



Quarterly Activities Report



KRUCIBLE METALS LTD

Mineral Discovery Company

ABN:12 118 788 846 ASX Code: **KRB**

About Krucible

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Listed on Australia's main stock exchange since 2007, Krucible is an Australian-based resources company with an enviable history of discovery in phosphorus and heavy rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and others, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on tenements in the mineral rich Mount Isa area of north western Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.

ASX ANNOUNCEMENT

For the three months ending 30 September 2014 (31 October 2014)

HIGHLIGHTS



COPPER DISCOVERY



Krucible Metals Ltd (“**Krucible**”, “**Company**”) announced the discovery of copper at its Tobermorey tenement on the Northern Territory side of the Simpson Desert.



EXPLORATION ACTIVITIES



Krucible has completed extensive ground work on 9 of the 11 greenfield tenements it retained after selling off the Company's phosphate assets in January 2014.



Krucible focussed on systematic, scientific surface geochemical programs to identify suitable drilling targets in its approach to exploring these new tenements.



Results reported from the aerial surveying of Tobermorey (EL28170) were used to select drill targets for the current drill program.



Drilling program in the Diamantina region (Tobermorey) has been underway in September and October and is ongoing.



Very exciting positive results received from the GSQ from the spinifex phytogeochemical research programs on its Toomba tenement in the Diamantina.



RARE EARTHS



Krucible has entered into a confidential due diligence exercise with a potential strategic partner in the rare earths industry.



Krucible has completed its global rare earths data gathering exercise from its review of site visits with producers and industry bodies in Europe, Australia, Asia and America.



Total cost to date for the development of Krucible's rare earths commercialisation project is under \$50,000.



M&A STRATEGY



Krucible continues to review acquiring or partnering with mining companies as part of its plans to ensure long term revenues, with approximately 50 potential companies analysed in detail to date.



Revenues from any resultant acquisition or merger will support regular dividends to shareholders.



CORPORATE



Krucible has relocated from its overloaded previous premises to its nearby property in Railway Estate, Townsville, with core storage, offices, meeting rooms, map rooms and parking close to services and facilities



In this period Krucible has seen its ASX KRB share price steadily improve by 20% while the industry average as recorded by the Metals and Mining Index has dropped 20%.



There has been an s249D shareholder petition to replace the CEO who just this year saved Krucible from near insolvency and has built Krucible into an exemplary junior.



1. COMPANY BUSINESS ACTIVITIES

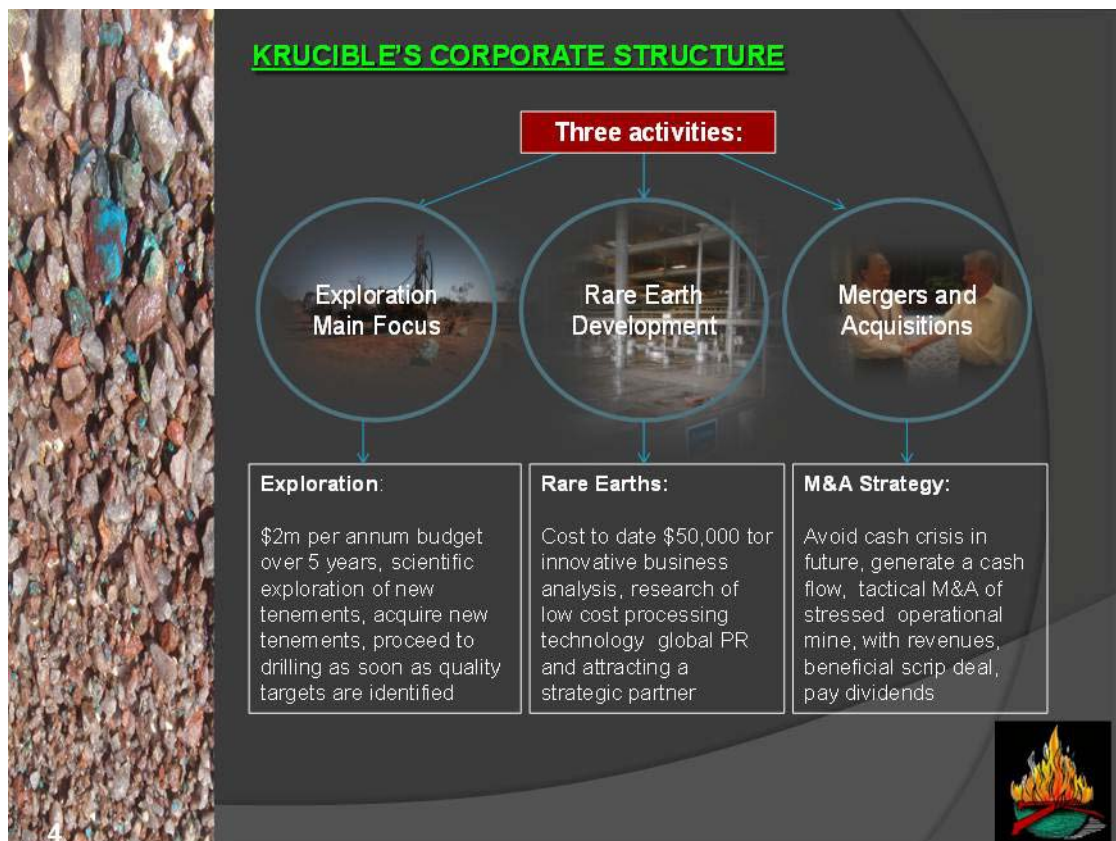
1.1. BUSINESS BACKGROUND AND STRATEGY

1.1.1. Core Business Activities

Krucible is a successful and financially secure junior resources company with an enviable history of discovery in phosphorus and heavy rare earth elements plus a proven ability to commercialise its discoveries. Listed on Australia's main stock exchange since 2007, Krucible continues to explore for precious metals, base metals and strategic metals like strontium, molybdenum, rare earths and phosphate. With recent interest in graphite and tungsten, these have been added to Krucible's area of interest.

Krucible has a three part Corporate Structure:

1. Exploration
2. Rare Earths Commercialisation
3. Merger and Acquisitions



1.1.2. Exploration

Krucible holds 13 granted tenements and 2 current applications. Krucible has applied for new ground. Tertiary (EPM19717) was granted in May 2014. Mosses Bore EPM 25487 was granted on 1 September 2014, and Mulya EPMA25771 is a new application near Krucible's current rare earth tenements south of Boulia applied for on 23 September 2014. Lily Hole Creek (EPM19090) is still under caretaker mode on behalf of ANB.



Of the 13 granted tenements retained after selling the Company's phosphate assets, 11 are greenfield sites and 2 are known tenements where we have conducted prior work (Toomba EPM15367 and Squirrel Hills EPM15354 where we have done previous work but are now exploring in new areas).

