

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

QUARTER HIGHLIGHTS:

- **“Staged” approach confirmed as preferred Nebo-Babel development scenario**
- **Optimisation work has identified significant cost reductions**
 - Pre-Production capex reduced by 24%
 - Power generation costs reduced by 30%
- **Succoth maiden Inferred Mineral Resource Estimate of 156Mt @ 0.60% Cu**
 - Potential to significantly increase with further drilling
 - Mineralisation close to surface, amenable to open pit mining
 - Potential low capital intensity project due to proximity to Nebo-Babel Ni-Cu deposits
- **Exploration at X17 confirms potential for the discovery of a new Zinc province**
 - Three Zinc gossans discovered during October field program
 - Geochemical signature supports classic sediment-hosted, Mt Isa-style Zn mineralisation
 - 35 kilometre prospective horizon with 4 prospects initially identified
 - Environmental approval received, drilling planned early Q2 2016

CORPORATE

Cassini Resources Limited (“**Cassini**” or the “**Company**”) is pleased with the significant progress made at its development and exploration projects during the December 2015 Quarter.

Early work on the Nebo-Babel Pre-Feasibility Study has shown a number of significant improvements on assumptions made during the Scoping Study, with reductions in pre-production capital and operating expenditure demonstrated. Confirmation of the “Staged” development scenario further reduces pre-production capital with a later expansion to be supported by cash flow.

The Maiden Inferred Resource at Succoth is a significant milestone, achieved through the considerable effort of Cassini’s technical team to understand the geology and mineralisation controls at the deposit. Further growth of the Resource is expected with additional drilling. Succoth represents only one of a number of exciting exploration opportunities at the West Musgrave Project that are yet to be fully investigated.

The X17 Project in the West Arunta has delivered exciting early stage results that provide compelling evidence of a new zinc province. This is a priority exploration target and the Company is working towards a maiden drill program early in the 2016 field season.

The cash balance as at 31 December was \$2.42M. In addition, an R&D grant has been lodged with AusIndustry and is expected to be received during the March quarter. The Company is in a strong position to progress the study work at Nebo-Babel and to undertake the next phase of exploration at the X17 Project.

West Musgrave Project (100% CZI)

Nebo – Babel Pre-Feasibility Study

The Company's ongoing work on the Project has focussed on re-optimisation at various commodity prices and production profiles to determine the preferred development pathway. In addition, a review of pre-production capital and operating costs has resulted in significant cost reductions in both these areas.

Confirmation of Staged Development Scenario

The work to date has resulted in an improved understanding of the optimal development pathway for the Nebo-Babel deposits. The Company's preferred "Staged" scenario anticipates an initial high-grade, 1.0 - 1.5mtpa processing capacity mine, ramping up to a 4mtpa operation after 4 - 5 years. This staged approach will:

- Result in lower pre-production capital expenditure;
- Take advantage of the shallow, higher grade, higher margin resources available at both Nebo and Babel;
- Reduce project risk by establishing cash flow and operating expertise prior to implementing the 4Mtpa expansion;
- Allow greater optionality around the timing of implementation of the expansion;
- Allow for mining and processing of the lower grade resources at a larger operational scale, therefore minimising unit production costs; and
- Preserve the optionality of the large resource base not currently in the mine plan.

Key Study Work Outcomes

Economic Evaluation

Multiple Whittle optimisations were carried out to evaluate the impact of changes in commodity prices and different metallurgical recoveries on the scale and profitability of the Project. This work was augmented by incorporating differing mining and processing costs to reflect different possible project scales.

High-level pit scheduling has been undertaken to sequence pit staging for improved payback via high value ore early in the mine schedule, while deferring waste stripping where possible.

Review of Pre-Production Capital and Non-Processing Infrastructure Costs

Reviewing pre-production capital to identify reductions where possible has been a focus. The review has led to overall capital expenditure savings of 24%. A summary of capital expenditure reductions is detailed in Table 1. As a result of the updated study work, the Company has gained greater certainty in the following areas:

- Road construction and upgrade costs have been reduced after a review of the existing road access route yielded substantial reductions in the amount of upgrade work required on the Great Central Road and the Warburton – Jameson Road;
- EPCM costs have been adjusted in line with the current contracting environment;
- The village size has been increased, however the additional cost has been more than offset by a reduction in construction cost;
- Water supply costs have increased to allow for a "worst case" scenario where water supply is only available from aquifers located a substantial distance away from the Project; and
- In the Scoping Study, it was proposed to upgrade the Jameson airstrip, 35km north of the Project. The Company has since elected to construct an on-site all weather airstrip for certainty of uninterrupted operations.

Table 1. Comparison of Scoping Study vs Updated Study capital expenditure forecast (includes contingency).

Scenario	Pre- Production Capital (A\$m)	Expansion Capital (A\$m)	Total Construction (A\$m)
Scoping Study (1.5mtpa expanding to 4.0mtpa)	319	202	521
Study Update (1.0mtpa expanding to 4.0mtpa)	244	236	480
Capital expenditure difference	-75	+34	-41

Review of Operating Costs

The company has updated Scoping Study operating costs to reflect:

- Adoption of a hybrid wind-diesel power generation solution, taking advantage of the relatively high, year round, wind energy available in the West Musgrave region. Energetics Pty Ltd was engaged to carry out a Renewables Energy Options Study to investigate the potential use of wind, solar, compressed natural gas and liquid natural gas. The outcomes of this work identified a hybrid wind-diesel power supply system as being highly favourable in delivering a significantly lower levelised cost of energy (LCOE) to the project in the order of 30% less than the original Scoping Study;
- Unit mining contractor rates were reviewed and modified upwards slightly;
- Concentrate logistics costs were confirmed and included the review of an alternative transport route via Geraldton Port (see Figure 1); and
- Road maintenance costs for site access were reviewed and revised upwards.



