Dedza completed.*
- *A total of 159 separate conductors (Lifidzi 135, Malingunde 20, Dedza 4) identified.*
- *At Lifidzi, 89 of the 135 conductors have now been tested by hand auger in 486 holes for 3,816m of drilling to depths generally in the range of 6m to 10m from surface.*
  - ➢ *30 Lifidzi targets of the 89 tested (~34%) so far have shown visually significant graphite zones.*
  - ➢ *Three significant prospects have emerged at Thete, Chiziro Pit and Junction. All show multiple parallel zones of saprolitic flake graphite mineralisation that each range in across strike widths from ~10m to ~80m.*
- *Hand augering of the 20 targets at Malingunde began in April 2015.*

➢ *Appointment of Chinese Agent to Identify Offtake and Financing Partners:*

- *Experienced Chinese metals and mining agent, Shanghai Bewin, appointed to assist in discussions with potential offtake and financing partners in the graphite sector.*
- *China is the dominant supplier of graphite products, accounting for ~60-70% of the global market.*
- *The rapidly growing number of offtake agreements with Chinese graphite companies underlines the level of interest in China for securing new long term sources of graphite.*

➢ *Outstanding Large Flake Properties:*

- *Previous testwork has confirmed world class large flake characteristics of Duwi fresh rock concentrates with 63% > 150 µm, including 33.5% in the Extra Large / Jumbo Category (+300 µm).*
- *Independent metallurgical testwork has also previously demonstrated that saprolite from the Dedza area has outstanding flake characteristics, with over 58% > 150 µm.*

➢ *Entitlements Issue to Raise $1.25 million:*

- *1 for 5 entitlements issue to raise $1.25 million before costs closed on 10 April 2015.*
- *Entitlement acceptances totalled $0.89 million and the shortfall is expected to be placed shortly.*
- *Funds raised will be used to continue exploration activities and to pursue a range of strategic discussions with potential partners for its graphite projects located in Malawi.*

Enquiries: ***Matthew Syme – Managing Director +618 9322 6322***

Operations

Sovereign is exploring its large and highly prospective tenement holding located in Malawi, near the capital city, Lilongwe. Activities during the March 2015 Quarter focussed on the exploration of the Company's saprolite targets at Lifidzi.

