29 January 2016

ASX:TLG

QUARTERLY ACTIVITIES REVIEW
FOR THE PERIOD ENDING 31 DECEMBER 2015

Talga Resources Ltd
ABN 32 138 405 419
1st Floor, 2 Richardson St,
West Perth, WA 6005
T: +61 8 9481 6667
F: +61 8 9322 1935
www.talgaresources.com

Corporate Information

ASX Code	**TLG**
Shares on issue	**146.3m**
Options (unlisted)	**21.3m**

Company Directors

Keith Coughlan
Non-Executive Chairman

Mark Thompson
Managing Director

Grant Mooney
Non-Executive Director

Stephen Lowe
Non-Executive Director

OVERVIEW

Australian advanced materials company, Talga Resources Ltd (**ASX: TLG**) ("**Talga**" or "**the Company**") is pleased to report its activities for the quarter ending 31 December 2015. The quarter marks a full transition from test mining to test processing and included numerous commercial, marketing, governance and test-work milestones.

Highlights included:

Commercial and Corporate
Major industry collaborations

- Range of agreements concluded with market leading participants spanning the battery, coatings, construction, medical and sporting goods sectors;
- Formal supply and research agreement signed with arm of global industrial conglomerate Tata Group;
- Admission to the €1 billion funded EU Graphene Flagship alongside Bosch and LEGO;
- November 2015 listed options fully underwritten to $2.3m - Talga well funded with $5m cash balance at quarter end;
- Mr Stephen Lowe appointed to the Board;
- Successful international presentations and marketing leading to pipeline of new customers and product opportunities; and
- Advancement of gold project divestments.

Project Development
Pilot Test Facility Matures

- Phase 1 test-work samples delivered to multiple parties for ongoing commercial evaluation during and post the period end;
- Team in Germany expands to match scale-up with process engineer appointed and other appointments underway;
- Development of Phase 2 test facility continues with several 50kg feed exfoliation cells delivered; and
- Ongoing test programs with German universities focus on optimisation of process and a range of graphitic materials for targeted markets.

Exploration
Exploration priorities sitting behind project development

- Exploration limited to critical path activities for future graphite mining and exploration activities in Sweden; and
- Maintenance of divestment projects

COMMERCIAL & CORPORATE
Major Industry Collaborations Commence

Talga completed another quarter of strong activity designed towards it's goal to become a global leader in the supply of high quality graphene and graphite. As highlighted in the Company's Scoping Study (see ASX:TLG 9 Oct 2014), Talga owns natural advantages by virtue of its:

- World leading graphite resource grade
- First class location and infrastructure
- Outstanding orebody size, at surface
- Both large volume and high margin graphitic product opportunities
- Unique ore enabling graphene processing route of industrial scale

Most of these advantages were demonstrated in the previous quarter with Talga's successful test mining program in Sweden and establishment of pilot test facilities in Germany. Activities in the December quarter focussed on the commencement of industry sample production and customer/ market development. Throughout 2016 these activities will be upscaled to further support the assumptions of the Scoping Study on the path to full scale development.

Figure 1. *Sample of Phase 1 high grade graphitic carbon packaged for delivery.*

From it's collaborations with large industry partners, the Company is encouraged by positive developments it sees in both the graphite and graphene markets. Talga is meeting market leaders who articulate plans to improve existing industrial products and/or make them more functional with carbon nanomaterial in the short term. This contrasts with the mainstream media view that graphene commercialisation is a distant possibility, and supports Talga's strategy to target existing product markets.

Materials being Tested in Multiple Sectors

During the period Talga entered a range of agreements, some publicly announced, for the provision of graphene and graphitic materials to end users in sectors including energy storage/batteries, functional cement products, anti-corrosion/conductive/ barrier/thermal coatings and inks, and polymer composites. Talga has supplied samples from it's Rudolstadt, Germany facility to various customers for evaluation, feedback and product optimisation (Fig 1 and 3).

Tata Collaboration Agreement

During the quarter Talga signed a formal Collaboration Agreement to supply Tata Steel UK Limited ("Tata") with graphene and graphite (ASX:TLG 9 Nov 2015) whereupon Talga and Tata will explore opportunities across processing and applications towards commercial outcomes for both parties.