Figure 1. West Musgrave Project concentrate transport options.

Upcoming Study Work

The Company has reconsidered its initial study program and intends to significantly “front load” the technical investigations for the Project into the PFS stage to provide a clearer and more robust Project execution pathway. This will have the complementary effect of reducing the scope of the DFS stage.

The next phase of Project evaluation, technical assessment and approvals work is currently being planned in light of the decision to adopt a staged project. Key to this next phase is garnering significantly improved understanding in a number of areas, including:

- The metallurgical performance of the resource;
- The Project water supply;
- Establishing pit slope parameters;
- Better delineation of high value/high consequence resources that provide mill feed in the early phases of the mine schedule; and
- Executing an environmental approvals program.

Accordingly, the Company is building a comprehensive PFS/DFS evaluation and approvals program to incorporate all of the above.

The new timeline for this PFS work will be developed in line with the Company’s capital management strategy.

EXPLORATION

West Arunta Project (X17)

The West Arunta (or X17) Project is a highly prospective base and precious metals target in an underexplored region near Lake McKay in Western Australia. The Project is now 100% owned by Cassini, following the completion of a share sale agreement for acquisition of the outstanding balance of Crossbow Resources Pty Ltd in July 2015.

The Company completed field reconnaissance at the Project in late October 2015 to investigate Zn-Pb anomalous soil and lag geochemical results from the 2014 field program.

During field reconnaissance to investigate the source of the anomalies, three metal-anomalous gossans were discovered associated with the soil and lag anomalies. Portable XRF (pXRF) was initially used to identify zinc anomalism in lag and gossan at each prospect, which was later confirmed by assay methods with samples returning concentrations of up 0.5% Zn and 0.1% Pb. The assays have also returned anomalous levels of important pathfinder elements such as cadmium, barium, nickel, cobalt and thallium.

These results are considered to be very encouraging support for the hypothesis that these gossans represent the weathered products of sulphide Zn-Pb mineralisation, hosted in shale or fine-grained sedimentary rocks. Zinc is readily leached in weathered near surface zones and therefore gossan outcrops usually contain low Zn concentrations compared to the primary sulphide mineralised zones below. The Zn concentrations from gossans at X17 are highly anomalous when compared to background concentrations in the X17 project area. The rock chip results are similar to those found in gossan outcrops of large zinc deposits in the Mt Isa District, QLD as shown in Table 2.



Figure 2. Gossan outcrop at the Iapetus Prospect.

Table 2. Average composition of gossans from X17 compared to gossans from major deposits in the Mt Isa District (major elements in wt%, traces in ppm). Mt Isa gossan data sourced from Taylor & Scott (1982): Evaluation of gossans in relation to lead-zinc mineralisation in the Mt Isa Inlier, Qld.

	X17			Mount Isa		Hilton		Lady Loretta		Dugald River	
	Iapetus	Enceladus	Rhea	Black Star	Bernborough	13 Mile Hill	Tombstone Hill	Small Syncline	Big Syncline	I3935N	Hanging Wall
Fe₂O₃	68.3	27.0	65.4	63.8	43.5	25.7	64.1	23.9	27.4	35.3	50.6
K₂O	0.12	0.09	0.12	0.01	2.85	0.05	0.01	0.02	0.11	0.81	0.69
P₂O₅	0.82	0.19	0.11	0.17	0.43	<0.01	0.08	0.06	0.11	0.65	0.47
MnO	0.11	0.18	2.17	0.05	0.05	0.03	0.12	0.04	0.06	0.6	0.05
SO₃	0.18	0.11	0.27	0.42	0.65	0.2	0.29	0.15	0.42	6.32	-
Ag	<0.5	<0.5	<0.5	5	4	4	1	26	40	80	80
As	26	107	13	1010	910	240	450	280	470	1340	1950
Ba	20	215	1220	35	490	180	110	850	2470	1.46%	2.32%
Bi	<1	<1	<1	<1	<1	<1	1	<1	<1	<1	<1
Cd	<1	2	1	13	<3	<3	<3	<1	<1	10	3
Co	39	111	182	19	10	<10	10	<10	<10	19	13
Cr	<10	<10	<10	36	60	29	10	<10	<10	-	-
Cu	110	140	75	1260	940	120	800	9	26	415	540
Ga	3	3	8	4	8	6	<1	5	7	20	10
Ge	-	-	-	8	9	33	7	30	44	10	10
In	<1	<1	<1	<1	<1	<1	<1	<1	<1	<1	<1
Mo	1.5	2.9	<1	33	11	7	27	3	6	33	20
Ni	100	112	176	30	80	4	27	<5	<5	16	40
Pb	97	260	610	5200	480	880	3500	890	2140	5.00%	1.45%
Sb	0.4	1	0.4	140	40	30	<30	530	95	110	160
Sn	<1	<1	<1	<1	<1	2	<1	2	2	<4	20
Sr	14	18	45	5	210	35	6	370	290	-	-
Tl	<1	<1	4	<1	<1	4	<1	<1	<1	2	13
Zn	2020	3340	1870	2890	2650	300	3680	123	60	2.35%	510

All rock chip sample results and locations can be found in Table 4.