Extensive field work has been conducted on 9 of the 11 greenfields in a systematic and modern scientific exploration program to best identify potential drill targets. This work has included our first geophysical aerial survey of Tobermorey. The aerial survey was undertaken and completed in late July 2014. Survey results arrived in August 2014, with follow up 2D and 3D analysis in September 2014. Drilling which was planned for Toomba was transferred to Tobermorey and started in September 2014. First copper discoveries were made in October 2014. Drilling is continuing at Tobermorey into November then resuming at Toomba

Granted Tenements			
EPM Name	EPM No.	Date of Grant	Notes
Toomba	15367	26/02/2007	CCA, negotiations complete, phytochemical exploration, drilling next 1CCA being negotiated, 1 complete, drilling planned
Kamaran	15389	12/03/2007	planned
Squirrel Hills	15354	29/03/2007	Sampling program planned on new prospect
Lukes Plot	17613	20/10/2010	Aerial geophysical survey planned Field trips in late 2013, and scheduled for mid July 2014
Cowie Mag	17921	20/10/2010	Aerial geophys survey July 2014, drilling October 2014, copper in hole D
Tobermorey	28170	5/04/2011	
Toolebuc	19027	8/05/2012	
Flemington			
Fault	19099	25/09/2013	First field trip June 2014
Big Toby			
Creek	19095	5/12/2013	First field trip in June 2014
Coorabulka	19286	5/12/2013	REE, Sr, with field trips completed in May 2014.
Valroy	25126	29/01/2014	First field trip completed in May 2014.
Tertiary	19717	27/05/2014	Field trip Scheduled completed mid July 2014
Mosses Bore	25487	11/09/2014	Application newly granted
Tenement Applications			
EPM Name	EPM No.	Date of Application	Notes
Wheeler's			
Creek	19475	7/12/2011	Progressing application
Mulya	25771	23/09/2014	New application
Lily Hole			
Creek	19090	24/02/2011	Sold to ANB (under care and maintenance by KRB)

1.1.3. Rare Earths Commercialisation Strategy


Background

Following the dramatic increase in the price of rare earth in 2011, Krucible invested significant time and money in the exploration, discovery and development of its rare earths



activities. That work was successful with results reported for Korella, Yttr, Coorabulka and Valroy (ASX announcements: 28 February 2011, 11 January 2012, 19 April 2012, 5 June 2014). Field work in 2014 has expanded the results from both Toomba and Valroy (ASX announcement: 17 July 2014). In January 2014, Krucible sold Korella and Yttr in a package to ANB, but retained first right of refusal to any joint venture to develop the non phosphate minerals on those tenements. That relationship is ongoing.


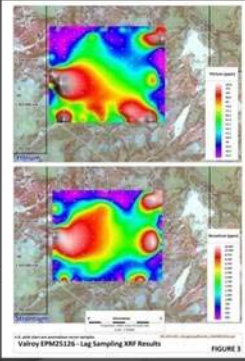

The prices of rare earths have subsequently returned to pre 2011 levels and Krucible has developed an innovative strategy to capitalise on its discoveries. The Company has conducted pricing research to understand the dynamics shaping rare earth prices and has continued the bench top and other research into alternative low cost rare earth processing technology. Those initiatives, along with the extended discoveries at Coorabulka and Valroy, have been presented at several international rare earth conferences during the current reporting period, with the objective of identifying interested third parties to participate in the development of our rare earths. The total additional cost to date to get to this stage has been less than \$50,000.



KRUCIBLE'S RARE EARTHS RATIONALE

Tenfold increase in prices of rare earth elements (REE) in 2011, Krucible explored, discovered and developed its REE projects. Coorabulka, Yttr, Valroy, JORC inferred resource at Korella. Rare earth prices have returned to earth since then. But it is prudent to at least try commercialising REE investments. REE sector was not well understood, even by veteran analysts. Nevertheless, REE are critical and valuable. Japan, USA, European Union have created organisations to develop strategies to avoid risk and dependence on China for supply. Krucible committed to a strategy of unprecedented innovation to avoid the pitfalls of other players. Krucible's agenda is to be the first profitable REE miner and developer outside of China.

(Pictures of rare earths nodules on surface at Coorabulka and 2014 lag sampling results from Valroy.)



13

Krucible's Rare Earth Tenements and Opportunities

The phosphate and rare earth resource at Korella is JORC inferred and Krucible has again held discussions with the current owner regarding the first right of refusal for the rare earths in order to progress plans to mine and process that ore. Krucible's objective is to use its knowledge of pricing pressures, access to low cost processing technology, with access to Korella initially because it sits immediately on existing infrastructure including rail, road, airport, camp, gas, electricity and communications. If this plan succeeds, it brings Krucible to the forefront of a small number of rare earth companies vying to enter this critical industry sector.



Progress This Quarter

Krucible has conducted an extensive promotional exercise presenting at international conferences in North America, Europe, and Asia, accompanied by numerous meetings, rare earth processing site visits, and possible joint project meetings.

The net result has been constructive meetings with rare earth processing companies on these three continents and discussions with the relevant entities in several countries whose role it is to manage supply of critical materials.

Since Krucible started promoting its rare earth commercialisation plan in early 2013, consisting of a strategy using pricing theory and analysis, low cost processing technology research and mining plans for Korella. Krucible announced on 10 October 2014 that it had entered preliminary technical and financial due diligence with a confidential party under a Non Disclosure Agreement towards a possible Merger or Acquisition deal.

1.1.4. Mergers and Acquisitions Strategy

Krucible has an active Merger and Acquisition strategy (M&A). The Company intends to acquire an existing producer with current revenues in a scrip deal (to avoid using Krucible cash reserves), in order to bring ongoing revenues into Krucible. The Company has advised the market of this strategy, (ASX announcement 16 October 2013 Annual Report).

To date Krucible has conducted a search, analysis and review of some 50 companies resulting in negotiations with and or offers to a handful, including formal offers which have so far been rejected.

1.2. FINANCES

Krucible's cashflow for the past quarter and projections for the next quarter are detailed in the attached Appendix 5B.

The Company holds a total of \$10.8million in cash or term deposits with maturity dates between 3 and 12 months. In accordance with the requirements of accounting standards the amounts held on term deposit for greater than 3 months have been disclosed as investments rather than cash on hand.

