

ASX ANNOUNCEMENT

29 October 2015



Quarterly Activities Report for the Period Ended 30 September 2015

Riedel Resources Limited (**ASX: RIE**, “**Riedel**” or “**the Company**”) is pleased to present its 2015 September Quarter Activities Report:

HIGHLIGHTS

Marymia Project

Australian Mines Limited Earning Up to 80%

- A single RC hole drilled at the Dixon Prospect returned **5 metres @ 11.07 g/t gold** from 130 metres down hole, including:
 - **1 metre @ 29.11 g/t gold** from 133 metres down hole; and
 - **1 metre @ 14.85 g/t gold** from 134 metres down hole.
- Assays are pending for the rest of the hole, immediately below the mineralised intercept of 1 metre @ 14.85 g/t gold from 134 metres to 135 metres down hole.

Corporate

- Cash at 30 September 2015 - **\$0.139M**

COMPANY DIRECTORS

Mr Ian Tchacos
Non-Executive Chairman

Mr Jeffrey Moore
Managing Director

Mr Ed Turner
Technical Director

Mr Andrew Childs
Non-Executive Director

COMPANY SECRETARY

Mr Leonard Math

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Riedel's assets include a portfolio of gold, copper and nickel projects and significant land holdings in prospective Archaean- and Proterozoic-age terranes of Western Australia (see *Figure 1 for location of projects*).

The Company has a mixture of advanced and early stage prospects, including:

- Marymia – (copper, gold, nickel and base metals) Australian Mines earning up to 80% by project expenditure of up to \$3.3M;
- Charteris Creek – (copper, molybdenum, gold and base metals) FMGR earning up to 80% by project expenditure of up to \$1.0M;
- Cheritons Find (gold - Inferred Resources of 1.4Mt @ 2.4g/t Au for 108,000 oz);
- Millrose (gold - ⁱ*Inferred Resources of 4.0Mt @ 2.4g/t Au for 309,000 oz).

Furthermore, the Western Australian Projects are augmented by a number of additional prospects, including royalty agreements and free carried interests.



Figure 1: Western Australia Project locations

* Phil Jones (AI Maynard & Assoc) – 2010. This information was previously prepared and disclosed on the basis of compliance with the JORC Code – 2004 Edition. The Inferred Mineral Resources have not been subsequently updated to satisfy compliance with the JORC Code - 2012 Edition as the information has not materially changed since it was last reported.

MARYMIA PROJECT JOINT VENTURE

Australian Mines earning interests up to 80%

On 30 April 2014 Riedel announced the key terms and conditions of a farm-in and joint venture arrangement over exploration licences 52/2394 and 52/2395 ("the Marymia Project") with Australian Mines Limited (ASX: AUZ, "Australian Mines"). A Heads of Agreement was signed by the parties and if the farm-in and joint venture arrangement proceeds to its full conclusion, the earn-in will be worth up to \$3.3M.

During the June Quarter Australian Mines **earned a 51% interest in the Marymia Project** by completing more than \$1,000,000 worth of expenditure on exploration during the "Stage 1 Earn-in". Australian Mines has now elected to proceed with the "Stage 2 Earn-in".

By spending a further \$2,000,000 on exploration within a further 3 year period following the Stage 1 Earn-in, Australian Mines can earn an additional 29% interest (taking their total interest to 80%) in the Marymia Project.