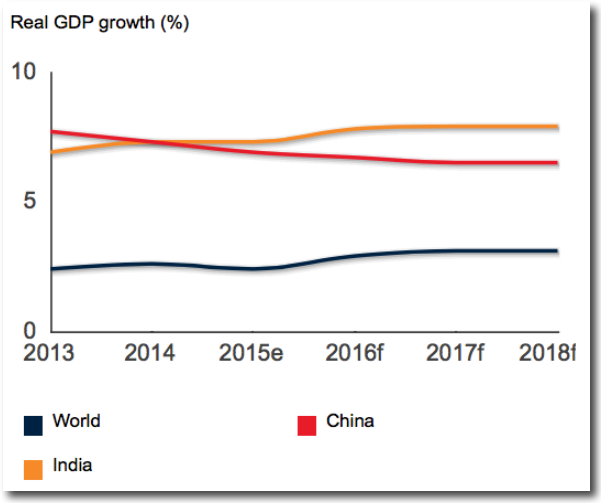
The agreement is significant for several reasons:

- It validates Talga's products after a lengthy period of testing, by a multinational group with mature experience of graphene applications;
- Talga has identified the Tata group as being potentially one of the *largest* graphene and micro-graphite consumers globally; and
- It is a formal and binding agreement *directly* with a major end user rather than an intermediary trading house/distributor.

Initially the Companies bring together their own expertise and Intellectual Property ("IP") but any jointly arising IP will be shared equally.

To put the agreement in context, the Tata Group is a multi-national industrial conglomerate with over 100 independent operating companies out of which 29 are publicly-listed. The listed entities had a combined market capitalisation of about US$134 billion as at March 31, 2015 and operate in over 100 countries across six continents. The main listed Tata group companies, include Tata Steel, Tata Motors (also own Jaguar and Land Rover), Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices, Tata Consultancy Services, Titan and Tata Communications. Tata representatives estimate the group will be supplying products and services to approximately a quarter of the world population by 2025.

Figure 2. *Comparison of real GDP growth India, China, World (average). Source: World Bank.*