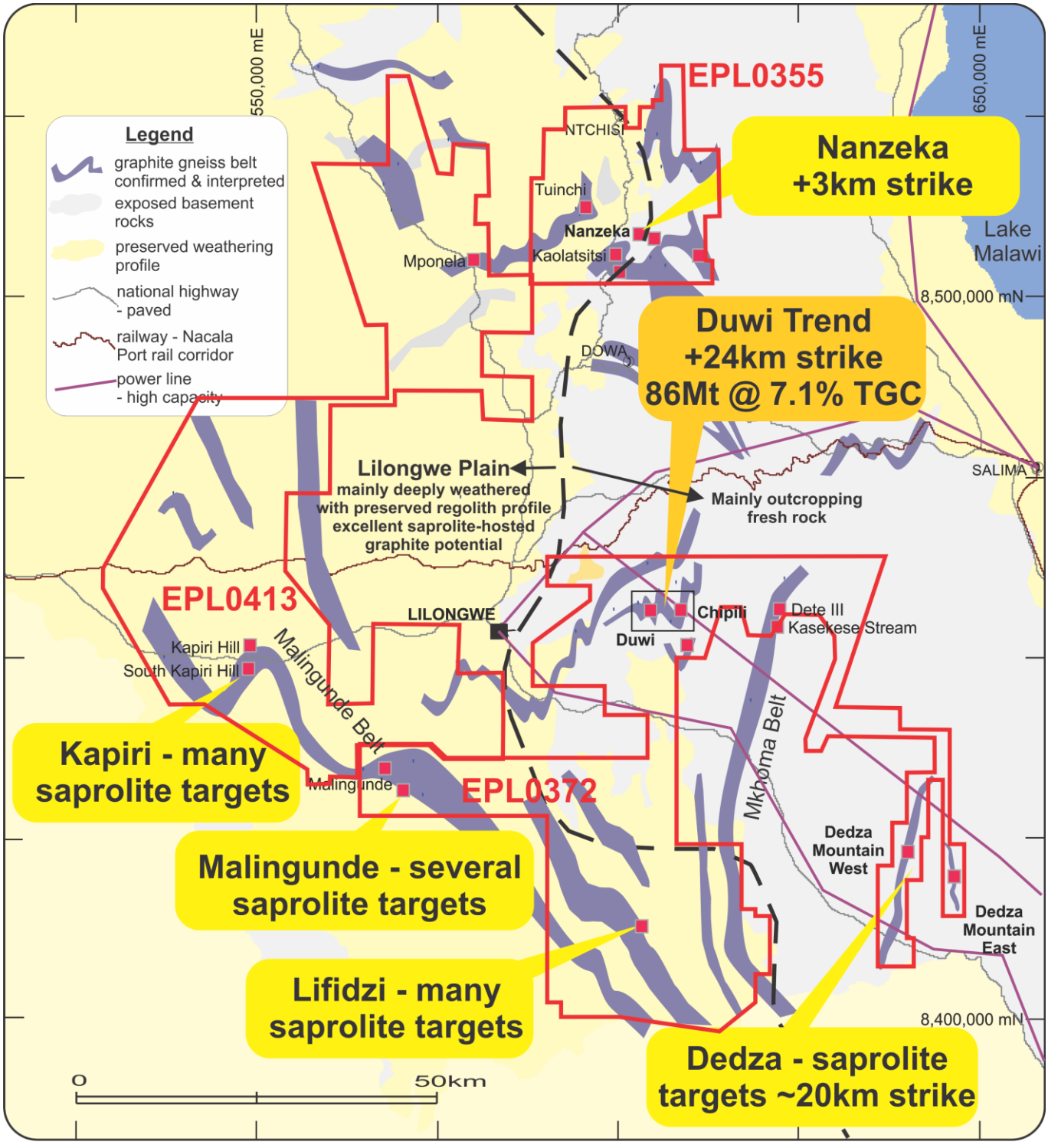

Figure 1. Simplified map showing major flake graphite prospects.

Saprolite Targets

Saprolite or clay hosted flake graphite mining operations, similar to those in China and Madagascar, have significant cost and environmental advantages over hard rock mining operations due to:

- Simple, low cost exploration with auger or air-core drilling prevalent;
- The free-dig nature and very low strip ratios of the mineralised material, which is by definition close to or at surface;
- Simple processing with no primary milling circuit results in large capital and operating cost advantages;
- The preservation of coarse graphite flakes in the weathering profile due to graphite's chemically inert properties; and
- The relative absence of sulphides offers substantial tailings management advantages.

Sovereign initially discovered widespread saprolite hosted graphite mineralisation at the Dedza Prospect and metallurgical test-work on samples from Dedza subsequently indicated very favourable large flake characteristics (see Table 1 and ASX Announcement 17 June 2014).

Table 1: Dedza Mountain East – Concentrate Flake Size and Carbon Content

Particle size		Distribution	C(t)	Flake Category
Tyler Mesh	(µm)	(%)	(%)	
+ 48	**+ 297**	**17.3**	**96.5**	**Extra Large (Jumbo)**
- 48 + 80	**- 297 + 177**	**30.5**	**95.9**	**Large**
- 80 + 100	-177 + 149	10.6	93.4	Medium
- 100 + 200	- 149 + 74	26.9	92.3	Small
- 200	- 74	14.8	91.6	Amorphous
Total		**100%**	**94.1%**	

Results reported are those from the 2nd five-stage cleaner flotation test. All reported results have an associated measurement uncertainty (MU) based on the expected precision and accuracy relating to the method and sample concentration. Values at 100% should not be treated as pure products without additional impurity testing. Testing by party and/or umpire analysis will reduce, but not remove measurement uncertainty of the method. The estimated MU for C(t) using a LECO SC-632 analyser are 1.4% relative for grades between 95 and <100% C(t) and 1.7% relative for grades between 90.0 and <95% C(t).

After assessing the potential cost advantages and high value flake characteristics of saprolite-hosted graphite, Sovereign's attention turned to its permits at Lifidzi and other areas such as Malingunde and Kapiri.

These three new areas occur on the Lilongwe Plain, which has a largely preserved, deep tropical weathering profile and therefore potentially significant thicknesses of saprolite. Similarities in the regional magnetic signatures and numerous, highly conductive responses in historical VTEM show that this area is underlain by the same paragneiss rock package that hosts the graphite deposits to the east of Lilongwe, for example - the Duwi Deposit.

Overall, the Company controls a vast area prospective for saprolitic graphite deposits with Lifidzi ~ 900km^2, Malingunde ~140km^2 and Kapiri ~ 2,165km^2 (Figure 1).

In the December 2014 and March 2015 Quarters the Company undertook a program of ground electromagnetic (EM) surveys at Dedza, Lifidzi and Malingunde and a program of hand auger drilling at Lifidzi (Figure 2). The auger drilling program was designed to test the saprolite-hosted (soft, clayey rock near surface) flake graphite zones with initial results being highly encouraging:

- At Dedza, Lifidzi and Malingunde a total of 85 line km of ground EM was completed over prospective areas in the December and March Quarters.
- A total of 159 separate conductors (Lifidzi 135, Malingunde 20, Dedza 4) were identified across the three areas.
- A total of 93 (Lifidzi 89, Dedza 4) of the 159 conductors have so far been tested by hand auger in 495 holes for ~4,000m of drilling to depths generally in the range of 6m to 10m from surface.
- 30 of the 89 Lifidzi targets tested (~34%) so far have shown visually significant graphite zones.
- To date, assays have only been reported for 12 of 30 visually significant saprolitic graphite gneiss zones of which 8 were shown to be significant with grades ranging between 4% and 12% Total Graphitic Carbon ("TGC") (see ASX Announcement 9 December 2014).
- Average saprolite grades over the 8 significant zones are 6.4% TGC, with peak hole grades (averaged downhole over entire hole) reaching 12.0%, 10.7% and 9.9% TGC.
- All mineralised holes ended in saprolite at depths between 6m and 10m due to the presence of water (and hence the limit of hand auger drilling). This indicates a deep saprolite profile is potentially present.
- Hand augering of the 20 targets at Malingunde began in April 2015.
- At Kapiri, a large area underlain by conductive rocks shows a number of sub-cropping graphite occurrences, and importantly has a mostly preserved, deep weathering profile, suggesting substantial potential for saprolite-hosted flake graphite mineralisation.

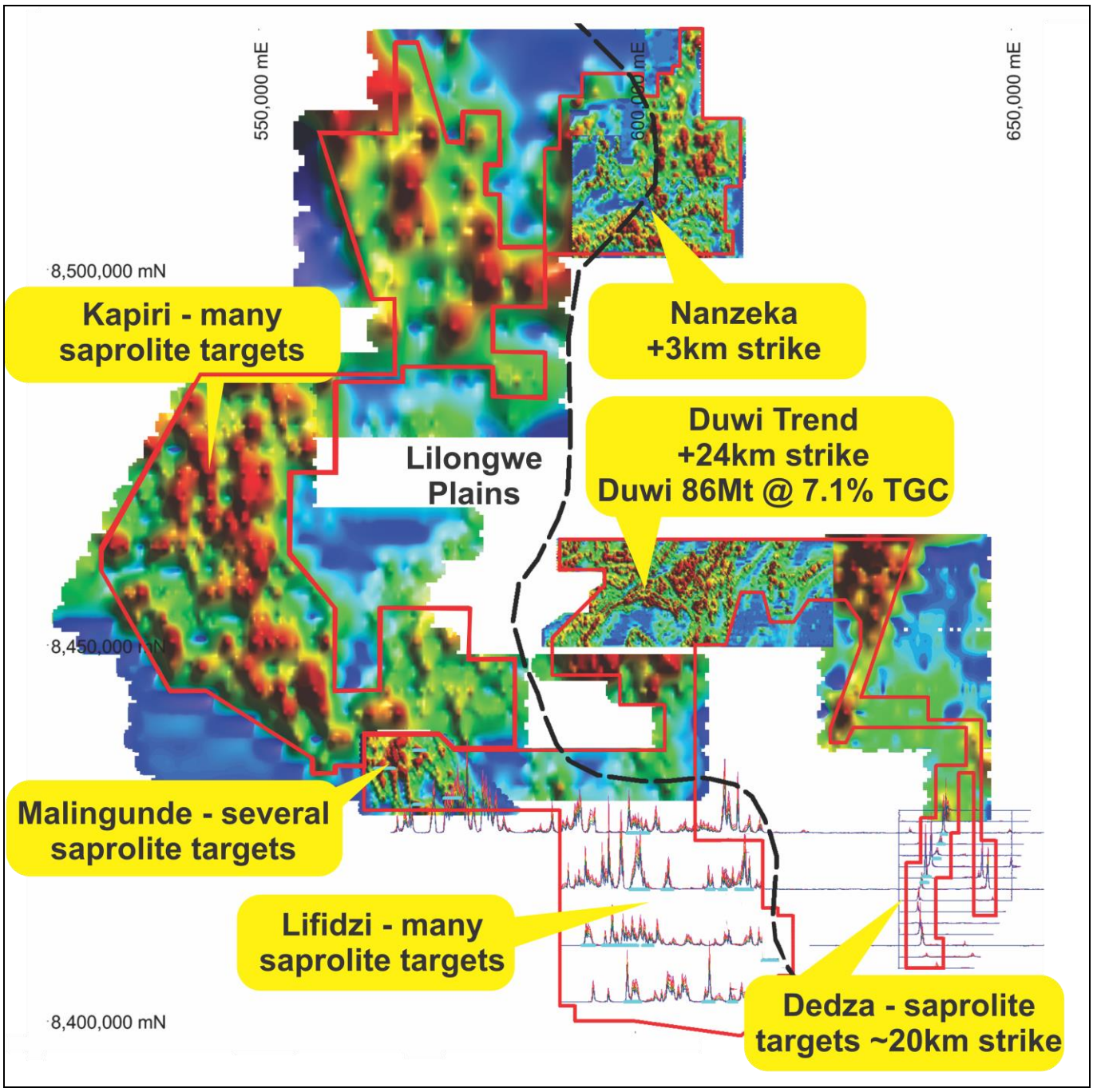

Figure 2. Map of CMGP area over historical VTEM profiles and recent VTEM imagery. Initial ground EM lines at Lifidzi and Malingunde are shown in light blue.