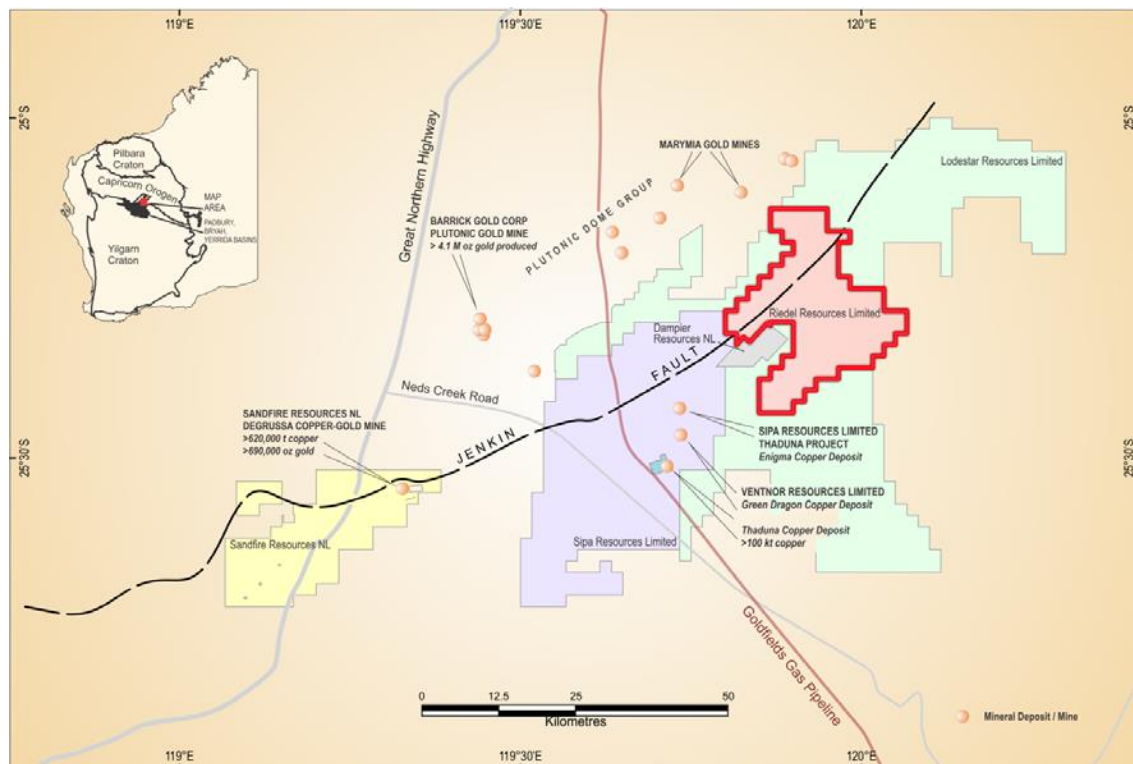


Figure 2: Marymia Project - Location Map

Marymia Project tenement location and geology

E52/2394 and E52/2395, which collectively form the Marymia Project, cover an area of more than 425 square kilometres in the highly prospective Doolgunna-Thaduna region of the Proterozoic volcano-sedimentary Bryah and Yerrida Basins and Archaean Baumgarten Greenstone Belt in the Marymia Inlier.

The Marymia Project is located approximately 30 kilometres east of the 4.7M oz Plutonic gold mine, 55 kilometres north-east of Sandfire Resources NL's DeGrussa copper-gold mine (550,000 tonnes contained copper metal), and 12 kilometres east-north-east of Sandfire's Green Dragon and Thaduna copper deposits (100,000 tonnes contained copper metal) in Western Australia's Mid-West region (see *Figure 2*).

Significant regional structures identified in the project area include the Jenkin Fault and prospective, mineralised geology including the Archaean-aged Baumgarten Greenstone Belt and Proterozoic-aged sediments belonging to the Yerrida and Earraheedy Groups. The project is prospective for copper, gold and nickel mineralisation and Riedel has delineated numerous high priority targets for each of these commodities.

Activities for the Quarterly period ended 30 September 2015

Subsequent to the end of the September Quarter, the first hole of a new RC drilling programme by Australian Mines at the Dixon Prospect (formerly known as Bill's Area) intersected high-grade primary gold mineralisation. Assay results received to date identified a mineralised intercept of **5 metres @ 11.07 g/t gold** from 130 metres down hole (see *Table 1 below for results*).

Assay results for the last 12 metres of the hole, (*immediately below the mineralised intercept of 1 metre @ 14.85 g/t gold from 134 metres to 135 metres down hole*) have not yet been received. This highly significant mineralised intersection will be followed up with additional drilling.