1.3. RECOGNITION OF SHAREHOLDER LOYALTY

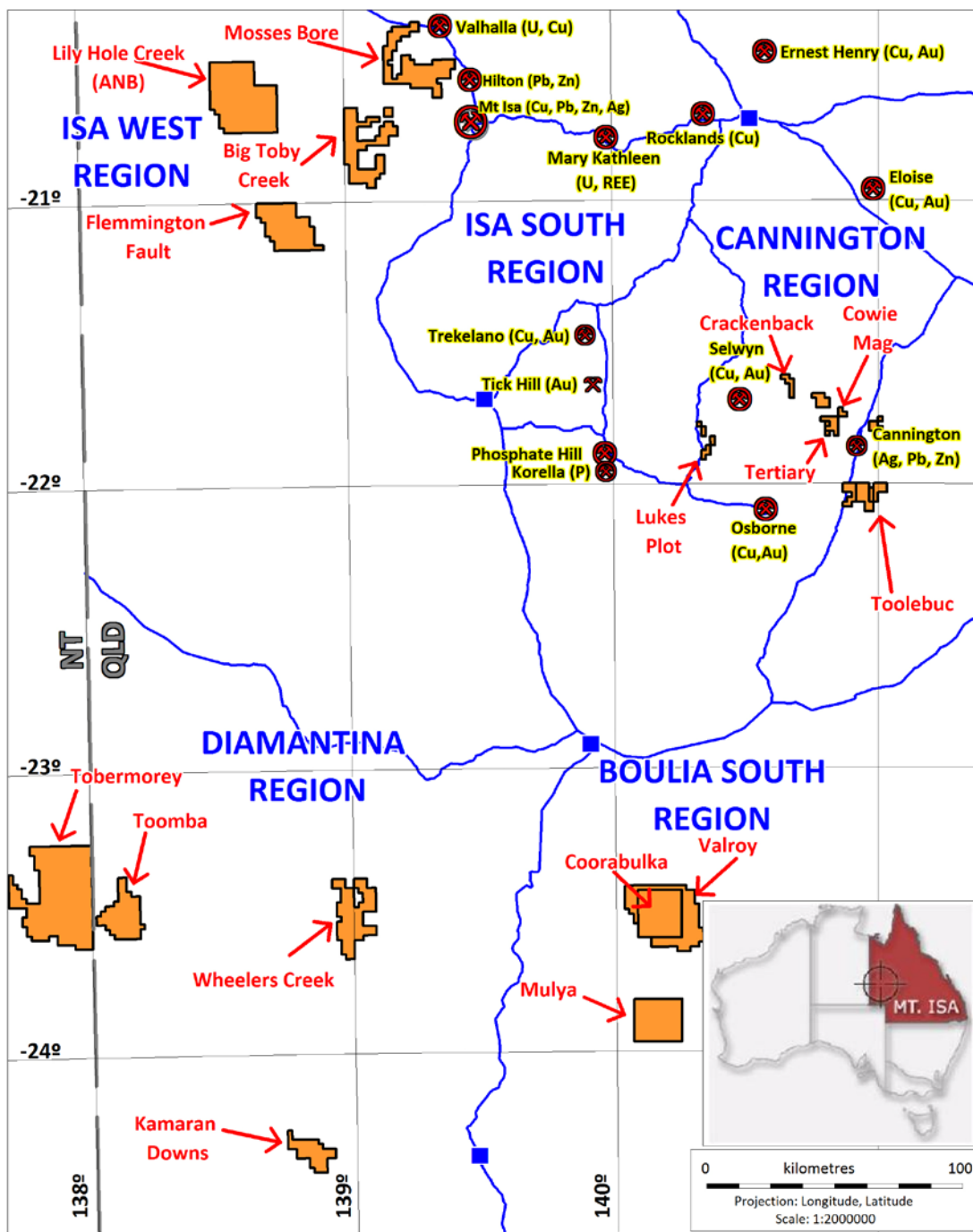
Krucible has already rewarded shareholders through distribution of free options at a price below market so that they were immediately tradable, even though in the short term the Company knew this would hold our share price down. We knew that some shareholders required cash and were reluctant to reduce their equity stake. Those options trading on the ASX with the symbol KRBO have held their value and are quoted on average around 50% of the KRB share price: \$0.021 at the time of writing. Krucible has previously advised that shareholders would continue to be rewarded with innovative offerings.



2. EXPLORATION

2.1. SUMMARY

Krucible currently has 16 tenements; 15 in Queensland and 1 in the Northern Territory (1 of these will be transferred to ANB as part of the Sale of Phosphate tenements). They are located in the mineral rich areas around Mt Isa, (Cannington and Isa West and South) Boulia, and Diamantina areas (Figure 1).



LOCATION PLAN SHOWING KRUCIBLE TENEMENTS

FIGURE 1



Of the 16 tenements, 2 are progressing through their application phases and 10 are greenfield with only 2 tenements that have seen previous drilling activity by Krucible (Toomba and Squirrel hills). Since January, Krucible has conducted exploration campaigns on most of its greenfield tenements and 1 previously explored site. They are: Coorabulka, Valroy, Toomba, Tobermorey, Flemington Fault, Big Toby Creek, Tertiary and Cowie Mag.

This systematic ground work and related scientific analysis on these tenements has already generated potential drilling targets and Krucible Directors are pleased to announce that RC drilling commenced on the Tobermorey EL in October 2014.

2.2. DIAMANTINA

2.2.1. Toomba EPM15367

Toomba EPM15367 is located about 350km south-southwest of Mt Isa in the Diamantina region of western Queensland on the edge of the Simpson Desert (Figure 1).

Previously (ASX announcement 25 November 2009) Krucible completed a drill program covering the Stella and Champ prospects. Of the 32 holes drilled on the Champ prospect, 11 intersected anomalous copper (>0.1%Cu) with the deepest intersection at 64m from surface. The mineralisation appears to occur mainly as secondary malachite and chrysocolla minerals but sulphides in the form of chalcopryrite and chalcocite have also been observed. The mineralisation is usually associated with hematite/sericite/quartz alteration near the contact of steeply dipping siltstone and sandstones with granitic dykes nearby.

Rock chip sampling by Krucible has been completed over the Hook 2 prospect. These samples have been analysed in the field using a portable XRF device. Visible secondary copper and disseminated pyrite + chalcopryrite have been identified in quartz rich scree samples with iron rich veinlets. Although not outcrop the samples are large and are not thought to have travelled far from source. An average of the sample over 5 XRF readings indicates anomalous copper of **0.36% copper** with maximum readings of **1.5% copper** (ASX Announcement 3 October 2014). These samples will be sent to ALS and results will be announced when available.

Preliminary results of the long awaited phytogeochemical program are showing some interesting anomalies and mineralisation styles. The full results are expected from the GSQ at the end of November.

RC Drilling Program

An RC drilling program was due to commence early September, however Krucible changed its program and has begun the Tobermorey program instead. Due to the onset of the wet season Krucible now expects to drill the exciting targets at Toomba in early 2015. The 2500m RC drilling program is targeting geophysical and geochemical anomalies identified from Krucible exploration as well as testing of the deeper extents of the Champ prospect copper enrichment.



2.2.2 Kamaran Downs EPM15389

This EPM lies close to the Diamantina Hinge Zone, a contact zone between 3 separate terranes: the Mt Isa block, the Arunta Complex and the Gawler Craton (Queensland Government). Further to this in the east of the EPM lies the Toomba Fault Zone where 110km to the north-west Krucible discovered copper in shallow drilling (ASX Announcement 26 October 2013 Annual Report).

