ASX ANNOUNCEMENT **15 September 2014**

ANSONGO MANGANESE PROJECT, MALI PROPOSED DRILLING PROGRAM AND INITIAL EXPLORATION TARGET

Following a recent site visit Callabonna Resources Ltd ("the Company") is pleased to advise details of a proposed drilling program that will test an Exploration Target for high grade manganese oxide mineralisation over the southern part of the Takavasita Hills at the Ansongo Manganese Project in Mali, Mining permit 2011/15 ("the Project") held by Mali Manganese SA ("MMSA").

The Company is managing exploration at Ansongo to earn a 12.1% interest in the Project as announced on the ASX on 6 May 2014. Importantly, MMSA has received a letter dated 20 August from the Mali Ministry supporting the resumption of mining activities on the Ansongo permit.

Figure 1 Project Location

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Proposed Drilling

The Takavasita hills are located in the eastern part of the permit and the initial Exploration Target is concerned only with hills D, E, F, G and H where there is adequate topographic control (Figure 2). The Drilling program will be conducted in two stages: The first will be to confirm the existence and nature of the mineralisation and consist of about 2000 metres in total. This will be followed by a second stage aimed at resource definition which will consist of greater than 6000 metres. Stage 1 is planned to commence in October 2014 and take until mid-December 2014. Assuming that the results of the first stage are positive Stage 2 drilling will commence in early 2015 with the aim of publishing a resource estimation complying with JORC (2012) guidelines by June 2015.