TABLE 1. Dixon Prospect - drill hole details and significant assay results

Drill Hole	Depth (metres)	Easting (MGA50)	Northing (MGA50)	Dip/ Azimuth	From (metres)	To (metres)	Interval (metres)	Grade (g/t gold)
MMRC016	147	793,250	7,187,645	-60/140	130	135	5	11.07
				<i>Including</i>	133	134	1	29.11
				<i>Including</i>	134	135	1	14.85
					135	147		Assays pending

The Dixon prospect is situated in the south-west corner of E52/2394. Shallow rotary air blast (RAB) and air core drilling completed across this target area in the mid-1990s, testing a low-order gold + arsenic anomaly, successfully intersected a zone of supergene gold mineralisation within the weathered profile but there has been limited deeper drilling to date (see Figure 3).

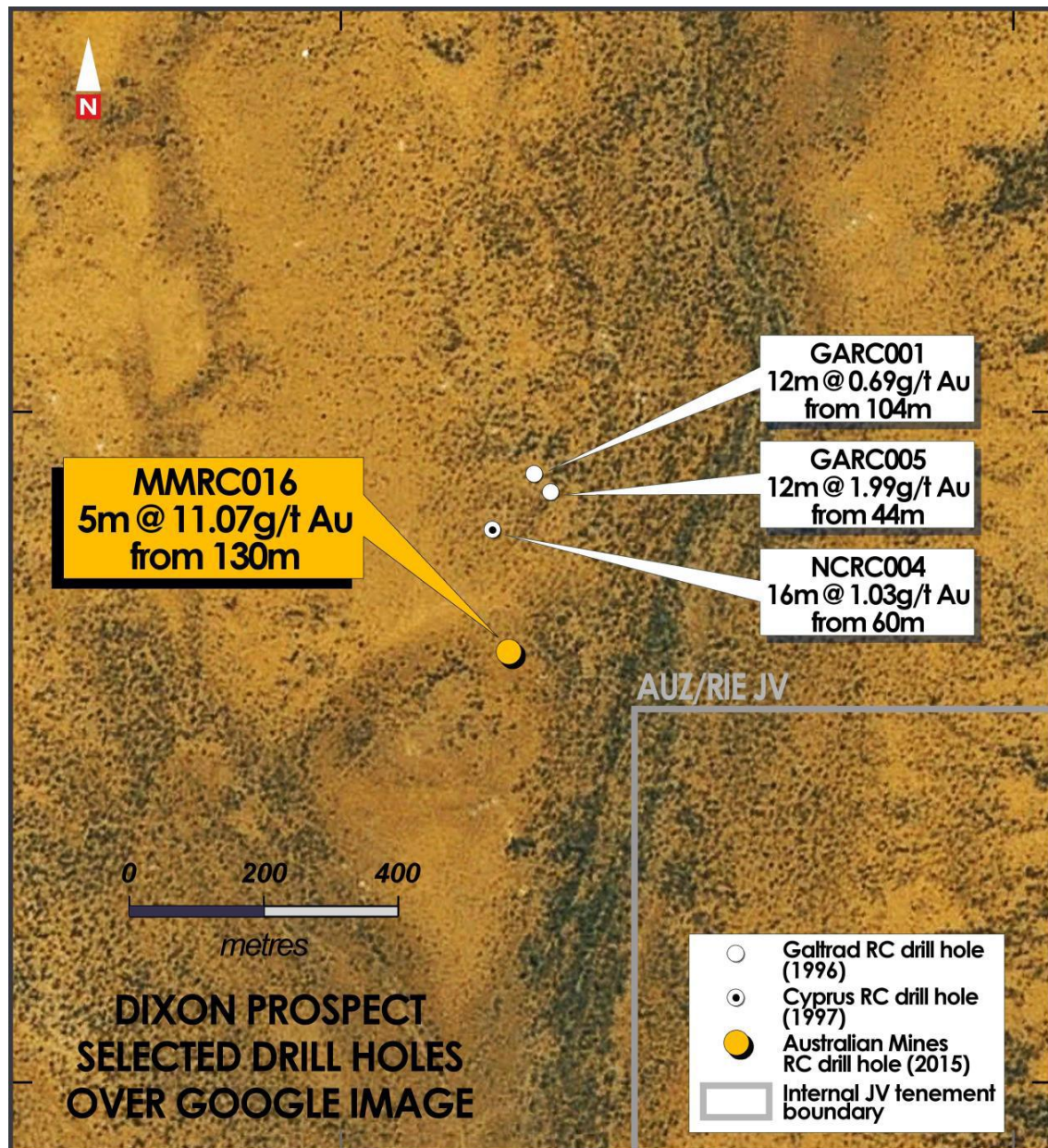


Figure 3: Location of RC drill hole MMRC016 at Dixon in relation to gold intersections returned from selected historic RC drilling across the target area. No drilling or exploration activities has been conducted over the Dixon target since 1997 when hole NCRC004, located 200 metres north and along strike of MMRC016, intersected a 16 metre thick layer of supergene gold grading at 1.03 g/t gold

CHARTERIS CREEK PROJECT JOINT VENTURE

FMG Resources Pty Ltd earning interests up to 80%

In January 2014 FMG Resources Pty Ltd (“FMGR”), a wholly-owned subsidiary of Fortescue Metals Group Ltd, entered into a Farm In and Joint Venture Agreement with the Company worth up to \$1M over Exploration Licence 45/2763.

Riedel’s 100%-owned tenement is 131km² in area and is located approximately 45km north of Nullagine and 50km south-east of Marble Bar in the Pilbara Region of Western Australia (see *Figures 1 and 4 for project location*).