Geophysical surveys and interpretations completed by Krucible and consultants have identified a near co-incident magnetic and gravity anomaly similar to Olympic Dam (ASX Announcement 26 October 2013 Annual Report). These highlighted prospective drilling targets in the basement units are interpreted to be between 200 and 500m below surface.

The Company applied for a Collaborative Drilling Grant under the Queensland Governments Future Resources program for a grant of up to \$150,000 for direct drilling costs. The results of our application will be available from the government soon.

Drilling tenders have been sent out to Companies to quote on the program which is expected to include 4 diamond drill holes approximately 600m deep. Due to prolonged Landholder negotiations Krucible has had to delay this program. Krucible now has an agreement in place and expects this program to begin early 2015.

2.2.3 Tobermorey EL28170

This tenement lies on the Queensland border in the Northern Territory 60km west of Krucible's Toomba EPM and on the margins of the Simpson Desert (Figure 1).

Geophysics

Following the magnetic survey completed by UTS Geophysics the results of the data processing and modelling completed by GeoDiscovery show a number of northwest trending magnetic ridges (Figure 3) which in the 3D model are approximately 150m below surface. These are considered to represent structural features and are associated with surface sampling anomalism. The survey covers the Elstone prospect and has produced very prospective targets. Krucible has altered the drilling program to incorporate the newly available information.

The main central feature of the survey is a magnetic ridge contrasted by a non-magnetic trough trending northwest through the centre of the survey area, Krucible has previously completed surface sampling over parts of this zone which identified anomalous lead, copper and zinc (ASX Announcement 31 July 2013) in an area of iron and quartz breccias.

In the northeast corner of the survey is a western trending magnetic ridge which is interpreted to be connected to the Toomba Fault to the east. The 3D modelling indicates the magnetic features are near surface (>50m) and reconnaissance sampling in this area has identified what has been interpreted as the basal sequence of a sedimentary unit thought to be neo-Proterozoic in age. Parallel sets of quartz veins are also apparent trending west in line with the magnetic images. Further gridded surface sampling has been completed here and results are pending.

The southern area of the survey grid shows another northwest trending magnetic feature and Krucible believes this may be an extension of the Stella/Dukes shear zone identified in



the Toomba EPM to the east in Queensland. Reconnaissance of this area has identified a number of parallel quartz veins cross-cutting a siliceous sandstone unit. Scree/subcrop areas have been identified that contain multiple phases of magnetite veining and brecciation with coarse magnetite and pyrite and other areas which contain possible box work/gossan type outcrops.

Further exploration to the north along this trend has revealed a 200m outcrop of brecciated quartz veins hosting copper mineralisation (Figure 3). Visible malachite, chalcopyrite and pyrite have been identified disseminated through the vein as well as located in massive sulphide veins (up to 2cm wide) cutting the quartz vein. This is also a favourable environment for gold mineralisation. These locations are expected to be drill tested in late October or early November.



Photo 1 Drilling at Tobermorey

RC Drilling

The current drill program is progressing with hole 14TYRC-8 drilled to 121m. Krucible tested the central Elstone prospect area where previous surface sampling recorded up to 428ppm lead (ASX Announcement 31 July 2013). This is the first hole to target this specific anomaly and it has intersected numerous large quartz veins with 2 zones of copper mineralisation. Chalcopyrite and malachite have been identified in a 14m zone from 56m and a more enriched 10m zone from 112m. The hole had to be abandoned at 121m and was still in copper mineralisation. No values are available yet however the enriched zones have been logged with an average over the 2 zones of 0.1% of visible fine-grained chalcopyrite, higher grade zones within these intersections are expected to be evident in laboratory assay results which should be available in November. Previous drilling south of this location has identified an extensive shale unit with strong pyritic zones and quartz veins with rare disseminated magnetite.

These are early indicative observations from a greenfields prospect confirming the presence of visible copper mineralisation. Krucible does not imply that potentially economic mineralisation has been discovered at Tobermorey. Nevertheless, this is the first time visible copper has been discovered in this tenement and is considered by Krucible to be important for the Company's base metal exploration plans.



2.3. BOULIA SOUTH

2.3.1. Mulya EPM25771

This area was applied for in September and was picked up through the geophysical modelling completed on the Coorabulka magnetic anomaly. Depth to magnetic source modelling from this suggested shallow magnetic material at less than 50m from surface within the application area.

The geophysical features in government maps of the application are interesting with an isolated magnetic anomaly and a near co-incident gravity high (Figure 4) intersected by interpreted structures. This is an ideal setting for alteration and breccia formation associated with fault movement on the interpreted contact of two Proterozoic units of the Mt Isa Block.

Strong faulting is also apparent in the area with the Government interpretations indicating a number of north trending faults which appear to be offset by an east-west cross-cutting structure.

Krucible believes this ground is highly prospective for potential further REE enrichment as well as potential Proterozoic IOCG mineralisation. The application is expected to be granted by early 2015

2.3.2. Valroy EPM25126 and Coorabulka EPM19286

During the previous quarter Krucible completed surface sampling programs on both of these tenements. These programs highlighted zones of anomalous REE (ASX Announcement 17 July 2014). Krucible expects to expand the current programs to encompass the peripheral anomalies identified.

One rock chip from outcrop on the Valroy EPM returned strong REE values of 0.45kg/t yttrium oxide (Y₂O₃), 0.15kg/t dysprosium oxide (Dy₂O₃), 0.22kg/t gadolinium oxide (Gd₂O₃), 0.72kg/t praseodymium oxide (Pr₂O₃), 0.32kg/t samarium oxide (Sm₂O₃), 14.11% phosphate and 5.92% strontium (Figure 4). More work is required around this area to assess the extent of the anomalism.

3. ISA WEST

During this quarter the Queensland Government granted Mosses Bore EPM25487 (11 September 2014) which is highly prospective as it sits which is located 25km northwest of the world class Mt Isa copper, lead, zinc, silver mine in western Queensland, 10km west of the lead, zinc Hilton Mine and 12 km southwest of the Valhalla uranium, copper mine (Figure 5).

No field work has been completed on the Isa West tenements Flemington Fault EPM19099, Big Toby Creek EPM19095 and Mosses Bore EPM25487. Krucible has focused its activities on the Diamantina area. Krucible expects exploration to commence in 2015 after the Queensland wet season with reconnaissance on the Mosses Bore EPM and a gridded sampling program on the Big Toby Creek tenement.



4. CANNINGTON

4.1. Cowie Mag EPM17921

The Kidna prospect is a newly identified area which lies 12km northwest of the Cannington Mine (owned by NewCo) along the Cloncurry Fault. This is a regional scale crustal structure which trends north-south and in the Kidna area there are a number of splays deforming and altering the Proterozoic units in the area. The Proterozoic geology consists of the Stavely Formation which has numerous copper occurrences to the north and the Soldiers Cap Group which hosts the Cannington silver/lead/zinc mine, Eloise copper/gold mine and numerous copper occurrences to the north of the Cowie EPM.