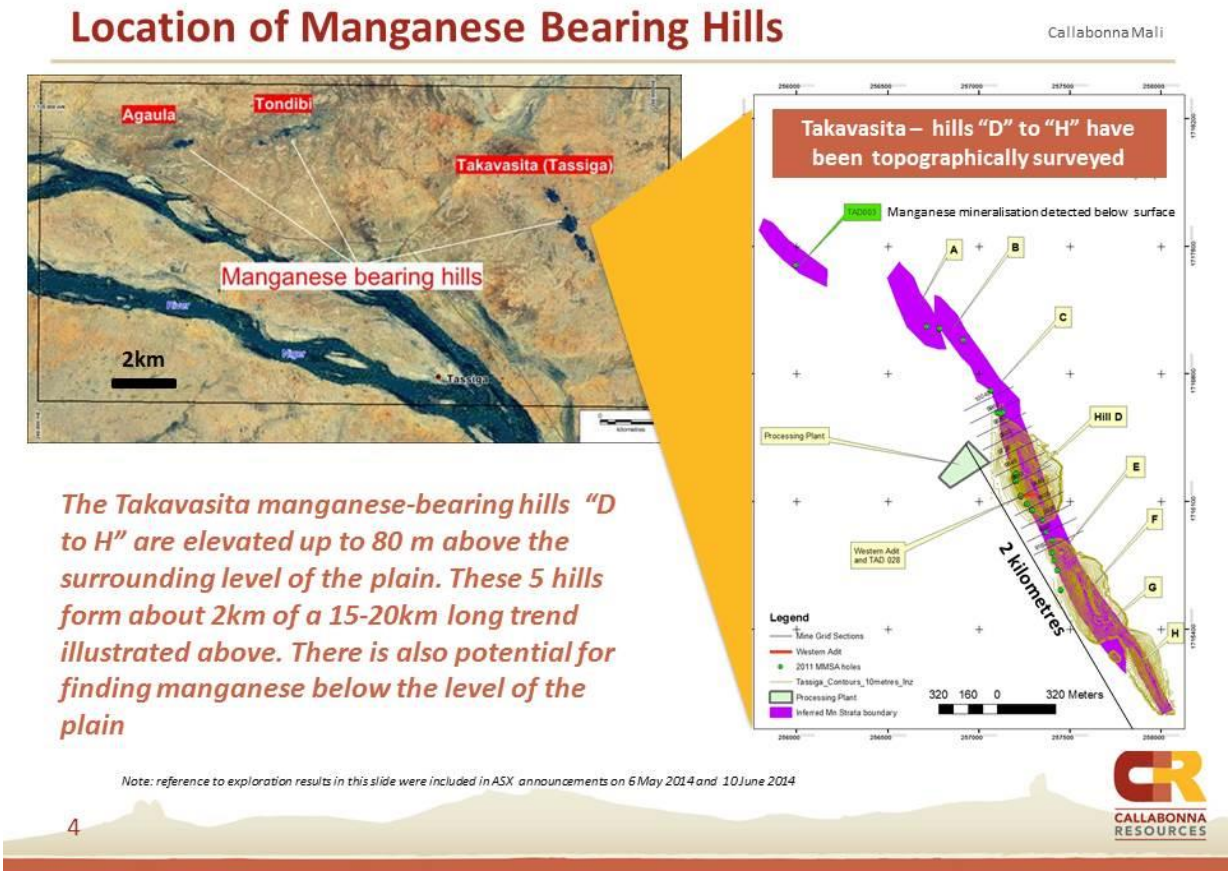

Figure 2 Takavasita Hills – Ansongo Project and Exploration Target hills D to H only.

All drilling will be on cross sections oriented at right angles to the strike of the hills and spaced 80 metres apart (Figure 3). It is proposed that Stage 2 drilling will result in at least an indicated resource level of confidence compliant with the JORC (2012) guidelines.

The program has been designed in consultation with Mining Plus Pty Ltd (Melbourne) and M-Consult (Mali) to ensure quality control and assurance specifications will comply with the JORC 2012 requirements. Dr Chris Gee from Mining Plus Pty Ltd has been involved in the

proposed drill hole design on Stage 1 drill sections in discussions with the Company. These proposed hole locations have recently been reviewed in the field by the Company's geologist with Mali Manganese geologists and that work is being followed up with more mapping to finalise the drill hole locations with regard to access and structural geology.

In addition to the Exploration Target drilling, previous work has located manganese mineralisation north of Hill D. Limited reconnaissance drilling is planned to assess the potential of this mineralisation.

Mike Raetz, geologist and director of the Company, commented after a field inspection in late August, accompanied by geologists from Mali Manganese "the scale of the project and visible mineralisation looks very promising and the people I met gave me confidence that we have the right team available to carry out an effective drilling program and advance the assessment of the projects economic viability".

Exploration Target

The Company has estimated an initial Exploration Target in the range of 5-15mt @ 35-45% Mn over an area proposed for exploration drilling in the Takavasita Hills (also known as Tassiga).

The Exploration Target is an estimate of mineralisation where the potential quantity and grade is conceptual in nature, because there has been insufficient exploration to estimate a mineral resource and it is uncertain that further exploration will result in the estimation of a mineral resource.

The Exploration Target is based on proposed drilling to be completed between October 2014 and June 2015 in the Takavasita Hill as detailed herein. The Exploration Target presented is not based on existing exploration results but proposed exploration.

In late August 2014 the Company completed an inspection of the proposed drill sites at the Project with Mali Manganese geologists, met with drilling contractors, inspected equipment and reviewed site logistics including security.

The estimation of size potential of the Exploration Target is based on a simple volume calculation of five of the eight Takavasita Hills (those five hills include Hill D the largest and Hills E,F,G,H combined - Figures 2 and 3) to the extent that these rise above the level of the surrounding plain. Hill D alone has a volume indicated size potential of approximately 10 million tonnes (3.42 million cubic metres assuming a density or Specific Gravity (SG) of 3) and

Hills E,F,G,H combine to also have to a similar size (3.36 million cubic metres). No account is made of mineralisation that may exist below the level of the surrounding plain or known extensions of mineralisation to the north of Hill D or south of Hill H.

Based on a detailed topographic survey and digital terrain model contoured at two metre intervals, the area of each 2 metre slice was estimated then summed and a density of 3 tonnes per cubic meter was applied to the total volume. The selection of density is based on the average density estimated from previous sampling of mineralisation and deemed as reasonable (The Mineral Corporation (TMC) Report for POSCO, May 2010, page 30 discusses that various previous tonnage estimates for Ansongo used an SG in the range of 3 to 3.2, and; the Report Appendix dated August 2010, tabulates on page 2 that 20 samples taken by TMC gave the SG range 2.5 to 3.7 with an average of 3.1 for a Manganese (Mn) content of 22% to 55% with an average of 39%. It has also been reported that five species of manganese mineral identified at Ansongo (psilomelane, cryptomelane, pyrolusite, nsutite, manganite) range in SG from 4.2 to 5.5 (Creo Design Consultants March 2011).