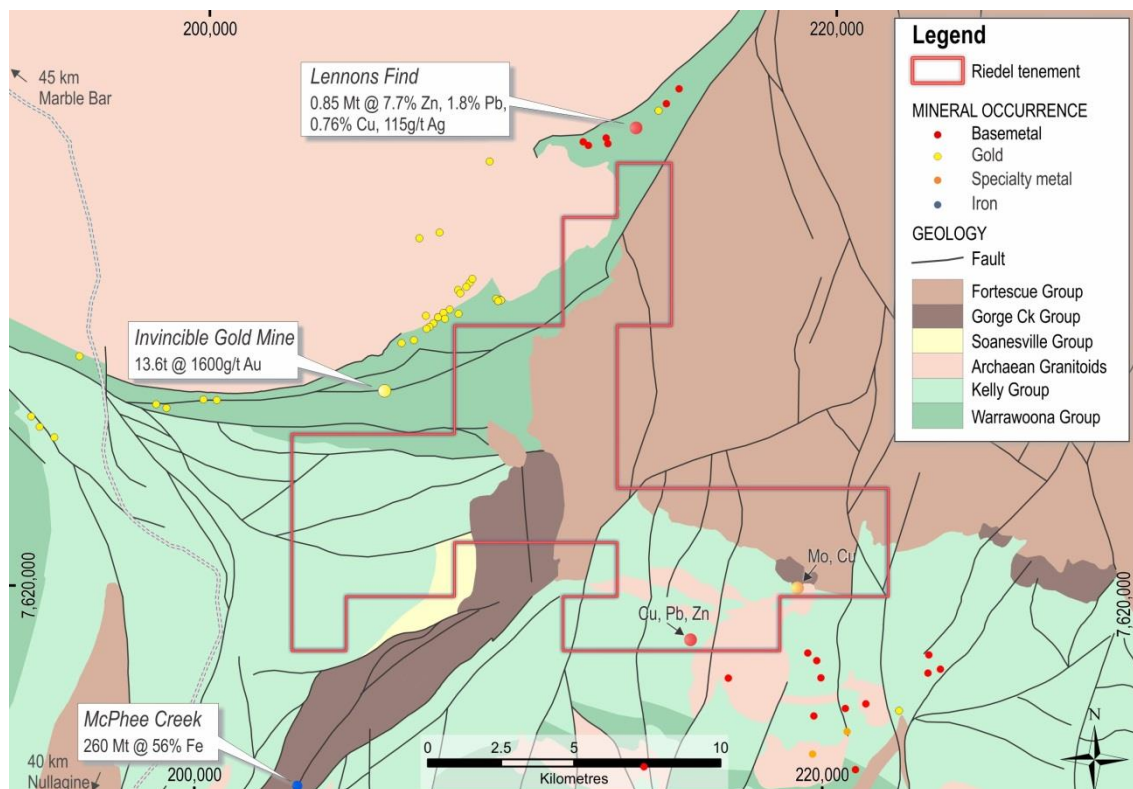


Figure 4: Charteris Creek Project – Geological Map highlighting known mineral occurrences and deposits

Tenement location and geology

E45/2763 is located within the East Pilbara Granite Greenstone Terrain. Tectonically, it is encompassed by the Marble Bar and Kelly Greenstone Belts and Mount Edgar Granitoid Complex in the west and northwest and McPhee Dome and Hamersley Basin to the east and southeast.

The Charteris Creek Project focuses on Archaean intrusive rocks, which are intruding the greenstones overlying the McPhee Dome structure. These are described as Gobbos Granodiorite, a locally porphyritic biotite granodiorite and monzogranite. Various copper and copper-molybdenum occurrences are reported in association with these intrusive rocks.

Indications for a porphyritic source of the minerals have been given in previous exploration reports.

Activities for the period ended 30 September 2015

A re-visit of the Lightning Ridge Prospect in September, including the area north of known mineralisation, has focussed on lithology to distinguish between different sets of intrusive rocks and clarify relationships between intrusive, sedimentary and volcanic rocks. As a result of this work, three different intrusive suites were identified within the greater Lightning Ridge area, adding one more suite to known intrusive rocks associated with the Gobbos Granodiorite intrusion (BAGAS, L., 2005, Geology of the Nullagine 1:100,000 sheet, p. 12).

The additional intrusive suite, the Lightning Ridge (LR) Porphyry, has been recognized for Lightning Ridge and another nearby part of the outcropping Gobbos Granodiorite intrusive complex. An additional 8 rock chip samples were taken and sent for geochemical and, selected samples, petrological analysis. Results for both are currently pending.