Reconnaissance rock chip sampling identified a number of ironstone bodies within the prospect area within calc-silicate and quartzite units. This is considered to be a highly prospective area for lead, zinc, silver mineralisation. A number of specular hematite bodies were located with rock chip samples collected during this program returning very weak results.



Photo 2. Specular Hematite (Ironstone) Outcrop at Kidna Prospect

Based on the geology and structural components of the area Krucible expects to complete regional surface gridded sampling on this EPM to collect more regional data to test for potential enrichment in the Kidna prospect in the coming months. Drilling of the previously identified Zinc and Moly lag sampling anomalies to the south is also planned for 2015.

4.2 Tertiary EPM19717

This EPM is adjacent to the Cowie Mag EPM17921 and was granted to Krucible on the 27th of May 2014. The primary target on this EPM is molybdenum and lead mineralisation which is anomalous in previous lag sampling on the Cowie Mag EPM to the north. The identified anomaly from Cowie Mag trends south west into the Tertiary tenement following an interpreted basement structure which off sets the much larger 'Cannington Corridor' to the north.



Krucible has extended this sampling into the newly granted EPM in July and lab results returned maximums of **69.5ppm molybdenum, 84ppm lead, 3980ppm vanadium, 91ppm yttrium and 402ppm zinc** (ASX Announcement 22 September 2014). Results indicate a cohesive lead, molybdenum, and vanadium target (Figure 6). A further anomaly has been identified in the southeast area of the sampled grid. Further exploration is expected to include shallow aircore drilling in 2015 to test these anomalies and will cover both the Cowie Mag and Tertiary EPMs.

Attached: Figures 2-6

Further Information:

Allan Branch

Managing Director & CEO

Krucible Metals Ltd.

WEB SITE: www.kruciblemetals.com.au



About Krucible Metals Limited:

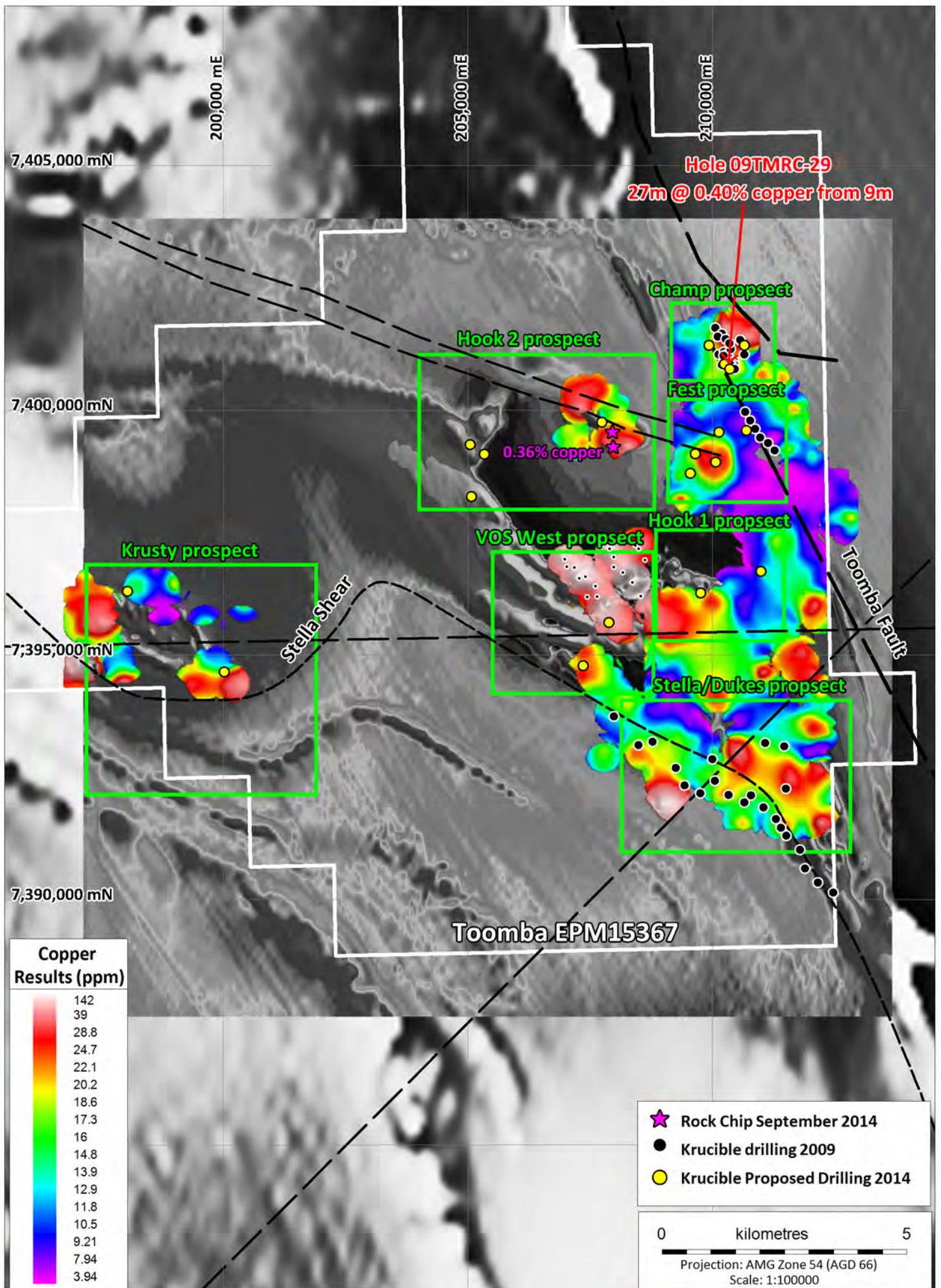
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COMPETENT PERSON STATEMENT

"The information in this report that relates to Mineral resources and Exploration Results is based on information compiled by Mr Andrew J Vigar who is a Fellow of The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Limited, Hong Kong and is a non-executive director of Krucible Metals Ltd. Mr Vigar 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'. Mr Vigar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears".