On the assumption that 25% to 75% of the volume of the target hills could be mineralised the Exploration Target size is given in the range of 5 to 15 million tonnes.

The estimate of potential grade is based on semiquantatative results of previous drilling, surface sampling and bulk sampling as discussed in previous announcements (ASX 6 May, 10 June and 1 August 2014). All previous holes drilled are appended herein, with co-ordinates, hole depth, dip and dip direction (refer to Table 1).

The relationship of previous drilling and proposed drilling to the Exploration Target is illustrated in plans and sections (Figures 3 and 4).

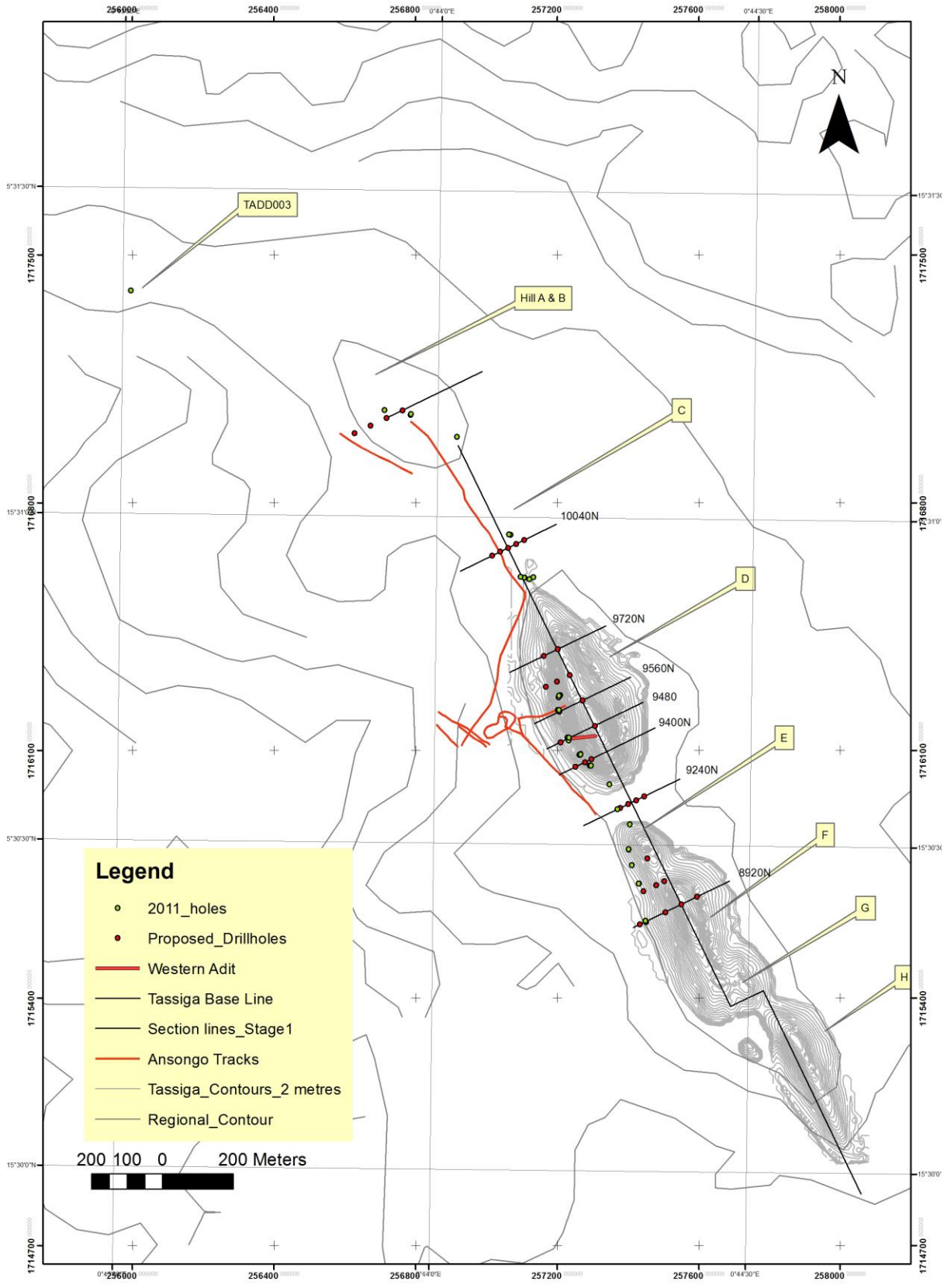

Figure 3: Plan of proposed and existing holes.