In addition to the reassessment of the geology around Lightning Ridge prospect, the northern part of the tenement will be tested for potential precious and base metal mineralisation. A stream sediment sampling program has been designed within the Marble Bar greenstone belt. Nearby MINEDEX-listed mineral occurrences indicate the prospectivity of this part of the licence (see *Figure 4*).

CHERITONS FIND PROJECT

Riedel continued work during the September Quarter towards the development of the Redwing gold deposit as a potential toll treatment project.

MILLROSE PROJECT

There were no exploration activities carried out during the quarter.

BRONZEWING SOUTH PROJECT

This project now consists of one tenement, E36/623. It is located approximately five kilometres south-east of the Bronzewing Gold Mine in the Yandal Greenstone Belt (*see Figure 1*).

During the Quarter a comprehensive review was undertaken of all exploration data relating to previous activities within and surrounding E36/623. The gold prospectivity of the tenement was confirmed with numerous strong geochemical soil anomalies identified that extend over several kilometres. Several of these anomalies, peaking at **225 ppb Au and 99 ppb Au** are yet to be drill tested and are a high priority for follow up work.

CORPORATE

The Company held Cash Reserves at 30 September 2015 of **\$0.139M**.

The Company has agreed with the Convertible Noteholders to a further extension of the redemption of the 400,000 secured Convertible Notes to 31 October 2015.

The extension was provided for the parties to continue to discuss the redemption options which may include a conversion of the Convertible Notes to Ordinary shares or the sale of an asset of the Company in full and final settlement of the redemption amount.

TENEMENT SCHEDULE

Following is the schedule of Riedel Resources minerals tenements as at 30 September 2015.