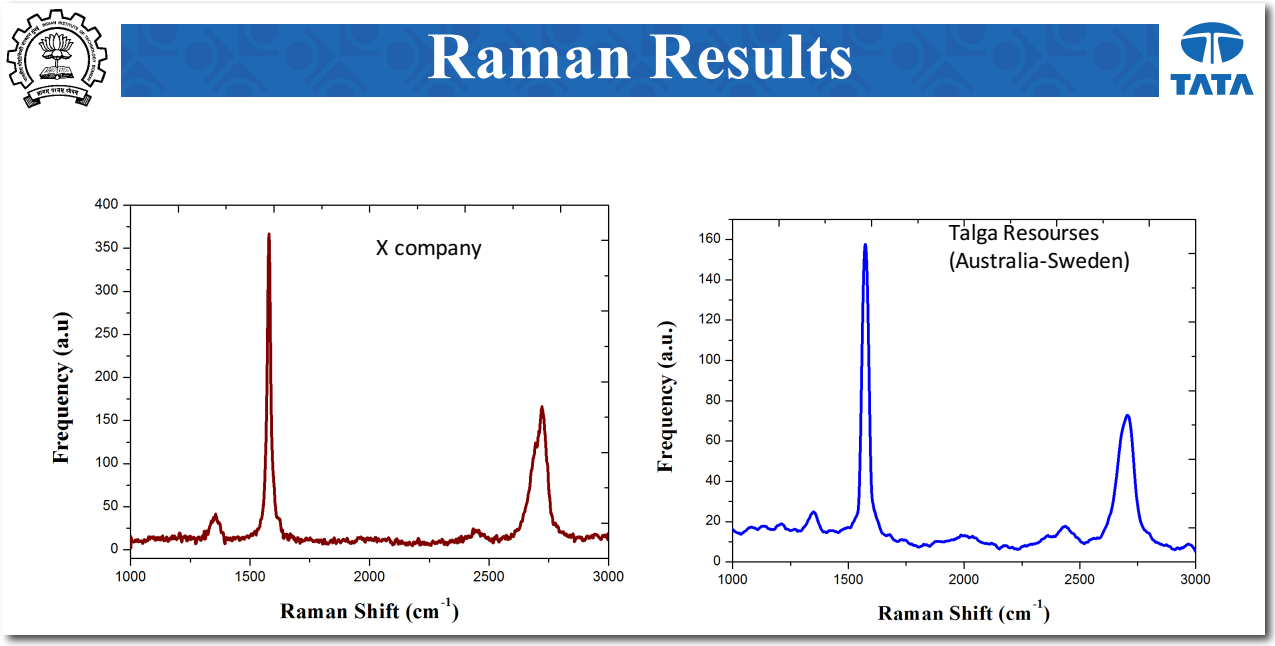


Thus Talga's collaboration with Tata teams the Company with a large and innovative industrial partner with a broad range of potential high volume graphene applications and products. Additionally, it puts Talga at the forefront of one of the fastest growing economies in the world, India, whose GDP growth of 7.5% now exceeds that of China and is forecast to outperform the world average (see Fig 2).

The focus of the initial program includes anti-corrosion pigments/coatings and conductive, formable, barrier and thermal coatings. Work by Tata and others has demonstrated graphene incorporated in coating systems can provide a multitude of performance solutions. This sector is being targeted by Talga because the global paint & coatings market consumes over 40 million tonnes of materials per annum (of which graphitic carbons contribute towards in a meaningful way).

In addition the increased demand for lighter vehicles to decrease fossil fuels and related pollution is driving graphene and ultrafine graphite additive innovations in coatings and carbon composites for the automotive sectors. The Tata Motors division produces approximately 1 million passenger and commercial vehicles per annum (Tata Motors annual report 2014-15).

Figure 3. *Slide from a presentation at the Surface Engineering, Paints and Coating Symposium in Delhi, India Oct 2015 showing sample of Talga's bulk graphene (Right) exceeding the quality of a current market leading supplier (Left) in third party independent tests.*



Graphene Flagship

In October, Talga, via its subsidiary, Talga Advanced Materials GmbH, was accepted as an Associate Member of the European Union founded 'Graphene Flagship' program ("Flagship") (ASX:TLG 30 Oct 2015).

The Flagship is a Future and Emerging Technology Flagship coordinated by the European Commission, the European Union's executive body. With a budget of €1 billion, it is the largest graphene research platform in the world. It's main aim is to take graphene from the academic laboratory to the marketplace by cross-linking research with industry, and is coordinated by Chalmers University of Technology, Sweden.

The appointment of Talga as one of three new associate members was announced at the Flagship 2015 General Assembly in Berlin, alongside multinational engineering and electronics giant Robert Bosch GmbH and large volume plastic (polymer) toy manufacturer The LEGO Group.

For Talga, the membership highlights the importance placed on removing barriers to large scale affordable production by the international scientific and industrial community. Importantly, Talga will now have a deeper reach into an enormous pool of best in class graphene industry participants.

Underwriting of Listed Options

In November Talga executed an agreement for the underwriting of all its listed 35 cent options expiring on 30 November 2015. The underwriting provided certainty regarding proceeds from the exercise of options ($2.3 million) and subscribers included major existing shareholders including Yandal Investments P/L (investment vehicle of Mark Creasy) as well as new institutional investors from North America and Australia. As at 31 December 2015, Talga had a cash balance just over $5.0 million which will see the Company well funded to pursue its near term development strategy.

Board Appointment

At the end of the quarter Mr Stephen Lowe was appointed to the Talga Board as a Non-Executive Director. Mr Lowe represents the first of two proposed new appointments designed to capture new skills aligned to Talga's rapid growth. Mr Lowe has extensive project development experience, governance expertise and valuable financial and industry relationships.

Mr Lowe is an experienced public company director. He was actively involved in managing the recapitalisation and re-listing of the former Croesus Mining NL shell into Sirius Resources NL ("Sirius") and then served as Non-Executive Chairman and Non-Executive Director through the discovery, and partially through the development phase, of the Nova/Bollinger nickel copper deposits. This eventually led to the AUD$1.8 billion acquisition of Sirius by the Independence Group.

Investor and Corporate Relations Activities

During the quarter, Talga's senior management presented at numerous industry events through India and North America while visiting targeted nano-material end users and investors.

The main presentations were at the Surface Engineering, Paints and Coating Symposium in Delhi, India as well as the IDTechEx Graphene and 2D Materials conference in Santa Clara, USA. Talga was well received at both events and as a result of the investor roadshow a North American institution subscribed to the underwriting of Talga's listed options (see above), and a separate New York based fund joined the register via an on-market purchase.

