



Activities Report for the Quarter Ending 31 December 2015

Key Points

- Redcliffe Resources Limited (RCF) and Northern Manganese Limited (NTM) are proceeding with a merger of the companies by way of a Scheme of Arrangement.

Project

- Programmes of Work applications granted by Department of Mines and Petroleum (DMP) for RC and diamond core drilling at Golden Terrace South and Nambi prospects.
- Successful application to DMP under Exploration and Incentive Scheme (EIS) for co-funding of up to \$75,000 for drilling below high grade, sulphide associated gold mineralisation previously mined at the Nambi Pit.
- Planning for this drilling program is well advanced aiming for commencement in the first quarter of 2016

Corporate

- Rationalisation of the Company's share capital structure has included calling of partly paid shares that were sold by auction in November 2015 and moving to reduce the number of unmarketable parcels held.
- A total of 18,444,666 shares are in the process of being sold on behalf of approximately 2100 separate small holdings.
- This reduction of holdings will lead to considerable savings in administration, printing and postage costs as the Company moves towards the merger with Northern Manganese.
- The sale process is currently underway and shareholders will receive funds within 14 days of completion of the sales process when an average price can be determined.
- A loan agreement was entered into with NTM to provide funding the merger costs.



RCF/NTM Merger and Corporate

The proposed merger is to be by way of a Scheme of Arrangement of RCF pursuant to which shareholders in RCF will receive one (1) NTM share for every two and three quarters (2.75) RCF shares held.

Merger Update

The process of bringing the merger to completion had a listed hearing in the Federal Court on 3 February 2016 which is to be adjourned pending finalisation of jurisdictional matters. Subject to Redcliffe Resources (RCF) and Northern Manganese Limited (NTM) satisfying the requirements of ASIC and the Federal Court the Scheme Booklet will be put before RCF shareholders (Scheme Meeting) for voting on the scheme. Upon successful passing of the Scheme by shareholders, RCF will then return to the Federal Court for approval of the scheme which will allow the merger to proceed.

Various corporate processes are being carried out to satisfy conditions under the Scheme Implementation Agreement and for administrative purposes including calling partly paid shares, cancelling options in return for a modest share consideration (subject to shareholder approval) and reducing the number of parcels of unmarketable share holdings.

Call on Partly Paid Shares

During the quarter Partly Paid shares were called and as they were not paid up they were forfeited and 400,000 shares were auctioned and re-issued to the buyers as fully paid.

Unmarketable Parcel Shares

A process to reduce the number of holdings of unmarketable parcels of RCF shares was initiated during the quarter.

Retention forms were not received for approximately 2100 holdings totalling 18,444,666 shares. These shares have been stripped from holders accounts and moved to appointed broker, Morgans Financial Limited to be sold. This process is currently underway.

At the completion of selling the entire unmarketable parcel shares the average price paid will be calculated. Within 14 days of funds being received, pro rata amounts will be paid to shareholders. The Company will bear all costs of the sale of the shares.



Loan Agreement between RCF and NTM

A Credit Facility Agreement made between Redcliffe and NTM on 11 December 2015.

Under the Credit Facility NTM has agreed to provide up to a maximum of \$170,000 to Redcliffe to fund agreed costs related to the proposed merger. The Credit Facility is unsecured, has an interest accrual rate of 10.00% per annum on the amount of the Credit Facility drawn down. Upon successful completion of the proposed merger the loan is subsumed as an inter-company accounting item.

Redcliffe Gold Project

The Redcliffe Gold Project ("RGP") consists of four granted mining leases located 40 to 55kms north-east of Leonora in the Eastern Goldfields of Western Australia. Current gold resources inventory is estimated at 278,100 ounces occurring in eight deposits of which 969,000 tonnes @ 2.70g/t (84,100 ounces) is indicated, the remainder is inferred.

There is considerable scope to expand resources and make further discoveries and RCF and NTM are planning the next steps.

Together with our Joint Venture partners, planning is well underway for the next phase of Exploration and current programs of work applications have been submitted with the Department of Mines and Petroleum. These have been approved with the provision of additional environmental data.

Three target areas have been identified for RC and DDH drilling covering GTS, Nambi and Nambi South total of 16 holes for 2760m of RC and 560m of diamond core comprise the proposed drilling programs.

Aims of the proposed programs are to:

- Advance towards production at Golden Terrace South via open pit
- Meet tenement expenditure commitments
- Upgrade resource estimates from JORC 2004 to JORC 2012

NTM and RCF have also received advice from the Department of Mines and Petroleum's that our application for Exploration Incentive Scheme (EIS) for drilling at Nambi was approved with matching funds up to \$75,000.



The Project Geologist is finalising a drilling program with Management aiming for commencement in the first quarter of 2016.

Rodney Foster
Executive Chairman

Competent Person Statement

The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is the Executive Chairman of the Company. He 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". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1
Tenement Table

Summary of Mining Tenements and Areas of Interest

Project / Tenement Held	Location	Tenement Number	Economic Entity's Interest at Quarter End	Change in Economic Entity's Interest During Quarter
727 M	Redcliffe Gold Project WA	M37/1285	49%	No change
Golden Terrace M	Redcliffe Gold Project WA	M37/1276	49%	No change
Kelly M	Redcliffe Gold Project WA	M37/1295	49%	No change
Nambi M	Redcliffe Gold Project WA	M37/1286	49%	No change
Gold Pit	Leonora, WA	P37/7948	49%	No change
Pig Well West	Leonora, WA	P37/7647	49%	No change

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

REDCLIFFE RESOURCES LIMITED

ABN

63-010-856-014

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	(314)
(b) development	-	-
(c) production	-	-
(d) administration	(109)	(185)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	(7)
1.6 Income taxes paid	-	-
1.7 Other	-	84
Net Operating Cash Flows	(109)	(421)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	260
(b) equity investments	40	80
(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	40	340
1.13 Total operating and investing cash flows (carried forward)	(69)	(81)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(69)	(81)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	34
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	86	86
1.17	Repayment of borrowings	-	(100)
1.18	Dividends paid	-	-
1.19	Other – Share Issue Costs	-	-
	Net financing cash flows	86	20
	Net increase (decrease) in cash held	17	(61)
1.20	Cash at beginning of quarter/year to date	35	113
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	52	52

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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Nil

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

None this quarter

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	170	86

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements	0	0
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	0
4.2	Development	0
4.3	Production	0
4.4	Administration	20
Total		20

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	52	35
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	52	35

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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities FP Ordinary securities CTG	214,052,381	214,052,381		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through capital reconstruction	400,000 Partly Paid converted to Fully Paid	400,000 Partly Paid converted to Fully Paid		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities repaid, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000	Nil	<i>Exercise price</i> 1.5c	<i>Expiry date</i> 31 Dec 2016
	3,000,000	Nil	2.0c	31 Dec 2016
	3,000,000	Nil	3.0c	31 Dec 2016
	3,000,000	Nil	4.0c	31 Dec 2016
	3,000,000	Nil	5.0c	31 Dec 2016
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil	Nil		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	Nil	Nil		
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

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 give a true and fair view of the matters disclosed.

Rodney Foster

Sign here:

(Chairman)

Date: 29 JANUARY 2016

Print name: Rodney Foster

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 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.

+ See chapter 19 for defined terms.