Lifidzi

The Lifidzi area is underlain by a graphitic paragneiss rock package and has a largely preserved tropical weathering profile. It was therefore deemed a prime target area for large tonnages of saprolite-hosted graphite mineralisation. Graphite was previously detected in limited mapping, several water-bore holes and in “chiziro” (locally made paint containing graphite) on village huts.

The Company completed a 77 line km ground EM program at Lifidzi during the March 2015 Quarter in order to further define targets for hand auger and aircore drilling. The program of nominally 400m-spaced ground EM was very successful in defining conductors for testing with hand auger drilling (Figure 3).

To date at Lifidzi less than 10% of the area has been explored with ground EM and hand auger drilling. Three significant prospects have so far emerged at Thete, Chiziro Pit (Figure 4) and Junction. All show multiple parallel zones of saprolitic flake graphite mineralisation that each range in across strike widths from ~10m to ~80m.

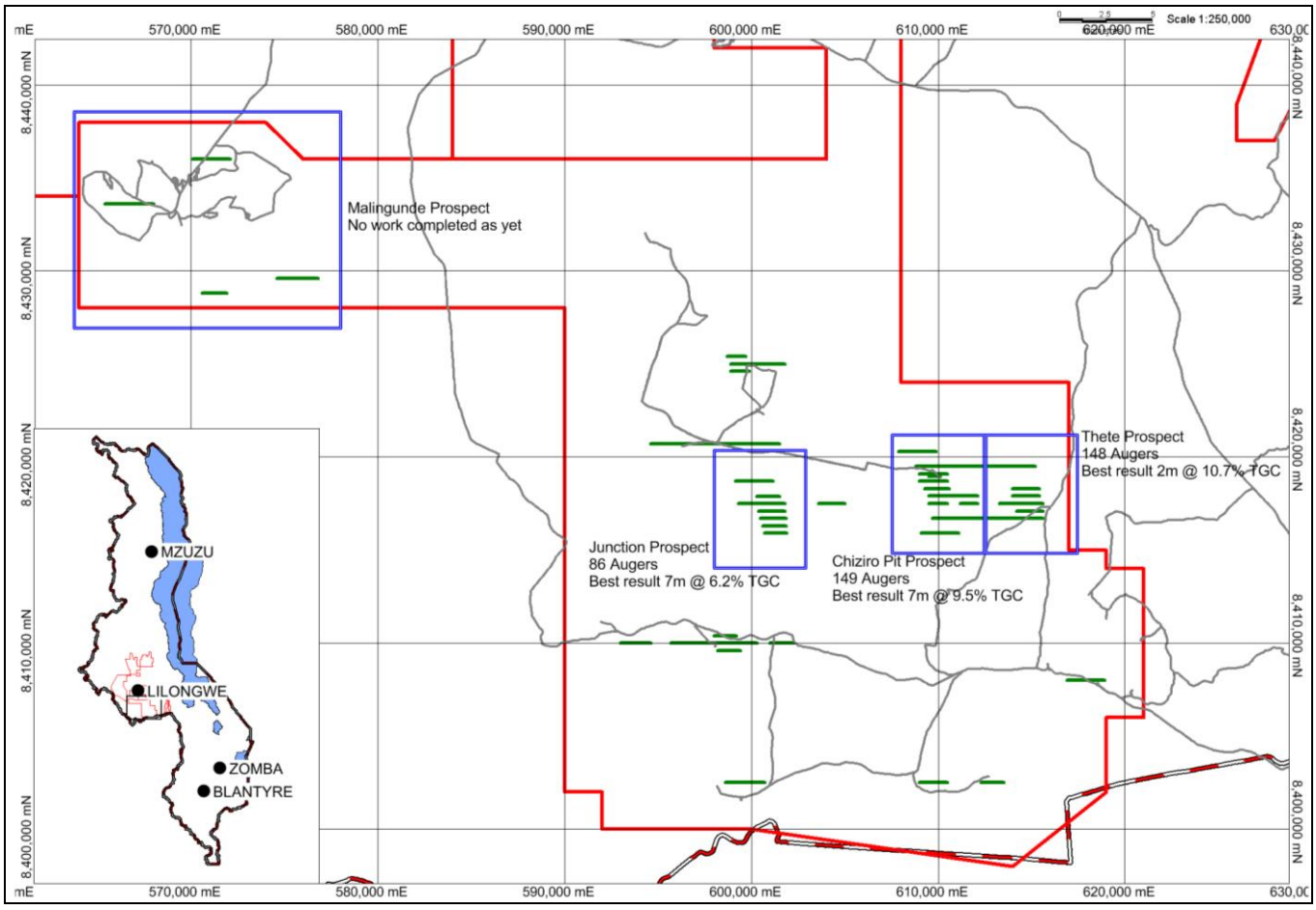

Figure 3. Location of completed ground EM lines at Lifidzi and Malingunde with best hand auger results shown.