The North American marketing trip was also significant in terms of the depth and calibre of end user meetings, predominantly in the 'Silicon Valley' and Detroit areas. As a result Talga has entered discussions towards sample supply agreements with companies in the automotive, mobile energy and medical sectors that may lead to more advanced commercial agreements in future.

Talga used the Santa Clara conference as the platform to reveal the genesis of its single step liberation process. Patent applications to protect Talga intellectual property allowed the Company to show a video revealing non sensitive details on its process and this has assisted to convey the uniqueness of the Talga opportunity.

Gold Project Divestment

Post the quarter Talga received notification from Beatons Creek Gold Pty Ltd ("Beatons") regarding the extension of the period to exercise its option to purchase any or all of Talga's three Pilbara based gold assets (ASX:TLG 10 Aug 2015). With a $150,000 payment triggered by the extension, Talga has now received $250,000 from Beatons and Beatons can exercise its extended option (and trigger the individual purchase of the projects) by August 2017. The purchase price for each of the three projects is $250,000. Talga has retained its Yilgarn based Bullfinch gold project which is the subject of separate discussions with multiple parties regarding its divestment.

PROJECT DEVELOPMENT
German Pilot Test Facility Matures

The Company aims to become a substantial and profitable producer of graphite and world leading supplier of graphene. During the quarter these goals were significantly progressed with test-work activities utilising feedstock from the trial mining program in Sweden to define product specifications and processing flowsheets at the pilot test facility in Germany.

Talga continues undertaking its strategic transition from being a pure resource company, to one that is strongly leveraged to the high growth materials sector. All project development activities and commercial outcomes during the quarter were driven by Talga's plans to participate in both large volume additive material markets and traditional graphite markets.

Rudolstadt Test Facility and Sample Analysis

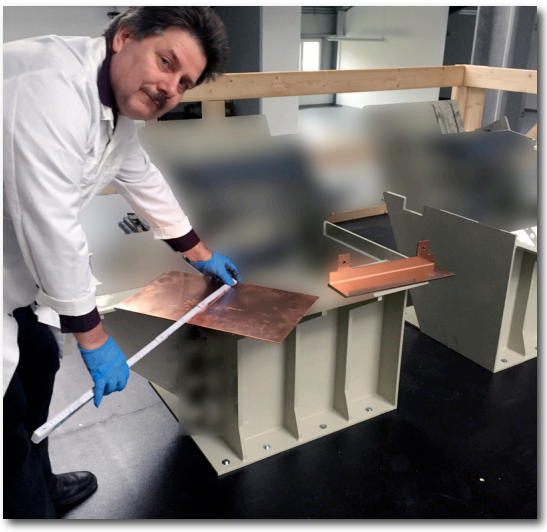
In the September quarter Talga reported that pilot test-work processing had commenced at Rudolstadt using a single 10kg feed exfoliation cell (Phase 1). This scale represents an order of magnitude scale up from previous 'beaker' lab scale tests conducted in Australia and Germany. The output from batch production runs is being supplied as samples to a range of collaboration partners, across multiple sectors and purities exceeding 99%C have been produced. A second 10kg cell has been designed and is currently being fabricated for use alongside existing equipment (Fig 4).

Phase 1 test-work has been driven by primary input research (temperatures, voltages, electrode distances, chemistry etc) from Technische Universität Dresden (TU-Dresden) to optimise performance and establish repeatability in a commercial environment. This data is being used to continue improving flowsheet parameters to produce a range of tailor made nano-materials. Phase 1 testwork will continue in parallel with the final design of the next stage (Phase 2) equipment.

Timelines remain on track with Phase 2 components being assembled and engineered to accommodate exfoliation in the first quarter with beneficiation and concentration stages following shortly thereafter. Details of the Phase 2 flowsheet will be refined from ongoing Phase 1 outcomes however the main exfoliation components, including 2 x 50kg feed cells, have been installed and are being fitted

Figure 4. *Phase 1 samples being sieved in new equipment at Rudolstadt test facility.*

Figure 5. *2 x 50kg feed exfoliation cells being installed. Note: some components intentionally blurred to protect IP.*



out for wet commissioning (Fig 5). The performance of the custom built Phase 2 equipment will guide upscaled design of Phase 3 to follow.