Area of Interest	Tenement reference	Nature of interest	Interest
Charteris Creek	E45/2763	Direct	100%
Cheritons Find	E77/1793	Direct	100%
Millrose	E53/1304	Direct	100%
Bronzewing South	E36/623	Indirect	80%
Marymia	E52/2394	Direct	49%
Marymia	E52/2395	Direct	49%
West Yandal	M36/615	Royalty	0%
Porphyry	M31/157	Royalty	0%

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About Riedel Resources Limited

Riedel Resources Limited listed on ASX on 31 January 2011 and is an Australian-based exploration company established to explore for and develop mineral deposits.

Further information can be found at the Company's website www.riedelresources.com.au

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a full time employee of Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken 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'. Mr Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information. 	<p><u>Marymia Project</u></p> <p>Samples from Australian Mines' reverse circulation (RC) drill program were collected at one-metre intervals using a cone splitter to produce an approximate three kilogram sample, which is representative of the full drill metre.</p> <p>Sampling is guided by Australian Mines' protocols and QA/QC procedures which were designed in consultation with SRK Consulting, Perth.</p> <p>All samples were submitted to the Intertek Genalysis laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.</p> <p><u>Charteris Creek Project</u></p> <p>No samples taken during the quarter.</p> <p>Rock samples that underwent petrological analysis were taken as part of a reconnaissance mapping and sampling program in 2014.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.) 	<p><u>Marymia Project</u></p> <p>The Marymia drilling technique was reverse circulation (RC) with face sampling bit.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>

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. 	<p><u>Marymia Project</u></p> <p>Sample recovery from this RC program was high with more than 90% of the sample returned for most metres.</p> <p>All samples were visually checked for recovery, moisture and contamination with the appropriate notes being recorded in the sampling logs.</p> <p>There is no observable relationship between recovery and grade, and there no sample bias is assumed. Australian Mines protocols, designed in consultation with SRK Consulting (Perth) are followed to preclude any issues of sample bias due to material loss or gain.</p>
		<p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>
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. 	<p><u>Marymia Project</u></p> <p>Geological logging of drill chips have been recorded for this drill hole, including lithology, mineralogy, grainsize, texture, weathering, oxidation, colour and other features of the samples.</p> <p>Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.</p> <p>Logging of reverse circulation drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information. The drill hole was logged in full to the end of the hole.</p>
		<p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>
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. 	<p><u>Marymia Project</u></p> <p>All one metre splits were passed through a cone splitter to produce a 12% split for assaying. The 78% off-split was collected in green bags for future testing as required.</p> <p>Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.</p> <p>All samples are pulverised to produce a 50-gram</p>

<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. 	<p>charge, which is analysed by Fire Assay and Four Acid ICP-OES.</p> <p>The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style.</p> <p><u>Charteris Creek Project</u></p> <p>No sampling completed during the quarter.</p>
<p>Quality of assay data and laboratory tests</p> <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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<p><u>Marymia Project</u></p> <p>Samples submitted to Intertek Genalysis in Perth are assayed using a Fire Assay and mixed four acid digest.</p> <p>The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.</p> <p>This method approaches a total digest for many elements although some refractory minerals may not be completely attacked.</p> <p>The quality of the analytical results is monitored through the use of internal laboratory procedures to ensure the results are representative and within acceptable ranges of accuracy and precision.</p> <p>Nine standards (or Certified Reference Material) and five Control Blanks were used to check the accuracy of the assays returned from drill hole MMRC016. All fourteen control standards/blanks were within acceptable limits for accuracy and precision.</p> <p>Sample numbers AUZ5559 and AUZ5560, which returned 29.110ppm Au and 14.848ppm Au respectively were re-assayed with the repeat assays returning 29.499ppm Au and 13.772ppm Au respectively.</p> <p><u>Charteris Creek Project</u></p> <p>No samples submitted for assay or laboratory testing during quarter.</p>
<ul style="list-style-type: none"> • The verification of significant intersections 	<p><u>Marymia Project</u></p>