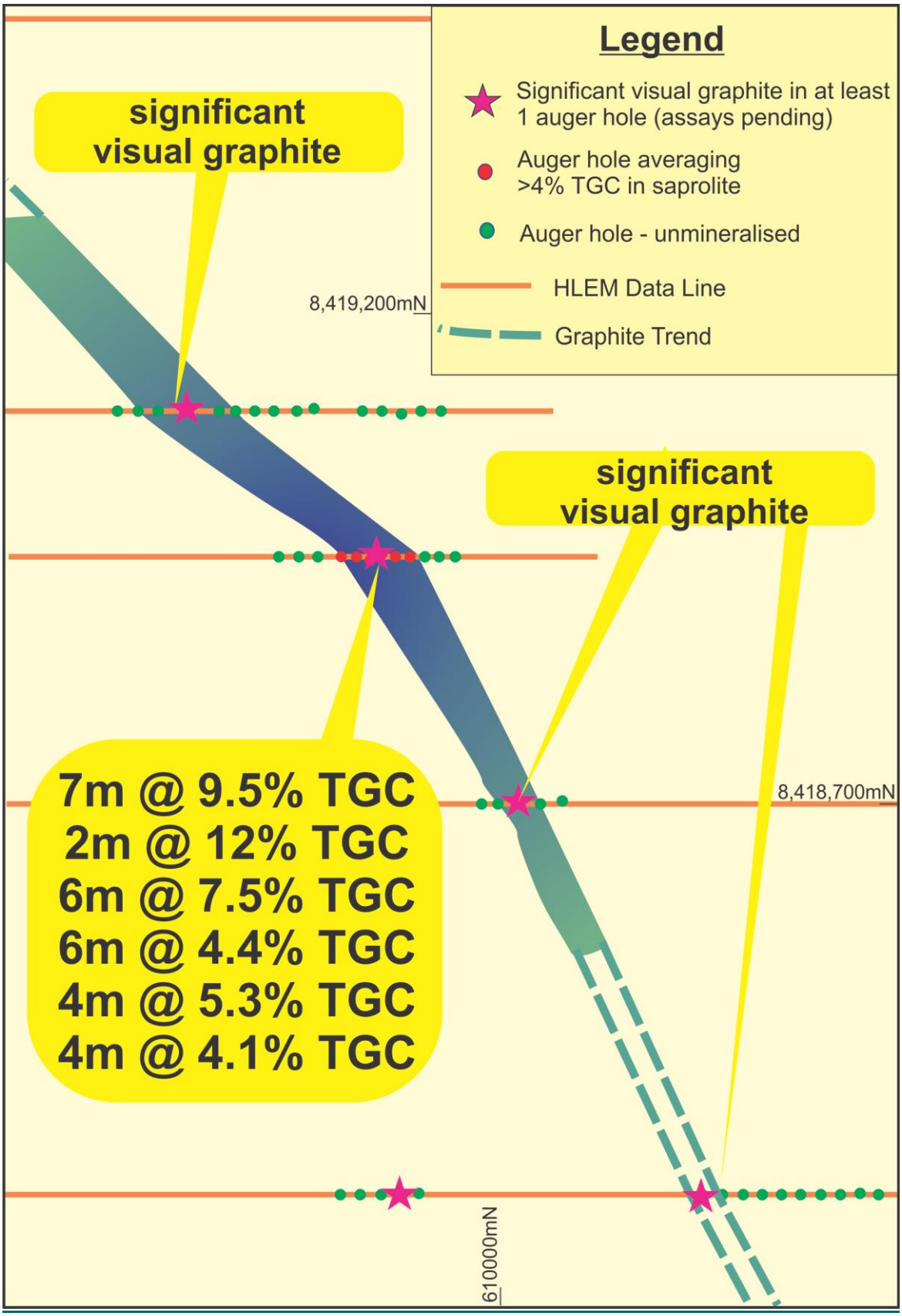

Figure 4. Chiziro pit area showing significant auger results received to date. Auger hole spacing is 20m so the cumulative across strike width of mineralisation is up to ~120m in the central area.

Other Target Areas

At Malingunde, an initial 8 line km of ground EM has identified 20 high priority conductors, all of which remain to be tested by hand auger drilling. At Kapiri, a large area underlain by conductive rocks shows a number of sub-cropping graphite occurrences, and importantly has a mostly preserved, deep weathering profile, suggesting substantial potential for saprolite-hosted flake graphite mineralisation.

The Malingunde targets will be tested with an initial hand auger drilling program during the June 2015 Quarter whilst an initial ground EM and hand augering program at Kapiri is planned for later in 2015.