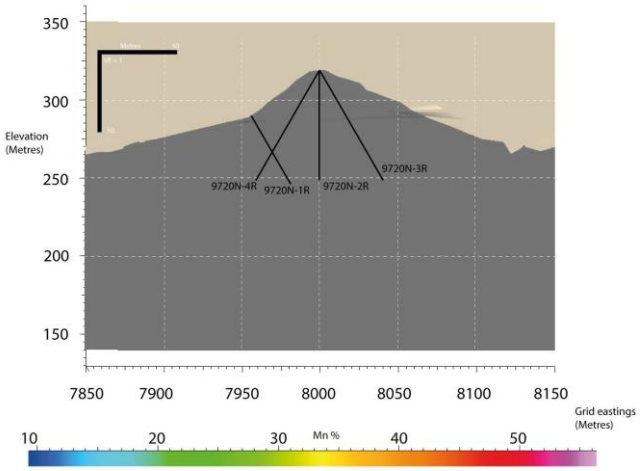

Figure 4a: Tassiga Grid Section 9720N

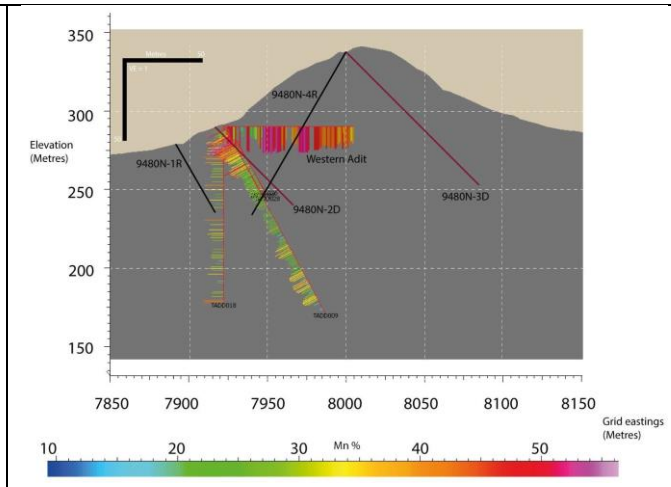

Figure 4b: Tassiga Grid Section 9480N

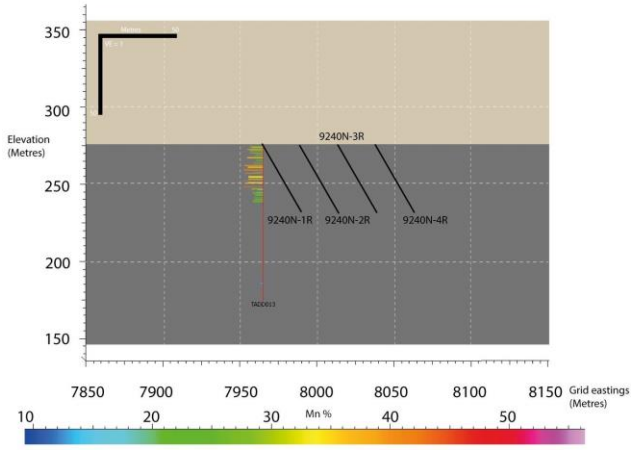

Figure 4c: Tassiga Grid Section 9240N

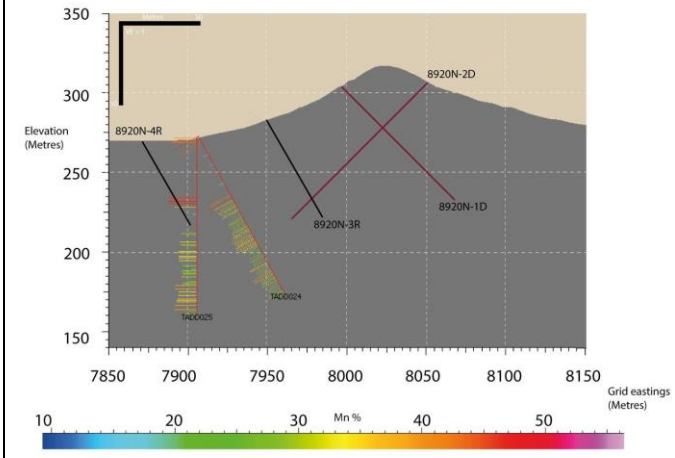

Figure 4d: Tassiga Grid Section 8920N

Figure 4: Sections of proposed and existing holes. Note the thin red hole trace with Mn grade is an existing 2011 hole, the black trace is a proposed reverse circulation hole and the thicker red line is a proposed diamond drill hole