Supporting evidence for a new zinc province

These rock chip results provide further support to the Company's belief that it has discovered a new zinc province in the West Arunta.

Evidence for a large Zn-Pb mineral system initially presented in both soil and lag geochemical results from a regional scale geochemical survey (1,000m x 500m sample spacing). This program was modelled on the same geochemical survey approach that successfully resulted in the discovery of the Nebo-Babel Ni-Cu deposits in the West Musgrave region in 2000. Three lag samples highly anomalous in Zn have been identified (2210 ppm or 0.2%, 671 ppm and 222 ppm) which are clearly differentiated from the rest of the lag samples (Figure 3) and led directly to the discovery of gossans at Enceladus, Iapetus and Rhea.

Importantly, the three lag samples are also the most anomalous in cadmium (Cd), with the rank order of Cd enrichment exactly the same as the rank order of Zn enrichment. The significance is that Cd is typically concentrated in sphalerite, the primary ore mineral for Zn and therefore these three Zn-Cd enriched lag samples are considered to have the direct geochemical signature of sphalerite.

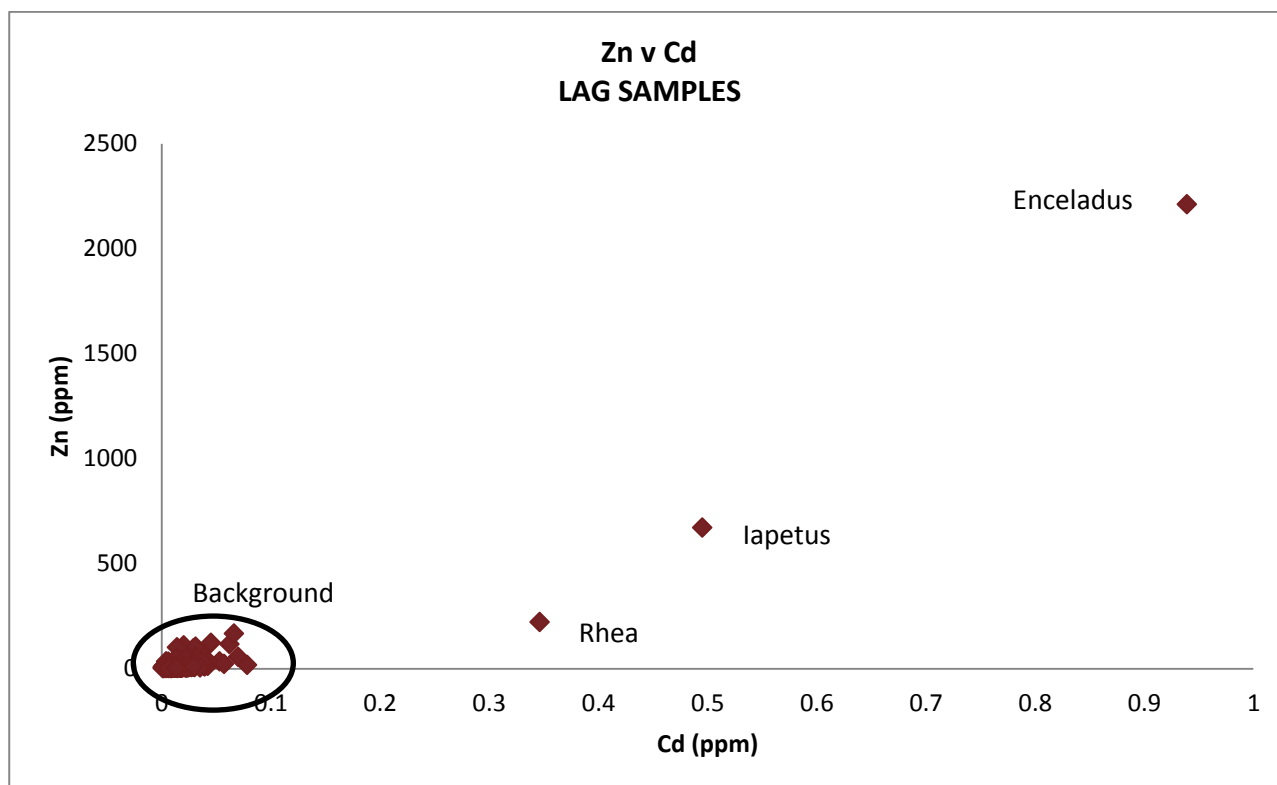


Figure 3. Zinc vs cadmium showing anomalous samples from Enceladus, Iapetus and Rhea Prospects.

The three geochemical anomalies and all of the gossans are interpreted to lie within a single continuous stratigraphic horizon, referred to as the Dione Horizon (Figure 4). Due to the very broad sample spacing of the regional soil survey and variable thickness of the sand cover, subtle expressions of mineralisation may have potentially been missed. The Company is confident that new prospects will be discovered through infill soil and lag sampling and mapping during the next phase of field work.