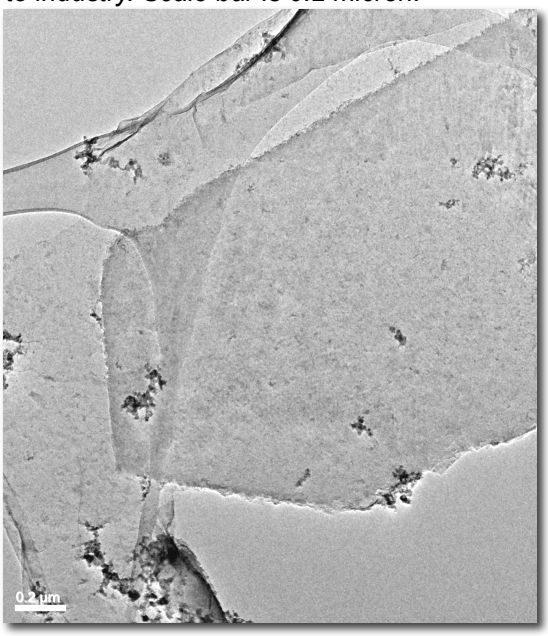
The processing team in Germany has been expanded significantly with Mr Peter Sachse, a German national, employed as the project mechanical engineer. Peter's focus has been the engineering design of the Phase 2 equipment which is being assembled in advance of anticipated wet commissioning commencement in late March 2016. Post the end of the quarter Talga also employed two further chemical technicians to increase outputs from processing/sample runs. Talga Advanced Materials GmbH ("TAM") now employs six full time scientists, engineers and technicians at the Rudolstadt facility.

TAM has been granted a staff rebate by the European Social Fund and the Free State of Thüringen that amounts to 27.3% of gross salary paid to two of TAM's employees. This cash rebate is received annually in October and there is a strong likelihood that it can be expanded to include additional staff. Further to this, two other German assistance applications are well advanced. The first is a Federal grant for up to 35% of fixed asset expenditure ('GRW') and the second is a State based cash rebate of up to 80% for eligible research and development expenditure incurred (including collaboration with Universities)('RTI').

Market for Nano-Materials

As Talga establishes direct relationships with end users it gains a stronger understanding of product requirements and applications. It is becoming increasingly clear that there is demand and an already established market, for ultra-thin intermediate products (multi layered graphene stacks, also called nanographite and micrographite depending on thickness/diameter - see Fig 6) that retain some or most of the properties of single layer graphene in the final application.

Figure 6. *Recent TEM image of Talga graphene flake with 2-3 layer thickness, produced without micronising stage common to industry. Scale bar is 0.2 micron.*