Table 1 – Tabulation of Previous Drill Holes and Sampling

Hole	Inclination	Azimuth	Datum	X (NUTM31)	Y (NUTM31)	Elevation	Depth	Number of samples	Sample Numbers
TADD001	Vertical		WGS84	257132	1716589	**278**	19.00	14	TD1 (1-14)
TADD002	Vertical		WGS84	256916	1716986	**280**	11.00	5	TD2 (1-5)
TADD003	Vertical		WGS84	255995	1717399	**269**	25.58	21	TD3 (1-21)
TADD004	Vertical		WGS84	255649	1717685	**268**	17.50	15	TD4 (1-15)
TADD005	Vertical		WGS84	255530	1717898	**269**	4.49	5	TD5 (1-5)
TADD006	Vertical		WGS84	256712	1717061	**303**	156.50	102	TD6 (1-102)
TADD007 (1)	60 deg	95	WGS84	256785	1717048	**295**	22.75	20	TD7 1 (1-20)
TADD007 (2)	60 deg	92	WGS84	256787	1717050	**296**	78.71	75	TD7 2 (1-75)
TADD008	60 deg	85	WGS84	257121	1716583	**275**	67.13	64	TD8 (1-64)
TADD009	60 deg	85	WGS84	257232	1716129	**291**	138.42	138	TD9 (1-138)
TADD010	60 deg	105	WGS84	257108	1716588	**269**	115.23	107	TD10 (1-107)

TADD011	Vertical		WGS84	257107	1716588	**268**	26.45	12	TD11 (1-12)
TADD012	60 deg	335	WGS84	257347	1716003	**278**	104.23	105	TD12 (1-105)
TADD013	Vertical		WGS84	257370	1715933	**276**	102.24	98	TD13 (1-98)
TADD014	60 deg	160	WGS84	257405	1715890	**277**	128.50	118	TD14 (1-118)
TADD015	60 deg	75	WGS84	257068	1716708	**265**	70.12	51	TD15 (1-51)
TADD016	Vertical		WGS84	257064	1716710	**264**	108.50	92	TD16 (1-92)
TADD017	Vertical		WGS84	257096	1716590	**268**	109.33	104	TD17 (1-104)
TADD018	Vertical		WGS84	257229	1716135	**290**	112.18	112	TD18 (1-112)
TADD019	60 deg	90	WGS84	257402	1715819	**280**	93.58	79	TD19 (1-79)
TADD020	Vertical		WGS84	257401	1715820	**280**	110.48	102	TD20 (1-102)
TADD021	60 deg	70	WGS84	257431	1715723	**275**	104.03	94	TD21 (1-94)
TADD022	Vertical		WGS84	257430	1715723	**275**	20.90	19	TD22 (1-19)
TADD023	Vertical		WGS84	257411	1715775	**279**	118.38	109	TD23 (1-109)
TADD024	60 deg	85	WGS84	257451	1715614	**273**	115.18	112	TD24 (1-112)
TADD025	Vertical		WGS84	257449	1715617	**272**	111.74	102	TD25 (1-102)
TADD026	60 deg	75	WGS84	257233	1716132	**291**	48.00	47	TD26 (1-47)
TADD027	60 deg	70 deg	WGS84	257232	1716127	**291**	50.00	46	TD27 (1-46)
TADD028	60 deg	85	WGS84	257233	1716135	**290**	51.15	51	TD28 (1-51)
TADD029	Vertical		WGS84	257204	1716249	**294**	51.21	51	TD29 (1-51)
TADD030	45 deg	80 deg	WGS84	257208	1716255	**294**	50.53	49	TD30 (1-49)
TADD031	45 deg	85 deg	WGS84	257 207	171 62 54	**294**	60.52	56	TD31 (1-56)
TADD032	60 deg	85 deg	WGS84	257206	1716254	**294**	51.85	48	TD32 (1-48)
TADD033	75 deg	85 deg	WGS84	257205	1716254	**294**	49.31	46	TD33 (1-46)
TADD034	Vertical		WGS84	257292	1716056	**290**	46.20	38	TD34 (1-38)
TADD035	75 deg	80 deg	WGS84	257293	1716056	**290**	51.18	39	TD35 (1-39)
TADD036	60 deg	80 deg	WGS84	257294	1716056	**290**	55.28	48	TD36 (1-48)
TADD037	45 deg	80 deg	WGS84	257295	1716056	**290**	108.56	106	TD37 (1-106)
TADD038	Vertical		WGS84	257262	1716087	**289**	104.50	106	TD38 (1-106
TADD039	75 deg	70 deg	WGS84	257265	1716087	**290**	60.25	63	TD39 (1-63)
TADD040	60 deg	70 deg	WGS84	257266	1716089	**289**	97.00	99	TD40 (1-99)
TADD041	45 deg	70 deg	WGS84	257266	1716088	**289**	108.19	112	TD41 (1-112)
TADD042	Vertical		WGS84	257202	1716213	**293**	111.83	115	TD42 (1-115)
TADD043	75 deg	75 deg	WGS84	257203	1716213	**293**	106.35	109	TD43 (1-109)
TADD044	60 deg	75 deg	WGS84	257204	1716213	**293**	102.14	103	TD44 (1-103)
TADD045	45 deg	75 deg	WGS84	257205	1716213	**293**	15.11	15	TD45 (1-15)
TOTALS							3471.31	3222	