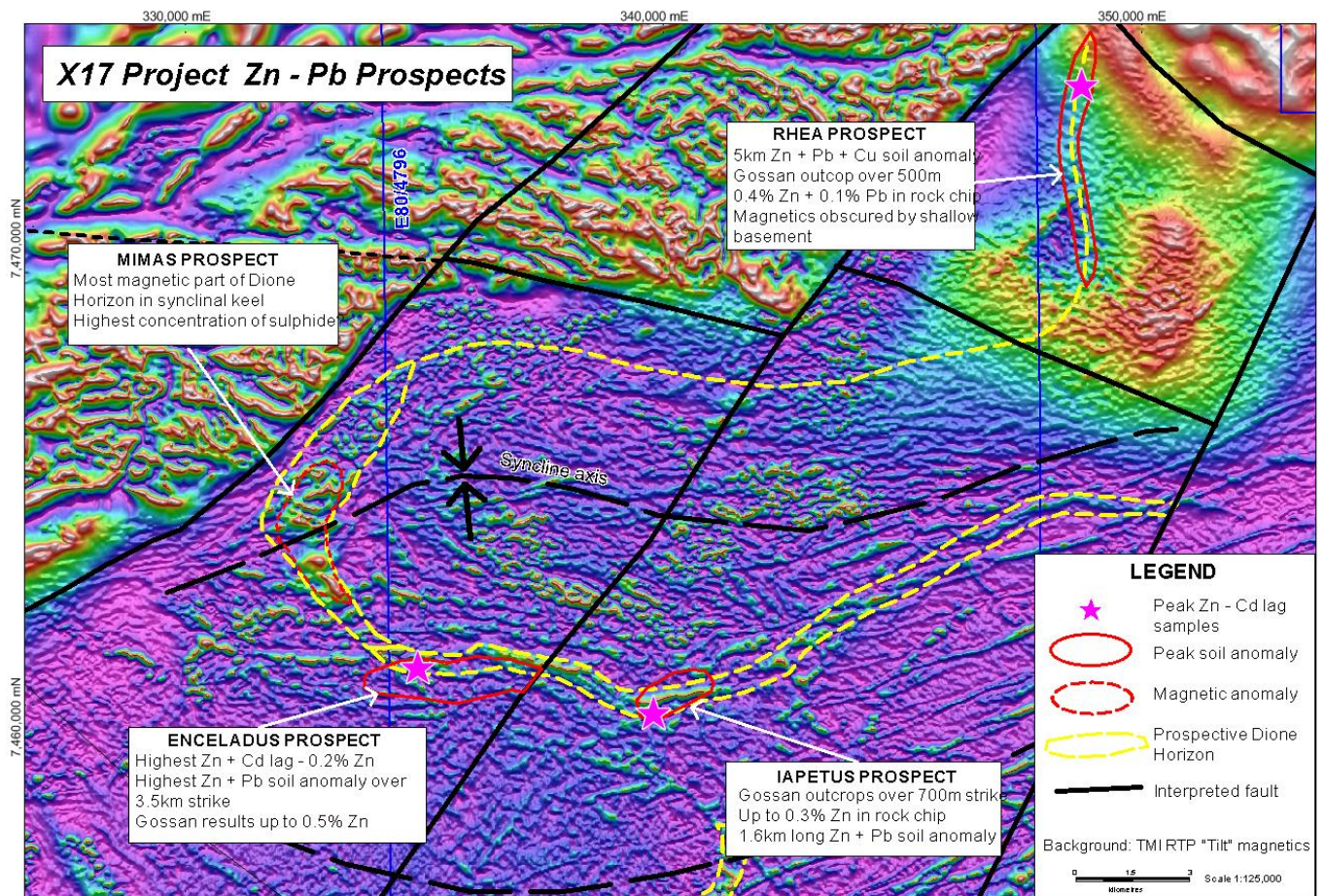


Figure 4. Summary of soil, lag and rock chip geochemistry and geological interpretation.



Figure 5. Iapetus gossan forming a prominent ridge

Table 3. Rockchip assay results of selected elements

Prospect	East	North	Zn (ppm)	Cd (ppm)	Pb (ppm)	Ni (ppm)	Cu (ppm)	As (ppm)	Tl (ppm)
Iapetus	339450	7459985	1820	<0.5	20	144	68	43	<0.1
Iapetus	339450	7459985	2240	<0.5	22	158	108	32	<0.1
Iapetus	339450	7459985	1420	<0.5	94	98	68	17	<0.1
Iapetus	339803	7459862	432	<0.5	27	56	66	80	<0.1
Iapetus	339866	7459856	3470	1	173	134	150	22	<0.1
Iapetus	339980	7459860	1120	<0.5	35	114	44	31	<0.1
Iapetus	339995	7459869	924	<0.5	48	28	28	13	<0.1
Iapetus	340053	7460061	3190	1.5	78	92	242	31	<0.1
Iapetus	340053	7460061	1960	<0.5	305	34	170	20	<0.1
Enceladus	335333	7460746	4720	1	453	118	290	295	0.4
Enceladus	334885	7460841	3140	2.5	197	136	146	14	0.2
Enceladus	334863	7460829	3770	3	206	158	106	14	0.2
Enceladus	336129	7460249	1740	<0.5	182	38	18	106	0.2
Rhea	348781	7473004	822	1.5	113	170	54	16	0.2
Rhea	349184	7472820	1010	<0.5	133	168	38	19	0.4
Rhea	349184	7472820	1300	<0.5	574	146	126	16	0.5
Rhea	349180	7472874	588	1.5	616	86	28	7	6.1
Rhea	349184	7472893	1200	3	1190	366	60	17	10.2
Rhea	349183	7472904	606	1	49	110	14	5	1.2
Rhea	349181	7472921	1270	2.5	29	364	34	12	23.8
Rhea	349181	7472921	1650	4	154	168	32	11	4.1