Conclusion

With 30 conductors tested so far showing saprolite-hosted flake graphite in zones up to 120m wide (cumulative across strike width) it is clear the potential of the Lifidzi area to host large tonnages is significant. The same graphitic paragneiss rock package also underlies the Malingunde and Kapiri areas, which also therefore show substantial saprolite-hosted flake graphite potential.

Current exploration information – geological mapping, VTEM, ground EM, auger and aircore drilling - suggests that there is potentially several hundred kilometres of cumulative strike length of saprolitic graphite mineralisation across the project areas.

Appointment of Chinese Agent

Sovereign has formally appointed Shanghai Bewin Corporation Management Consulting Co (Shanghai Bewin) as its agent in China to assist in discussions with potential offtake and financing partners in the graphite sector.

Shanghai Bewin is an independent consulting firm based in China, with long relationships and strong networks in Chinese industry, including the steel and industrial products sectors. Mr KG Goh, the Managing Partner of Shanghai Bewin who will represent Sovereign in China, is a qualified engineer with considerable experience advising clients in the Energy and Commodity Sectors with Fortis Corporate Finance, BNP Paribas and Standard Chartered (Beijing).

China is the dominant supplier of graphite products, accounting for approximately 60-70% of the global market. The rapidly growing number of offtake agreements struck between Chinese graphite companies and foreign graphite developers, particularly with East African assets, underlines the level of interest in China for securing new long term sources of large flake graphite. Sovereign's Duwi Project has an Indicated and Inferred Mineral Resource Estimate of 86Mt at 7.1% total graphitic carbon, with over 6M tonnes of contained graphite (5% TGC cut-off – see announcement dated 17 October 2014) and world class coarse flake characteristics (64% > 150µm – see announcement dated 21 October 2014).

Duwi Flake Graphite Project

The Duwi Project is located within 20km of Lilongwe, the capital city of Malawi, and is well serviced by road, rail, electricity and other infrastructure (Figure 1).

The Company has identified three substantial proximal bodies of flake graphite mineralisation at Duwi – being Duwi Main, Duwi Bend and Nyama (Figure 5). A maiden Mineral Resource Estimate for these deposits was completed in October 2014, totalling 86Mt at 7.1% TGC (total graphitic carbon), containing 6.13Mt of graphite (5% TGC cut-off) (see ASX Announcement 17 October 2014).

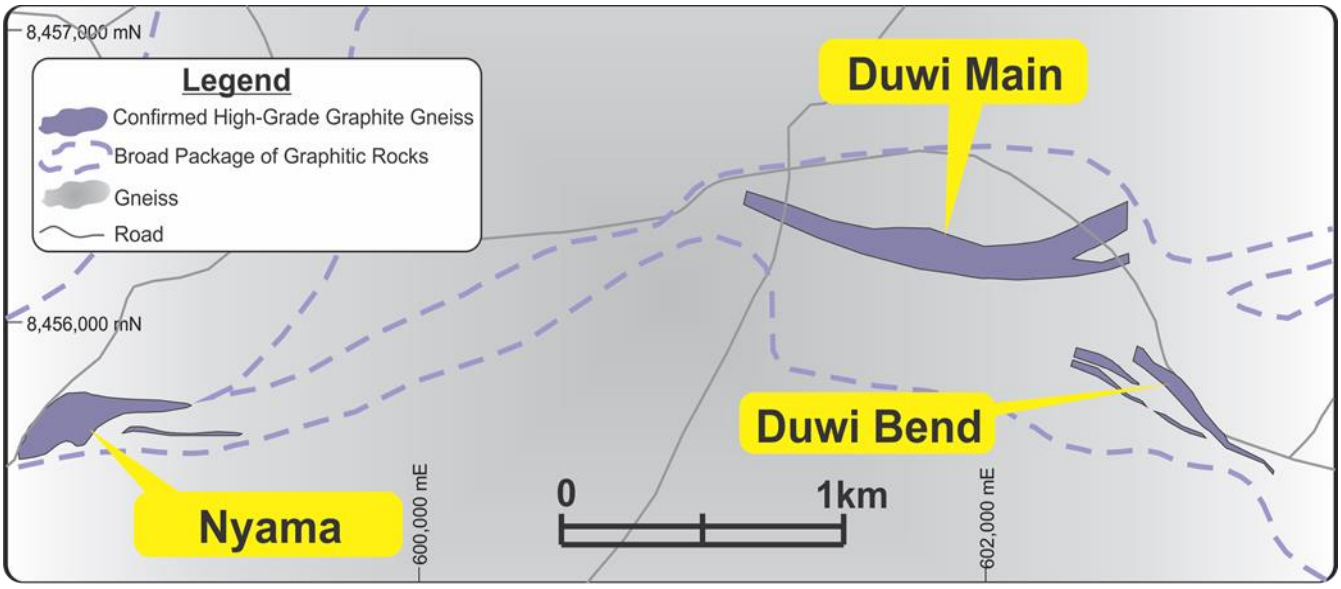

Figure 5. Simplified map showing Duwi Main, Duwi Bend and Nyama Prospects.