Results are from ALS Global using REE method ME-MS61r. Phosphate results are calculated using the conversion factor 2.291. yttrium oxide results are calculated using the conversion factor 1.27 and cerium oxide calculated using conversion factor 1.22

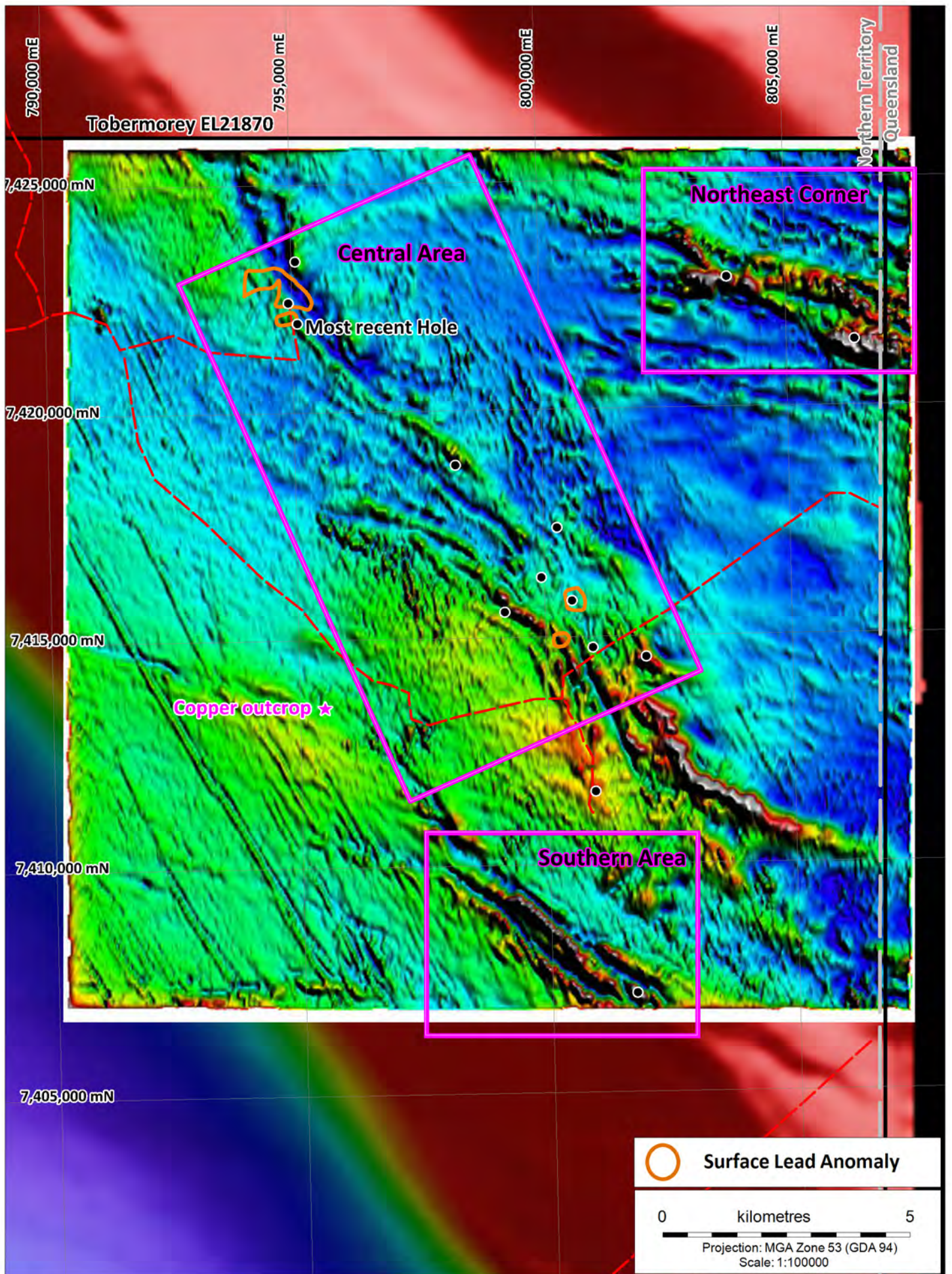
This report may contain forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements.