Future Work Program

The identification of mineralised gossans at Iapetus, Enceladus and Rhea present “drill ready” targets to test for economic primary Zn-Pb mineralisation. The Company intends to complete a RC drill program at each prospect at the commencement of the 2016 field season. Environmental approval for the program has already been received and planning for a heritage survey is well underway.

Concurrently, a geochemical soil and lag sampling program will also be conducted, infilling and extending the previous survey along the prospective Dione Horizon. It is anticipated that this closer spacing will identify more subtle expressions of mineralisation to be followed by additional drill testing.

A reconnaissance-style RAB or air core drill program will follow the geochemical sampling with the aim of exploring parts of the Dione Horizon that are under thicker sand cover and testing new geochemical anomalies. This program would also test the Mimas Prospect where a magnetic anomaly is interpreted to represent a synclinal position of the Dione Horizon; an ideal setting for thick packages of sedimentary zinc mineralisation.

Maiden Succoth Resource Estimate (West Musgrave Project)

Cassini engaged independent resource consultants CSA Global Pty Ltd (CSA Global) to provide a Mineral Resource estimate for the Succoth Deposit which incorporates the results of historical drilling and data from Cassini's 2014 and 2015 field programs. The Company has also undertaken extensive geological interpretation after re-logging of more than 16,000 metres of diamond core which has provided an enormous improvement in geological information leading to increased Cassini's confidence in the nature and continuity of mineralisation within the deposit.

The maiden Inferred Mineral Resource totals 156Mt @ 0.60% Cu at a 0.3% Cu cut-off grade for 943 kt Cu metal (Table 4). The Mineral Resource estimate has been completed in accordance with the guidelines of the JORC Code (2012 edition).

Table 4. Succoth Deposit Inferred Mineral Resource estimate (0.3% Cu cut-off)

Type	Tonnes (Mt)	Cu (%)	Cu Metal (t)	Pt (ppm)	Pd (ppm)
Oxide	5	0.59	31,000	0.04	0.11
Fresh	151	0.60	912,000	0.04	0.11
Total	156	0.60	943,000	0.04	0.11

The weathering profile at Succoth is very shallow and fresh mineralisation occurs approximately 30 metres below the surface. Combined with multiple, wide mineralised zones, this makes the deposit an attractive open pit mining opportunity. The grades at Succoth compare favourably to operating open pit copper mines and projects globally and there is also potential for PGE by-product credits, particularly for palladium which has a grade of 0.11g/t.

The Company will evaluate development options for Succoth, including integration with Nebo-Babel in a co-development scenario or a sequential development to extend the overall project mine life. Both scenarios provide Succoth with the significant development advantage of lowering the required capital intensity by utilising existing infrastructure.

Good metallurgical recoveries and high Cu concentrate grades

In 2011, the previous operators submitted two representative Cu mineralisation composites from diamond drill hole WMN4073 to ALS Ammtec for initial metallurgical testwork. The samples produced a marketable copper concentrate (>24% Cu) with good recoveries (>87%). Other payable metals in the concentrate, such as PGE's, were not assessed.

The program involved comminution, grind establishment and bench-scale flotation testwork. The final circuit consisted of conventional rougher flotation, concentrate regrinding and cleaner plus recleaner flotation, similar to the overall process for Nebo-Babel testwork undertaken by the Company in 2014.

The testwork results represent an early stage of process flowsheet development and significant improvement would be expected with additional testwork and flowsheet optimisation. The next stage will involve a comprehensive geometallurgical characterisation program and a much larger number of mineralised samples.

Exploration to provide further rewards

There are several exploration targets exist within close proximity to Succoth with the potential to increase the size of the resource. The Company is confident that further exploration drilling will result in an expansion of the Succoth resource.

Extension and infill drilling

The updated interpretation of the geology at Succoth has shown mineralisation to be generally east-west striking and open at its extremities. Given the broad drill spacing throughout most of the resource, and the updated geological interpretation, infill drilling has a high probability to add additional mineralisation (Figure 6).

Most recently, diamond hole CZD0007 targeted a large electromagnetic (EM) conductor and demonstrated continuous mineralisation down-plunge over 1,300m. Mineralisation remains open in this direction.

The Company is also investigating alternative geophysical techniques to identify disseminated mineralisation, which comprises the bulk of the deposit and does not provide an EM response.