An independent bench-scale metallurgical testwork program was also completed for the Duwi Project in 2014. The testwork was performed by SGS Canada Inc. under the supervision of Mr Oliver Peters (MSc, P.Eng, MBA).

The primary objective of the testwork was to independently verify the results from 2013 testwork at MINTEK Johannesburg (see ASX Announcement 22 January 2014), by employing similar test work equipment and conditions prior to proceeding to the next phase of testwork.

The overall size distribution and grade of the MINTEK and SGS test were very similar (Table 2). Concentrate grades of the three coarsest size fractions were all within 0.7% carbon content between the two laboratories, indicating excellent concentrate grade repeatability (see ASX Announcement 21 October 2014).

Table 2: Duwi – Concentrate Flake Size and Carbon Content

Particle size		MINTEK 2013		SGS 2014		Flake Category
Tyler Mesh	(µm)	Distribution (wt. %)	C[1] (%)	Distribution (wt. %)	C[2] (%)	
+35	**+425**	**19.7**	**96.3**	**17.5**	**95.8**	**Extra Large (Jumbo)**
-35 + 48	**- 425 + 300**	**17.1**	**93.3**	**16.0**	**93.8**	
-50 + 100	- 300 + 150	27.4	90.3	29.3	91.0	**Large-Medium**
-100 + 200	- 150 + 75	15.7	90.8	19.1	88.8	Small
-200	- 75	20.1	88.7	18.0	87.7	Amorphous
Total		**100.0**	**91.8**	**100.0**	**91.3**	

[1] The graphitic carbon content of the samples was determined using a thermo gravimetric analyser. The graphitic carbon equivalent content shown in the table is the difference between the loss on ignition at 375°C and 1,000°C.

[2] The chemical analysis used to determine the total carbon content employs combustion of a sample followed by infrared detection on a LECO SC-632 instrument. All reported analytical results have an associated measurement uncertainty based on the expected precision and accuracy relating to the method and sample concentration. Values at 100% should not be treated as pure products without additional impurity testing. The estimated measurement uncertainty for total carbon values greater than 90% C is 1.7% (relative) with a resolution of 1 significant figure.

SGS also completed a number of additional batch flotation tests on the master composite sample to assess the impact of a range of processing alternatives, principally grinding and polishing times and reagent variations. These tests provided further information on the effect of different potential process flowsheets on concentrate grade, flake size distribution and recovery. The results set out above represent a base case flowsheet to date and further work is required to optimise a process flowsheet prior to establishing process design criteria.

The next stage of testwork at Duwi will involve:

- process refinement to improve graphite recovery and concentrate purity;
- further variability testwork across the deposit; and
- upscaling of independent metallurgical processing to provide larger concentrate samples for evaluation by potential end users and customers.

Carpentaria Joint Venture

Mount Isa Mines, a Glencore Company, continues to manage and sole fund exploration on all tenements comprising the Carpentaria Joint Venture ("CJV").

Activity during the Quarter included a VTEM survey at Mt Avarice (EPM8588) and commencement of fieldwork (including reconnaissance mapping and prospecting) at Mount Marathon (EPM 8586).

Entitlements Issue

In February 2015, the Company advised that it would undertake a non-renounceable entitlements issue ("Entitlements Issue") to raise up to $1.25 million before costs. Under the Entitlements Issue, Shareholders were entitled to acquire one new share for every five shares held at the record date (18 March 2015) at an issue price of $0.06 per new share.

As at the closing date, the Company had received applications for 14,829,812 new shares raising $0.89 million before costs and the new shares were issued on 17 April 2015. The shortfall is expected to be placed shortly.

Funds raised will be used to continue exploration activities and to pursue a range of strategic discussions with potential partners for its graphite projects located in Malawi.

Competent Person Statement

The information in this report that relates to Exploration Results is extracted from the reports entitled 'Strong Final Results from Duwi Project Drilling' dated 3 October 2014, 'Maiden JORC Resource Confirms Duwi as one the World's Largest Graphite Deposits' dated 17 October 2014 and 'Encouraging Results from Saprolite Hosted Graphite Work' dated 9 December 2014. These reports are available to view on www.sovereignmetals.com.au. The information in the original ASX Announcements that related to Exploration Results was based on, and fairly represents, information compiled by Mr Peter Woodman, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Woodman is a director of Sovereign Metals Limited. Mr Woodman 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 Company confirms that it is not aware of any new information or data that materially affects the information including in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Metallurgical Testwork Results is extracted from the reports entitled 'Excellent Saprolite Metallurgical Results at Dedza' dated 17 June 2014 and 'Further Metallurgical Testwork Confirms Exceptional Large Flake Characteristics' dated 21 October 2014. These reports are available to view on www.sovereignmetals.com.au. The information in the original ASX Announcements that related to Metallurgical Testwork Results was based on, and fairly represents, information compiled by Mr Oliver Peters, M.Sc., P.Eng., MBA, who is a Member of the Professional Engineers of Ontrario ('PEO'), a 'Recognised Professional Organisation' ('RPO'). Mr Peters is a consultant of SGS Canada Inc. ('SGS'). SGS is engaged as a consultant by Sovereign Metals Limited. Mr Peters 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 Company confirms that it is not aware of any new information or data that materially affects the information including in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this Report that relates to Mineral Resources is extracted from the report entitled 'Maiden JORC Resource Confirms Duwi as one the World's Largest Graphite Deposits' dated 17 October 2014. The announcement is available to view on www.sovereignmetals.com.au. The information in the original ASX Announcement that related to Mineral Resources was based on, and fairly represents, information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and 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 Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market 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 have not been materially modified from the original market announcement.