Contact details

For further information please, contact Michael Raetz or Ian Hobson on the numbers listed below.

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Competent Persons Statement

The information in this report that relates an Exploration Target to be tested by exploration drilling is based on information compiled by Michael Raetz in consultation with Dr Chris Gee from Mining Plus Pty Ltd. Mr Raetz is a director and employee of the Company. Mr Raetz 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. This qualifies Mr Raetz 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 Raetz consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.*	The nature quality, representivity, and calibration of measurement tools for samples collected by Mali Manganese SA are described under section "Sampling & assaying procedures" in the Independent Geologist Report included in the ASX notice of June 10 (Clifford N. 2014, Geologist Report by Waverley Resource Consultants Pty Ltd setting out details of the geology of the Ansongo Project).
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	Drilling by Mali Manganese SA was HQ and NQ size diamond core. Downhole surveying was not done and drill core was not oriented.
Drill sample recovery	• *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.*	There is no information in reported sample logs from MMSA regarding recovery.

Criteria	JORC Code explanation	Commentary
	• *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.*	
Logging	• *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.*	There are currently no geological drill logs available for the project. Pressed powder pellets were prepared for each 1 to 1.5 metre assay interval. Callabonna has photographed each pressed powder pot that could be recovered and that has provided a useful colour log only. All core was assayed and colour logs exist for most samples.
Sub-sampling techniques and sample preparation	• *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.* • *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.*	Core was not cut. Sampling procedure, QA/QC, representivity and limitations are described in the report by the Independent Geologist included in the ASX notice of June 10 (Clifford N. 2014, Geologist Report by Waverley Resource Consultants Pty Ltd setting out details of the geology of the Ansongo Project).
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Assaying of drill core samples by MMSA was by Portable XRF Analyser type Niton model XL3t. Umpire assaying by the Company on hole TD28 was by ALS Laboratories Bamako. Major elements were analysed by XRF by ALS method MEXRF26 using the Niton sample pressed pellet material. Minor elements were determined by ICP by ALS method MS61 after a 4 acid digestion. These techniques are regarded as total or near total determinations. ALS Laboratories reported satisfactory internal QAQC results on