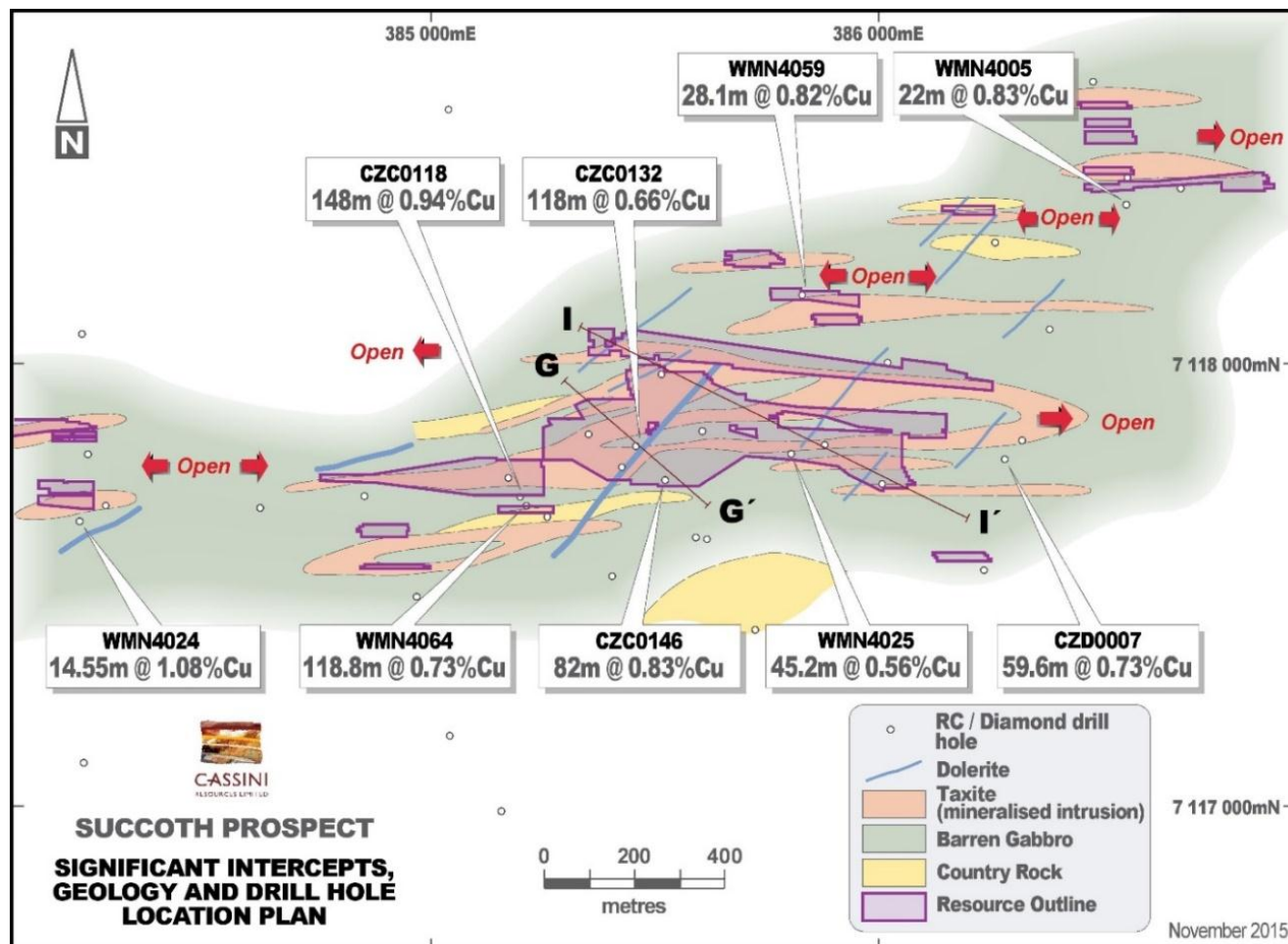


Figure 6. Succoth geology plan with significant intercepts, and resource limits.

Nickel and copper-rich massive sulphide

The Company remains confident that Succoth may also host Ni-rich mineralisation at depth. Minor Ni-rich mineralisation has been intersected in previous drilling, such as 0.55m @ 1.59% Ni from 225.8m (WMN4023) at the recently recognised Babylon Intrusion, west of Succoth.

The updated geological interpretation has resulted in a refined exploration model for massive nickel and copper sulphides. Changes in geometries, orientation and thickness of the host units are considered highly favourable settings for the accumulation of massive sulphides. At Succoth, these favourable settings are considered more likely to be present at the down-plunge and down-dip extensions of the host intrusion.

The Company has won WA Government Exploration Incentive Scheme (EIS) funding worth \$148,500 to assist with the drilling of two holes at the Babylon Prospect during the 2016 field season. The holes are designed to explore for Ni-rich mineralisation. The Company would like to acknowledge the WA Government's on-going support for greenfield exploration through the EIS initiative.

Exploration under cover

Large portions of the north-eastern part of the project area, including much of the highly prospective Succoth-Esagila complex, remain significantly under-explored (Figure 7).