Forward Looking Statement

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Appendix A: Summary of Mining Tenements

As at 31 March 2015, the Company had an interest in the following tenements:

Project Name	Permit Number	Percentage Interest	Joint Venture Partner	Status
Malawi				
Central Malawi Graphite Project	EPL 0413	100%	-	Granted
	EPL 0372	100%	-	Granted
	EPL 0355	100%	-	Granted
Queensland, Australia:				
Mt Marathon	EPM 8586	35.09%	Mount Isa Mines	Granted
Mt Avarice	EPM 8588	35.09%	Mount Isa Mines	Granted
Fountain Range	EPM 12561	35.09%	Mount Isa Mines	Granted
Corella River	EPM 12597	35.09%	Mount Isa Mines	Granted
Saint Andrews Extended	EPM 12180	35.09%	Mount Isa Mines	Granted

During the Quarter, the Company surrendered its interest in EPM 17103 and EPMA 17305.

Beneficial percentage interests in Farm-out agreements disposed during the quarter ending 31 March 2015:

Project Name	Permit Number	Type of change	Interest at beginning of quarter	Interest disposed of during quarter	Interest at end of quarter
Carpentaria JV:					
Mt Marathon	EPM 8586	Farm out	35.09%	0.42%	34.67%
Mt Avarice	EPM 8588	Farm out	35.09%	0.42%	34.67%
Fountain Range	EPM 12561	Farm out	35.09%	0.42%	34.67%
Corella River	EPM 12597	Farm out	35.09%	0.42%	34.67%
Saint Andrews Ext.	EPM 12180	Farm out	35.09%	0.42%	34.67%

Rule 5.3

Appendix 5B

Mining 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

Name of entity

SOVEREIGN METALS LIMTED

ABN	Quarter ended ("current quarter")
71 120 833 427	31 MARCH 2015

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (9 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	(236)	(1,879)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(104)	(492)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	39
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	- Business development	-	(44)
	- Project Marketing	-	(48)
	Net Operating Cash Flows	(334)	(2,424)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(8)
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	-	(8)
1.13	Total operating and investing cash flows (carried forward)	(334)	(2,432)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(334)	(2,432)
	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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	**(334)**	**(2,432)**
1.20	Cash at beginning of quarter/year to date	933	3,031
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	599	599

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	88
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 executive remuneration, superannuation and provision of a fully serviced office.

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

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	(250)
4.2	Development	-
4.3	Production	-
4.4	Administration	(200)
	Total	**(450)**

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	19	68
5.2	Deposits at call	580	865
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**599**	**933**

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	EPM 8586 EPM 8588 EPM 12561 EPM 12597 EPM 12180	Reduction of interest in accordance with terms of joint venture agreement.	35.09%	34.67%
		EPM 17103	Contractual interest	100%	0%
		EPMA 17305	Direct	100%	0%
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	103,840,328	103,840,328	Not applicable	Not applicable
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options/ Rights**				
		Options		*Exercise price*	*Expiry date*
	- Unlisted options	250,000	-	$0.22	30 September 2015
	- Unlisted options	1,500,000	-	$0.33	15 May 2016
	- Unlisted options	1,500,000	-	$0.40	15 May 2017
	- Unlisted options	1,500,000	-	$0.47	15 May 2018
		Rights			
	- Perform. Rights	750,000	-	-	31 December 2016
	- Perform. Rights	1,100,000	-	-	31 December 2017
	- Perform. Rights	1,100,000	-	-	31 December 2018

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter *- Unlisted options*	Options 500,000	-	*Exercise price* $0.35	*Expiry date* 31 March 2015
7.11	**Performance Shares** - *Class B*	8,750,000	-	Not Applicable	*Conversion date* 7 November 2016
7.12	Changes during quarter				
7.13	**Debentures** *(totals only)*				
7.14	**Unsecured notes** *(totals only)*				

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 5).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

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

Print name: Clint McGhie

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.

+ See chapter 19 for defined terms.

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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