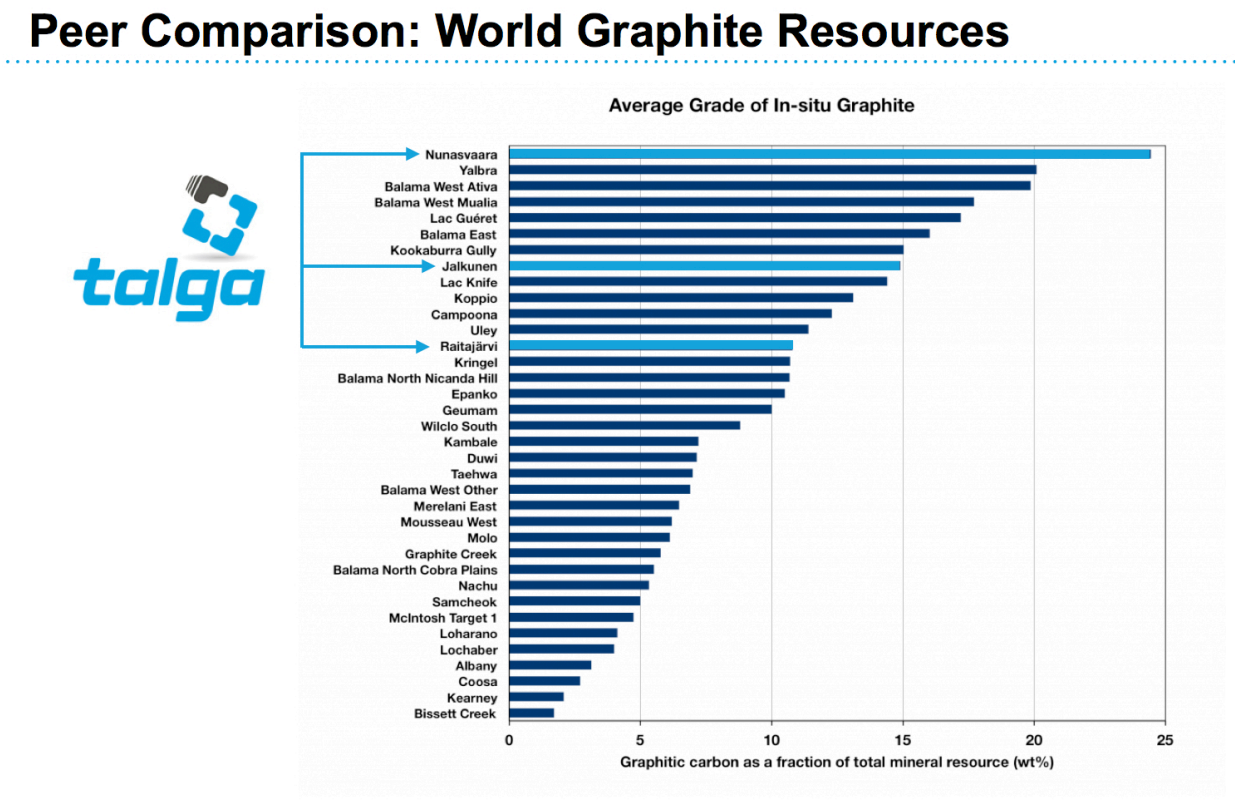
As per Talga's Scoping Study (ASX:TLG 9 Oct 2014), the Company intends to produce in the order of ~47,000 tonnes per annum of ultrafine graphite flake at full scale production, with three main products defined by layer thickness. In the Scoping Study it was conservatively assumed the majority of this material would sell into the 'amorphous' market (assumed price 48c/kg) and only some into the micrographite (assumed price $1.60/kg) market with the balance being the graphene portion (assumed price $55/kg). (Note - since the publication date all material assumptions continue to apply and have not materially changed).

Through customer interaction Talga believes that significantly more of Talga's production output may meet micrographite and nanographite specifications that attract much higher prices than standard flake material. During the period Talga completed a characterisation test comparing its micrographite to a sector leading product, retailing at $75/kg. Results showed the Talga product was comparable in specifications, yet is produced without micronising so has a natural economic advantage. Pending results of a micro/nano graphite market study, Talga will look to revisit and adjust previous pricing assumptions in its financial model.

Research Partnerships

Research and test programs with TU-Dresden, Max Planck Institute for Polymer Research and Friedrich Schiller University are ongoing. Preliminary but encouraging data is being received for application to both graphene and micrographite processing and product development. Tests of Talga material in products such as lithium ion battery anodes and conductive inks are ongoing and outcomes will be announced when final and analysed.

Figure 7. *Talga's graphite resources continue to lead the world on graphitic carbon grade basis.*



Source: http://www.techmetalsresearch.com/metrics-indices/tmr-advanced-graphite-projects-index/ September 2015

EXPLORATION

Exploration priorities sit behind project development

In Sweden and Australia minimal fieldwork was undertaken during the period to conserve capital however environmental surveys for full scale exploitation permitting of the Vittangi graphite project continued. As part of the permitting process the Nunasvaara resource data is being reviewed for updating to JORC 2012 standard from the current JORC 2004 status (see Fig 7 and Appendix 1). The review will also include results of Talga's previous exploratory drilling along strike for potential to extend/increase the resource.

Talga has and will continue to conduct trial mining campaigns in Sweden to feed its pilot test-work needs in Germany, in parallel with permitting activities for full scale development in future. Talga extracted a portion of 5,000 permitted tonnes in 2015 and can extract the balance of graphite tonnes each year up to 30 September 2018. With enough material already mined to operate through 2016 there is an opportunity to extend the next trial mining campaign to a 2017 program and this will be reviewed.

Quality joint venture and divestment opportunities are being investigated for the Kiskama Cobalt-Copper-Gold Project and the Vittangi and Masugnsbyn Iron Projects.

Surface exploration (Lag and MMI geochemical sampling) was undertaken during the period on the Bullfinch gold project in the Yilgarn region of Western Australia for tenement maintenance and to assist attracting a project partner. The remaining three gold projects in the Pilbara are subject to an option to purchase agreement with Beatons, a subsidiary of Canadian listed Company Novo Resources Corporation (NVO:TSX-V).