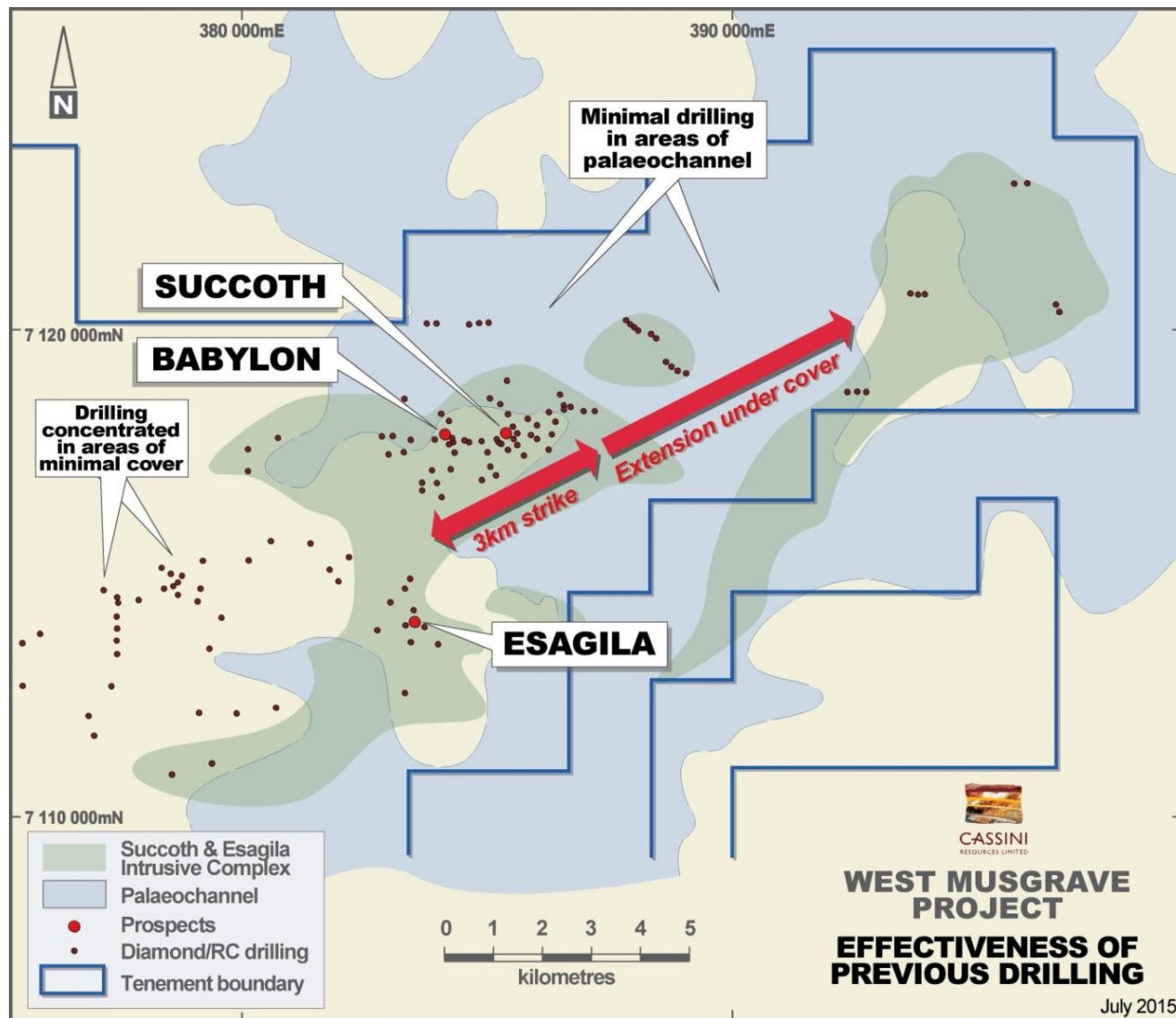


Figure 7. Prospective Succoth-Esagila intrusive complex and masking by alluvial cover.

Previous exploration at Succoth has been strongly driven by surface EM methods, which was very successful in discovering the known prospects. However, much of the north eastern part of the project area and prospective host sequence has been covered by recent alluvial drainage systems (paleochannels). The effectiveness of EM surveying methods over these areas is limited because of the masking effect of the paleochannels.

Alluvial cover sequences may have also reduced the effectiveness of regional air core drilling as many of the prospects identified to date are in areas of minimal cover, suggesting air core drilling may not have reached basement rocks in areas of deep cover.

Nevada Gold Projects, USA

Cassini operates three projects in the State of Nevada, USA. The Nevada projects represent a near term opportunity for exploration success in one of the world's pre-eminent gold mining jurisdictions. Nevada is known as "Elephant Country" with seven +20Moz gold deposits and significant recent discoveries being made, despite 150 years of exploration (Long Canyon, Railroad, South Carlin, Spring Valley). Nevada is an exploration and mining friendly jurisdiction with good local infrastructure and a high level of exploration and mining expertise and knowledge.

During the quarter Cassini further reduced its holding costs for the projects. No field activities were conducted.