**Toomba EPM15367 - RTP1VD Magnetics
 with Copper Lag Sampling Results and Prospect Locations (green)**

n.b. red/white are anomalous colours and blue/purple are low result colours

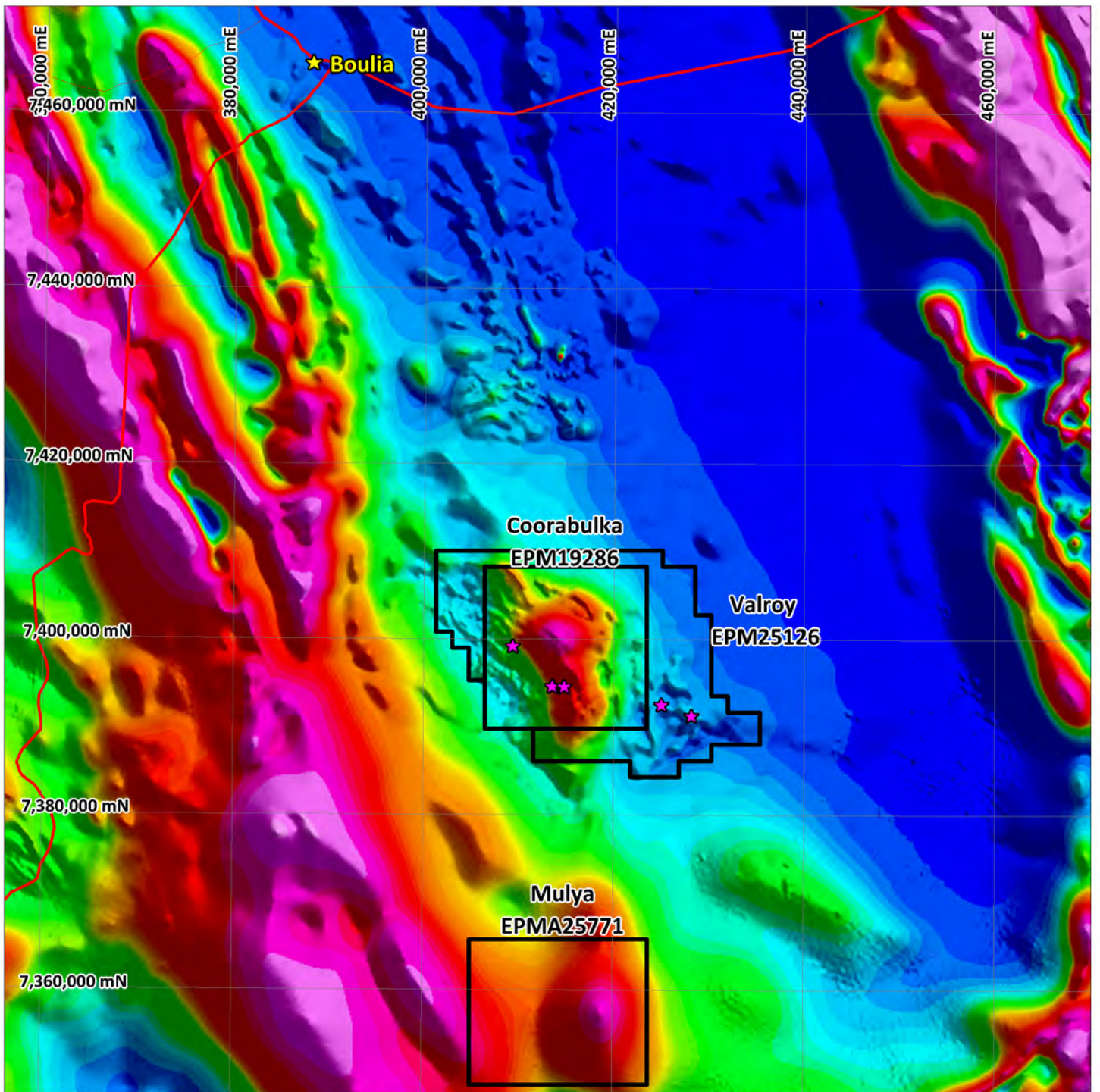
FIGURE 4



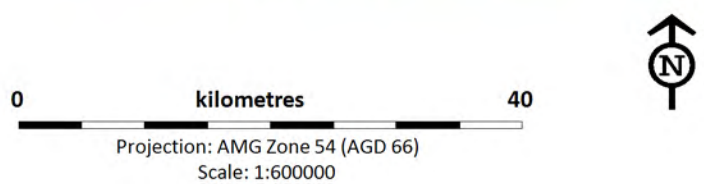
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Tobermorey EL Elstone Prospect Magnetic Processing - Analytical Signature Image with Proposed Drill Holes (black) and Tracks