FUTURE ACTIVITIES

The main activity of 2015 was essentially building a pilot version of the ore-to-process supply chain and confirm the novel elements of full scale development outlined in the scoping study. The successful test mining in Sweden and establishment of the German test processing facility enables the 2016 activities to focus on:

- Finalise agreements and transactions that support product price and volume assumptions
- Advance and secure industry and financial partners on product or project development
- Ongoing development, optimisation and upscaling of the processing technology (patent pending) is the largest operational objective
- Isolation of short path-to-market applications with large volume requirements, with priority for existing additive and energy storage markets.

Ultimately it is aimed the combined results of advanced industry relationships, product development and development status will reflect a re-rating of Talga in the market, as the assumptions and conclusions of the 2014 scoping study can be substantiated or exceeded.

Talga is presently engaged in the following key activities in the March 2016 quarter:

- Advancing product testing and development agreements with existing and new industry partners globally;
- Continuing and expanding sample production for industry analysis from ongoing Phase 1 flowsheet development;
- Design, procurement and construction of Phase 2 beneficiation equipment in Germany;
- Permitting and surveying activities towards mining and exploration in Sweden; and
- Ongoing investor and corporate relations initiatives.

TENEMENT INTERESTS

As required by ASX listing rule 5.3.3, please refer to Table 1 for details of Talga's interests in mining tenements held by the Company. No joint ventures or farm-in/farm-out activity occurred during the quarter.

For further information, please contact:

Talga Resources Ltd.
Mark Thompson
Managing Director
Tel +61 (08) 9481 6667
Email admin@talgaresources.com

Competent Person's Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled and reviewed by Mr Simon Coxhell, a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy and Mr Mark Thompson, who is an employee of the Company and a member of the Australian Institute of Geoscientists. Mr Thompson and Mr Coxhell have sufficient experience which is relevant to the activity which is being 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" ("JORC Code"). Mr Thompson and Mr Coxhell consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document 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" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the Matters based on this information in the form and context in which it appears.

TABLE 1

Tenement Holdings

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Jalkunen Project Norrbotten County, Sweden	Jalkunen nr 1 Jalkunen nr 2 Jalkunen nr 3 Kursuvaara Lautakoski nr 1 Lautakoski nr 2 Lautakoski nr 3 Nybrännan nr 1 Nybrännan nr 2 Suinavaara nr 1 Suinavaara nr 2 Tiankijoki nr 1	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%		
Kiskama Project Norrbotten County, Sweden	Kiskama nr 1	100%		
Masugnsbyn Project Norrbotten County, Sweden	Masugnsbyn nr 1 Masugnsbyn nr 2	100% 100%		
Pajala Project Norrbotten County, Sweden	Lehtosölkä nr 3 Liviövaara nr 2	100% 100%		
Piteå Project Norrbotten County, Sweden	Gråliden nr 2 Önusträsket nr 2	100% 100%		
Raitajärvi Project Norrbotten County, Sweden	Raitajärvi nr 5 Raitajärvi nr 6	100% 100%		
Vittangi Project Norrbotten County, Sweden	Maltosrova nr 2 Maltosrova nr 3 Mörttjärn nr 1 Nunasvaara nr 2 Vathanvaara nr 1 Vittangi nr 2 Vittangi nr 3 Vittangi nr 4	100% 100% 100% 100% 100% 100% 100% 100%		
Bullfinch Project Western Australia	E77/2139 E77/2221 E77/2222 E77/2251 P77/4106	100% 100% 100% 100% 100%		
Mosquito Creek Project Western Australia	P46/1634 P46/1636 P46/1638 P46/1666 P46/1667 P46/1668 P46/1800 E46/1035	100% 100% 100% 100% 100% 100% 100% 100%		

TABLE 1 (continued)

Tenement Holdings

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Talga Talga Project Western Australia	M45/618 P45/2689 P45/2690 P45/2691 P45/2746 P45/2747 P45/2774	100% 100% 100% 100% 100% 100% 100%		
Warrawoona Project Western Australia	E45/3381 P45/2661 P45/2662 P45/2781	100% 100% 100% 100%		

APPENDIX 1

Graphite Resources

Nunasvaara Mineral Resource[1] (10% Cg lower cut-off)