Verification of sampling and assaying	<p>by either independent or alternative company personnel.</p> <ul style="list-style-type: none"> • 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. 	<p>Any materially significant intersections are initially verified by Australian Mines' Managing Director, and are then independently verified by the external consulting company, rOREdata.</p> <p>Primary data was collected using a set of standard Excel templates using lookup tables. The information was sent to the Company's external database consultant, rOREdata, for validation and compilation into Australian Mines' database.</p> <p>No twinned hole drilling is proposed by Australian Mines at this stage.</p> <p>No adjustments or calibrations were made to any assay values.</p> <p><u>Charteris Creek Project</u></p> <p>No additional assay data collected or reviewed during the quarter.</p>
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. 	<p><u>Marymia Project</u></p> <p>Drill hole collar locations at Marymia were recorded using handheld Garmin GPS.</p> <p>The expected accuracy is +/- 5 metres for easting and northings. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.</p> <p><u>Charteris Creek Project</u></p> <p>All rock sample points were located using a handheld GPS.</p> <p>Data captured in GDA 94, Zone 51.</p>
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. 	<p><u>Marymia Project</u></p> <p>Australian Mines' drill program at Marymia involved single reverse circulation (RC) holes at different prospects so drill spacing density is not applicable.</p> <p>This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.</p> <p>No sample compositing was applied to the exploration results.</p> <p><u>Charteris Creek Project</u></p>

No samples were taken during the quarter.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- 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.

Marymia Project

Australian Mines was targeting orogenic Greenstone Belt hosted style gold mineralisation at Marymia.

The orientations of the Company's drilling were designed to intersect the targeted quartz veins at right angles in an attempt to minimise the risk of biased sampling.

The orientation of the drilling is deemed sufficient at this stage of exploration.

Charteris Creek Project

No sample data collected during the quarter.

Sample security

- The measures taken to ensure sample security.

Marymia Project

The chain of custody is managed by Australian Mines.

Samples are stored on site and are delivered in tamper-proof/evident bags via Toll IPEC directly to the assay laboratory.

Charteris Creek Project

No samples collected during the quarter.

Audits or reviews

- The results of any audits or reviews of sampling techniques and data.

Marymia Project

Australian Mines' sampling techniques and data collection processes are of industry standard and have been subjected to internal reviews.

Any data received from the assay laboratories are independently verified by rOREdata in Perth, Australia.

Charteris Creek Project

No sample data available during the quarter for audit or review.

Section 2: Reporting of Exploration Results

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. 	<p><u>Marymia Project</u></p> <p>The Marymia Project is located within the Western Australian exploration licences of E52/2394 and E52/2395.</p> <p>On 30 April 2014, Australian Mines announced it had signed a Heads of Agreement with Riedel Resources Limited (ASX code: RIE) in relation to the Marymia Project.</p> <p>On 30 May 2015, Australian Mines reported that the Company had earned a 51% interest in tenements E52/2394 and E52/2395, and the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.</p> <p>Exploration licences E52/2394 and E52/2395 are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the <i>Gingirana</i> (WAD6002/03) and <i>Yugunga-Nya</i> (WAD6132/98) Traditional Owners.</p> <p>Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the <i>Yugunga-Nya</i> people; and 23 October 2010 between Audax Resources and Gingirana Pty Ltd. Australian Mines is permitted to operate under these agreements as the company is joint venturing with Riedel Resources on this project.</p> <p>Exploration licences E52/2394 and E52/2395 are in good standing with no impediments to exploration known to exist at the time of writing.</p> <p><u>Charteris Creek Project</u></p> <p>Exploration activities were all undertaken on EL 45/2763, which comprises the Charteris Creek Project. The Licence is held by Riedel Resources Ltd ('Riedel') and registered in the name of Audax Minerals Pty Ltd.</p> <p>The Licence was granted on 8 November 2011 and is due to expire on 8 November 2016.</p> <p>On 16 January 2014 FMG Resources Pty Ltd</p>

entered into a Farm In and Joint Venture Agreement with Reidel to earn an 80% interest in the tenement over a six year period.

The Licence is in good standing. The minimum expenditure commitment has been exceeded in the first and second terms and will be met in the third year of term.

Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.

Marymia Project

A summary of the historic anomalous gold and nickel intersections are outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010 and Galtrad Pty Ltd's Annual Technical Report for tenement E52/594, which was received by the Western Australian Department of Mines and Petroleum on 16 September 1996.

Charteris Creek Project

Exploration around the Gobbos Granodiorite intrusion started in the mid-1960s. Five main project areas were identified, namely the Bridget, Gobbos, Lightning Ridge, Otways and Wallabirdee Ridge prospects by previous explorers.

Geology

- Deposit type, geological setting and style of mineralisation.

Marymia Project

AUZ are targeting three types of mineral deposits at Marymia;

- (i) DeGrussa-style volcanogenic massive sulphide copper-gold,
- (ii) Kambalda-style komatiite-hosted nickel sulphide, and
- (iii) Plutonic-style Archaean gold.

The Marymia Project overlies the Baumgarten Greenstone Belt, which is the interpreted northern extension of the Eastern Goldfields Province of the Yilgarn Craton. The geology of the Marymia Project comprises an Archaean greenstone sequence of basalts and komatiitic ultramafic rocks.

Charteris Creek Project

Copper porphyry target. Porphyry systems within

or marginal to the intrusions. Granodiorite and tonalite intrusives rocks of Archean age are situated within the McPhee Dome and have intruded volcanic and sedimentary rocks of the also Archean Yilgalong (or: McPhee) Greenstone Belt.

Copper-molybdenum-silver-zinc-gold mineralization proximal and distal to porphyry systems has been reported.

Drill hole Information

- 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:
 - 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.

Marymia Project

Refer to Appendix 1.

Charteris Creek Project

No drilling undertaken during this quarter.

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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

Marymia Project

Any reported intersections of Australian Mines' drilling results are based on a regular sample interval of one metre.

Where quoted, gold intersections are based on a minimum gold threshold of 1.0 g/t gold.

No upper cuts are applied and no internal dilution has been used for any intersection calculations.

No metal equivalents have been used in this report.

	<p>such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p><u>Charteris Creek Project</u></p> <p>No drilling undertaken.</p>
<p>Relationship between mineralisation widths and intercept lengths</p>	<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 (e.g. 'down hole length, true width not known'). 	<p><u>Marymia Project</u></p> <p>There is insufficient understanding of the bedrock geology at present to determine the true thickness of any reported drill intersections.</p> <p>Any intersections included in the accompanying report are down hole lengths. The true widths of these intersections are not known.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken.</p>
<p>Diagrams</p>	<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. 	<p><u>Marymia Project</u></p> <p>Appropriate maps are included in the body of the accompanying report.</p> <p><u>Charteris Creek Project</u></p> <p>An image depicts significant alteration styles in petrological samples completed by Fortescue.</p>
<p>Balanced reporting</p>	<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. 	<p><u>Marymia Project</u></p> <p>The accompanying document is considered to represent a balanced report.</p> <p><u>Charteris Creek Project</u></p> <p>Geological mapping and geochemical sampling have been the primary exploration tools used to date.</p> <p>Interpretation of the acquired data is preliminary and by no means comprehensive.</p>
<p>Other substantive exploration data</p>	<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 	<p><u>Marymia Project</u></p> <p>Other exploration data collected by the Company is not considered material to this report at this stage.</p> <p>Further data collection will be reviewed and</p>

	<p>survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<p>reported when considered material.</p> <p><u>Charteris Creek Project</u></p> <p>Nothing to report for this quarter.</p>
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (e.g. 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. 	<p><u>Marymia Project</u></p> <p>Australian Mines is currently awaiting the assay results from the remainder of Dixon drill hole MMRC016.</p> <p>Once received and interpreted, Australian Mines will finalise its follow-up exploration program which may include further drilling (RC and/or diamond) as we surface and down hole geophysical surveys.</p> <p><u>Charteris Creek Project</u></p> <p>Finalising the interpretation of data gathered to date will lead to a more robust mineralisation model for the project area.</p>