For further information, please contact:

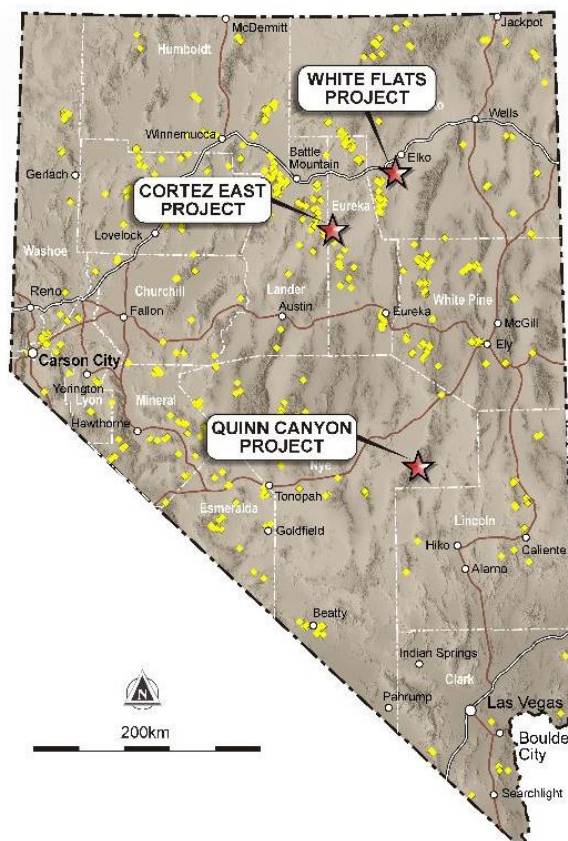
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About Cassini

Cassini Resources Limited (ASX: CZI) is an Australian resource company that successfully listed on the ASX in January 2012. In April 2014, Cassini acquired the significant Nebo and Babel nickel and copper sulphide deposits in the Musgrave region of WA. The Company's primary focus is now on the development of these deposits and progression to successful mineral production as a matter of priority.

Cassini aims to progress its development projects, to explore and add value to its exploration stage projects with the aim to increase shareholder value.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr Greg Miles, who is an employee of the company. Mr Miles is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Miles consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The Company is not aware of any new information or data, other than that disclosed in this report, that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates as reported in the market announcement dated 25 of February 2015 (Nebo & Babel Deposits) and 7 December 2015 (Succoth Deposit) continue to apply and have not materially changed.

Additional information regarding exploration results can be found in ASX releases of 4 November 2015 and 23 November 2015.

APPENDIX 1 – TENEMENT SUMMARY – 31 DECEMBER 2015

1. MINING TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Existing West Musgrave				
E69/3163	WA	Granted	100%	100%
E69/3169	WA	Granted	100%	100%
E69/3137	WA	Granted	100%	100%
E69/3164	WA	Granted	100%	100%
E69/3165	WA	Granted	100%	100%
E69/3168	WA	Granted	100%	100%
Acquired West Musgrave				
E69/1505	WA	Granted	100%	100%
E69/1530	WA	Granted	100%	100%
E69/2201	WA	Granted	100%	100%
E69/2313	WA	Granted	100%	100%
M69/72	WA	Granted	100%	100%
M69/73	WA	Granted	100%	100%
M69/74	WA	Granted	100%	100%
M69/75	WA	Granted	100%	100%
Crossbow (X17)				
E80/4749	WA	Granted	100%	100%
E80/4796	WA	Granted	100%	100%
E80/4813	WA	Granted	100%	100%
Nevada				
White Flats Project (12 claims)	Nevada	Leased	100% (leased)	100% (leased)
Cortez East (40 claims)	Nevada	Leased	100% (leased)	100% (leased)
Quinn Canyon (12 claims)	Nevada	Leased	100%(leased)	100% (leased)

2. MINING TENEMENTS ACQUIRED/DISPOSED				
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
<u>Acquired</u>				
<u>Disposed</u> Agate Pass (12 claims)	Nevada	Withdrawn	100% (leased)	0%

3. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS				
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Nil				

4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED				
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
<u>Acquired</u> Nil				
<u>Disposed</u> Nil				

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cassini Resources Limited

ABN

50 149 789 337

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,021)	(2,408)
	(b) development	-	-
	(c) production	-	-
	(d) administration*	(285)	(787)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	24
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	13	(30)
	Net Operating Cash Flows	(1,285)	(3,201)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(75)
	(b) (i) equity investments	-	-
	(b) (ii) equity investments	-	-
	(c) other fixed assets	-	-
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 (stamp duty)	-	-
	Net investing cash flows	-	(75)
1.13	Total operating and investing cash flows (carried forward)	(1,285)	(3,276)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,285)	(3,276)
	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 (share issue costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,285)	(3,276)
1.20	Cash at beginning of quarter/year to date	3,708	5,699
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,423	2,423

Payments to directors of the entity, associates of the directors, 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	154
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Amount includes: - executive remuneration (including superannuation) - non-executive remuneration - geological and other consulting work provided to the Company - company secretarial and financial management fees to Grange Consulting, of which Mr Phil Warren is a director.	

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
- n/a
- 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
- n/a

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

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	250
Total	500

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	2,345	3,708
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (bank guarantee)	78	-
Total: cash at end of quarter (item 1.22)	2,423	3,708

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Agate Pass, Nevada, USA (12 claims)	Withdrawn	100% (leased)	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

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	220,899,079	220,899,079	Fully Paid Ordinary
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	21,950,000		Exercise Price 100,000 - 11.2 cents 4,000,000 - \$0.20 1,000,000 - \$0.30 1,500,000 - \$0.241 15,350,000 - \$0.067	Expiry Date 19 November 2017 9 April 2018 9 April 2018 23 May 2019 14 December 2019
7.8	Issued during quarter	15,350,000		\$0.067	14 December 2019
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	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.

22 January 2016

Sign here:
(Director/Company secretary)
Steven Wood

Date:

Print name:

Notes

+ See chapter 19 for defined terms.

- 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 and petroleum 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 or petroleum 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 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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