JORC 2004 Classification	Tonnes	Grade %graphite
Indicated	5,600,000	24.6
Inferred	2,000,000	24.0
Total	7,600,000	24.4

Raitajärvi Mineral Resource[1] (5% Cg lower cut-off)

JORC 2004 Classification	Tonnes	Grade %graphite
Indicated	3,400,000	7.3
Inferred	900,000	6.4
Total	4,300,000	7.1

Jalkunen Mineral Resource (10% Cg lower cut-off)

JORC 2012 Classification	Tonnes	Grade %graphite
Inferred	31,500,000	14.9

APPENDIX 2

Iron Resources[1]

Deposit	Tonnes	Grade %Fe	JORC 2004 Classification
Vathanvaara	51,200,000	36.0	Inferred Resource
Kuusi Nunasvaara	46,100,000	28.7	Inferred Resource
Mänty Vathanvaara	16,300,000	31.0	Inferred Resource
Sorvivuoma	5,500,000	38.3	Inferred Resource
Jänkkä	4,500,000	33.0	Inferred Resource
Masugnsbyn	87,000,000	28.3	Indicated Resource
Masugnsbyn	25,000,000	29.5	Inferred Resource
Total	235,600,000	30.7	

1 Note: This information was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Talga Resources Ltd

ABN	Quarter ended ("current quarter")
32 138 405 419	31 December 2015

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 Mths) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(134)	(633)
	(b) development [1]	(461)	(802)
	(c) trial mining [2]	(322)	(658)
	(d) administration	(566)	(1,155)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	19	48
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other:	-	-
	R&D Rebate net of costs	-	-
	Net operating cash flows	(1,464)	(3,200)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(124)	(150)
1.9	Proceeds from sale of:		
	(a) prospects	50	100
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – misc	-	-
	Other – security bond payment	-	(18)
	Net investing cash flows	(74)	(68)
1.13	Total operating and investing cash flows (carried forward)	(1,538)	(3,268)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,538)	(3,268)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares/options	2,700	2,775
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	(151)	(151)
	Net financing cash flows	2,549	2,624
	Net increase (decrease) in cash held	1,011	(644)
1.20	Cash at beginning of quarter/year to date	4,018	5,673
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	5,029	5,029

Note
[1] Development includes costs towards the pilot plant and processing facility operations and research & development in Germany.
[2] Trial mining in Sweden.

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	121
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 included under 1.23 includes director's remuneration.

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

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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	290
4.2	Development [1]	460
4.3	Trial mining [2]	-
4.4	Administration	550
	Total	**1,300**

Note
[1] Development includes costs towards the pilot plant and processing facility operations and research & development in Germany.
[2] Trial mining in Sweden.

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	1,451	975
5.2	Deposits at call	3,578	4,221
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	5,029	4,018

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	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

+ 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 (cents)	Amount paid up per security (cents)
7.1	**Preference+securities** *(description)*	-	-		
7.2	Changes during quarter	-	-		
7.3	+**Ordinary securities**	146,284,060	146,284,060		
7.4	Changes during quarter (a) Increases through issues *Conversion of options* *Share placement* (b) Decreases through returns of capital, buy-backs	 7,712,910 - -	 7,712,910 - -	 35 cents	
7.5	+**Convertible debt securities** (*description)*	-	-		
7.6	Changes during quarter	-	-		
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		500,000	-	45 cents	3 October 2016
		2,000,000	-	52 cents	31 December 2016
		2,000,000	-	52 cents	31 December 2016
		2,000,000	-	60 cents	31 December 2016
		2,000,000	-	65 cents	31 December 2016
		2,400,000	-	60 cents	4 October 2018
		4,500,000	-	60 cents	4 October 2018
		2,500,000		54 cents	23 June 2019
		1,400,000	-	54 cents	20 August 2019
		1,000,000	-	54 cents	26 March 2020
		1,000,000	-	54 cents	17 December 2020
7.8	Issued during quarter	2,400,000	-	60 cents	4 October 2018
		4,500,000	-	60 cents	4 October 2018
		1,000,000	-	54 cents	17 December 2020
7.9	Exercised during quarter	7,712,910	7,712,910	35 cents	30 November 2015
7.10	Expired/Lapsed during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Dean Scarparolo
Company Secretary

Date: 29 January 2016

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

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

== == == == ==