Criteria	JORC Code explanation	Commentary
	• *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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Standard Reference Materials, blanks, and duplicates.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *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.*	No verification holes have been drilled.
Location of data points	• *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.*	Location of hole collars, surface samples, and adit portal was by hand-held GPS with a horizontal accuracy of +/- 5 metres. Sample locations inside the adit were by hand-held measuring tape. Grid system: UTM zone 31N, datum WGS 84. The topographic control was adequate for the semi-quantitative nature of the sampling and assaying. The topographic survey of the Takavasita Hills D, E,F,G and H was by a Mali survey company for MMSA in 2011 for which there is presently no report. The heights are in agreement with public data and consistent with drill collar measurements checked by the Company, and therefore adequate for the purpose of the calculation made on the volume of the hills in the text of the Announcement.
Data spacing and distribution	• *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.*	Previous hole spacing is insufficient to determine continuity of grade and mineralogy. In the Takavasita Hills MMSA, during 2011, drilled 46 diamond core holes of both HQ and NQ diameter (63-47mm) for a total of 3471m. Drill hole spacing varied along strike from less than 100m to 800m. Of the 46 holes, 20 were drilled to depths of over 100m. Nineteen holes were vertical and the remainder declined at angles of either -45, -60 or

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	-70 degrees. All angled holes, with the exception of one, were drilled on an easterly azimuth. No sample compositing has been applied to results reported herein.
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.*	The foliation is mapped as 75 to the south-west. The bedding of the sequence is assumed to parallel the foliation. In the absence of other information the drill hole direction stated above is reasonable and would not introduce a material sampling bias.
Sample security	• *The measures taken to ensure sample security.*	Unknown
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	There have been no audits, other than the re-assay of pulps from hole TD028 reported in the report by the Independent Geologist included in the ASX notice of June 10. .

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	Exploitation Permit of Tassiga (Cercle d'Ansongo) number : PE 2011/15. Official Coordinates (as per the Mining Convention): Point A: Intersection du parallèle 15°33'07" N et du méridien 0°34'34" E. Du point A au point B suivant le parallèle 15°33'07" N; Point B: Intersection du parallèle 15°33'07" N et du méridien 0°46'00" E. Du point B au point C suivant le méridien 0°46'00" E; Point C: Intersection du parallèle 15°27'29" N et du méridien 0°46'00" E.Du. point C au point D suivant le parallèle 15°27'29" N; Point D: Intersection du parallèle 15°27'29" N et du méridien 0°34'34" E. Du point D au point A suivant le méridien 0°34'34" E.
	• *The security of the tenure held at the time of reporting along with any known impediments to*	On the information made avalable to the Company, MMSA regularly owns the exploitation and research permit for manganese and other mineral substances Group 2 in the TASSIGA area not encumbered by any mortgage or security pledge in favour of any bank or other lender or any third party; with the exception of the State of Mali which shall hold a

Criteria	JORC Code explanation	Commentary
	obtaining a licence to operate in the area.	minority share up to 10% entirely free of charge and considered as preferred stock. The Company's acquisition of an interest in PE2011/15 is explained in the Announcement of 6 May 2014, and was supported by a vote of shareholders in an EGM held on 11 July 2014. The Company has seen a copy of a letter dated 20 August 2014 from the Minister of Mines, Republic of Mali addressed to the Chairman of Mali Manganese that agrees to re-starting of the mining operation at Ansongo.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	This has been discussed in previous announcements.
Geology	• *Deposit type, geological setting and style of mineralisation.*	This has been discussed in previous announcements.

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.*
		A table of all existing holes on the Property of which the Company is aware is included in the text of this Announcement.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material*	No weighting or grade truncation or high grade cutting techniques have been applied to the data reported. No metal equivalents have been used

Criteria	JORC Code explanation	Commentary
	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 such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *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 (eg 'down hole length, true width not known').*	Down hole length are reported and visualized in this this Announcement, true width not known.
Diagrams	• *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.*	Maps and example sections are provided in the main text of this Announcement.
Balanced reporting	• *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.*	The body of the Announcement has explained the representivity of reported results, and where relevant, the lack thereof
Other substantive exploration	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical*	All material results for which reliable data exist have been summarized in previous Announcements as noted in the text above.

Criteria	JORC Code explanation	Commentary
data	*survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg 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.*	Further work proposed is detailed in the text of the Announcement above The Exporation Target as discussed in the text of the Announcement is clearly confined to Hills, D, E, F, G and H. Areas of further exploration are also noted to include the areas to the north of Hill D and at Agualla. The location of these areas is shown on maps in the Announcement and also have been included in past announcements and further details are not material to the Announcement.