FIGURE 2

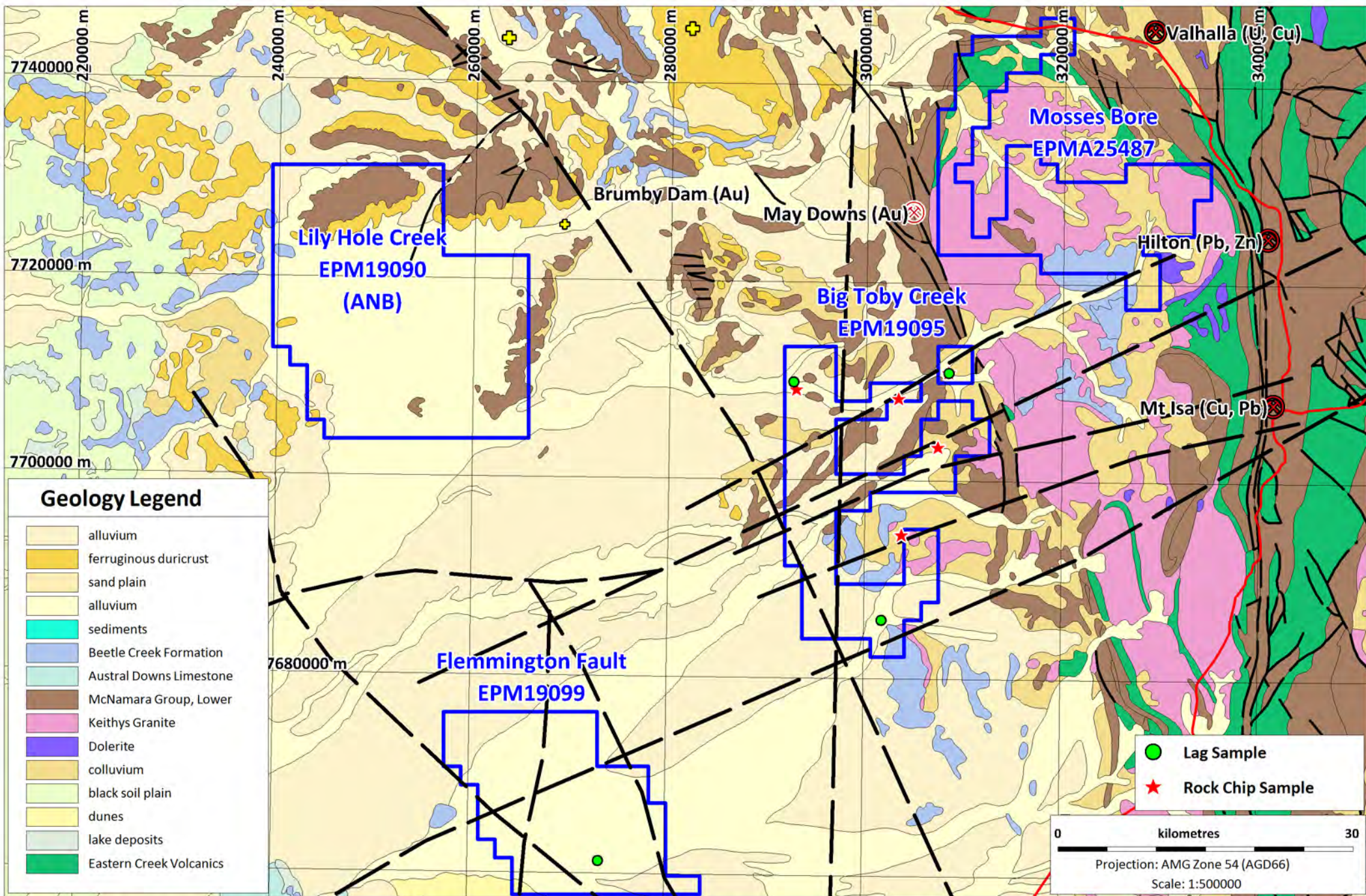


BH.2011.158_BouliaSouthTopo_AR20092014.wor



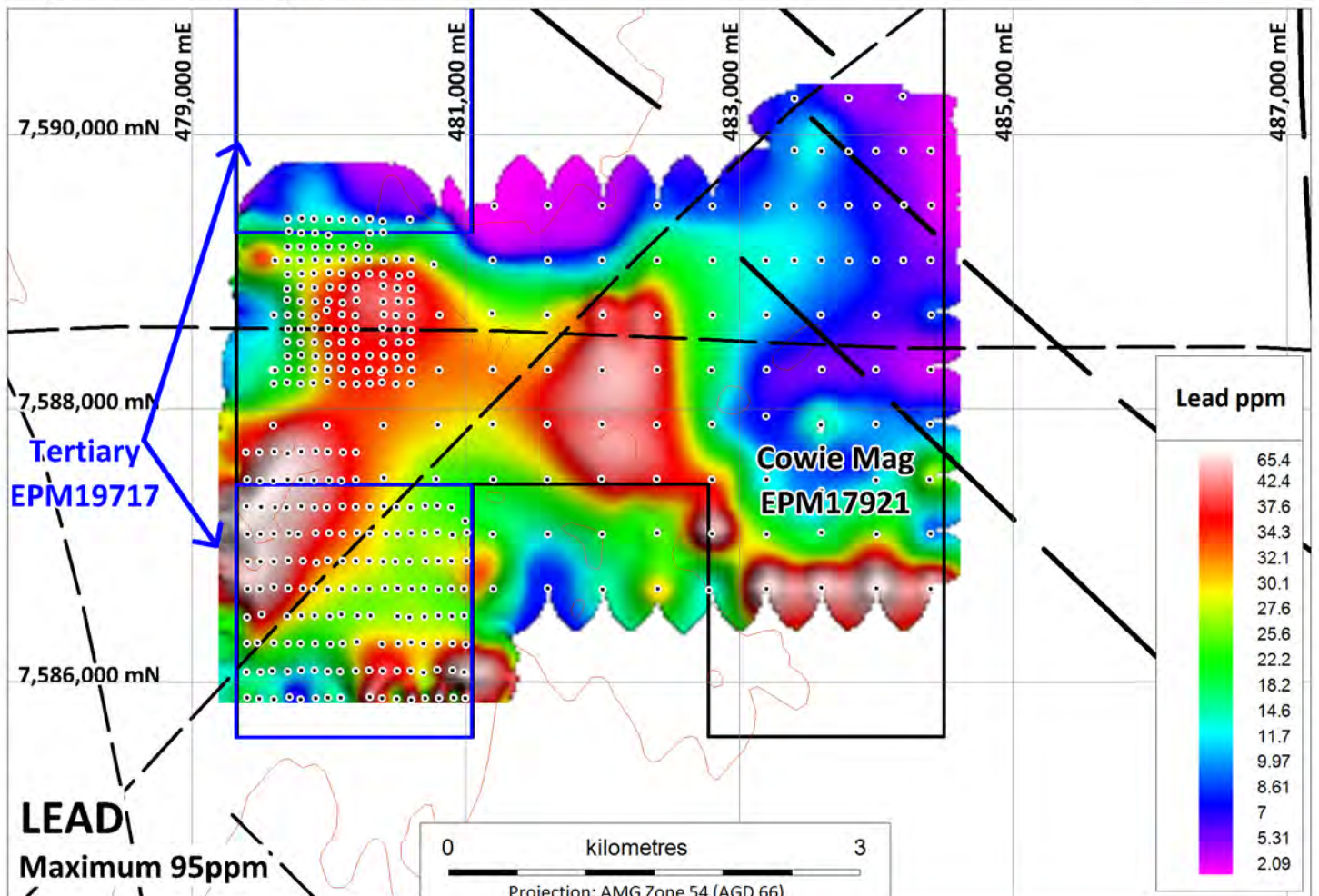
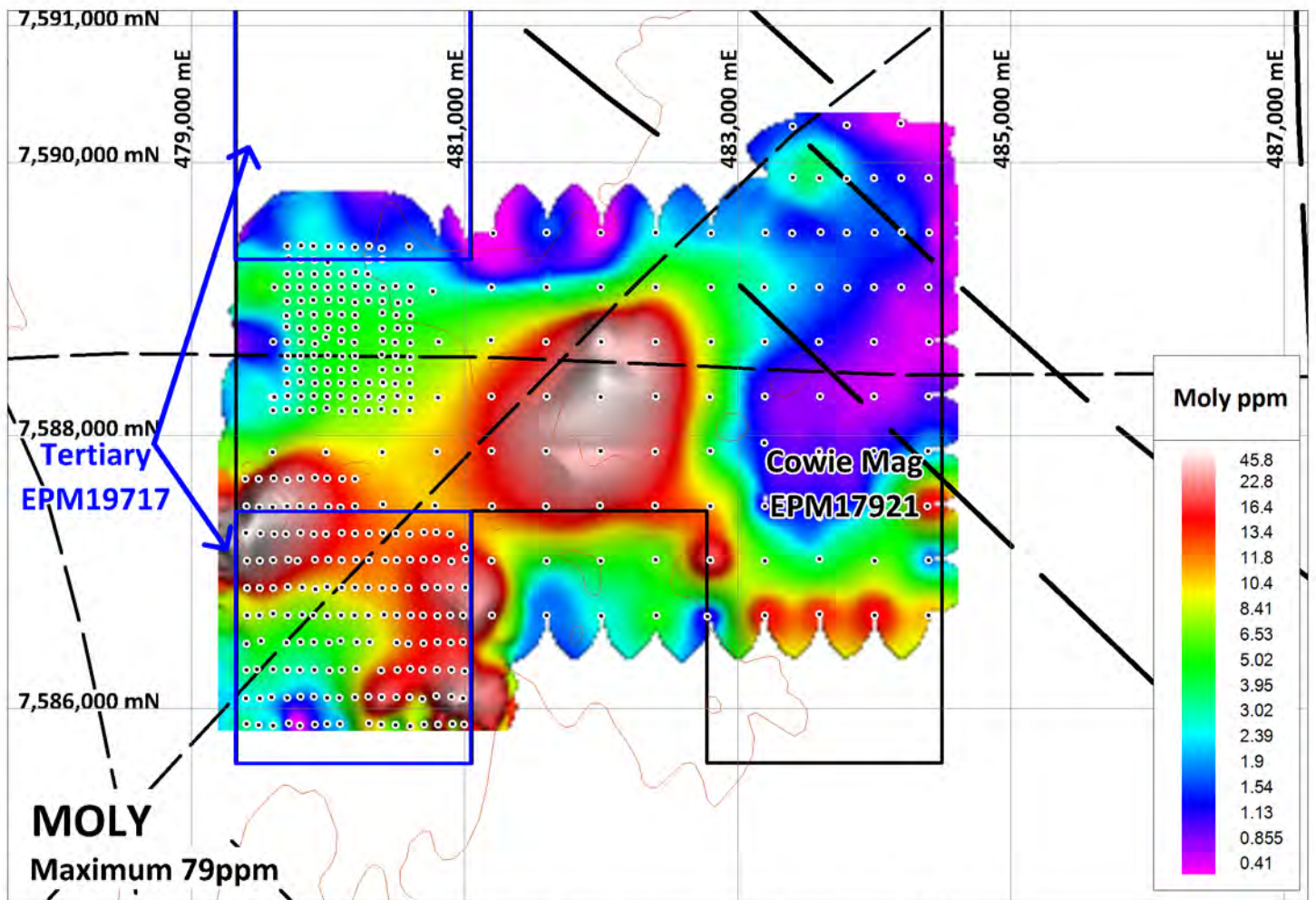
Boulia South EPMS Location on Regional TMI Magnetics with Anomalous Reconnaissance Samples (pink)

FIGURE 3



Isa West Tenements - Government Surface Geology with Structures (black) and Reconnaissance Samples

FIGURE 12



BH.2011.132_CMLA277_TELA123_LagResultsPbMo_ASX18092014.wor

Cannington Region Lead and Moly Lag Sampling ALS Results

FIGURE 3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Krucible Metals Ltd

ABN

12 118 788 846

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(226) - - (154)	(226) - - (154)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	24
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes (paid)/R&D Offset received	91	91
1.7 Other- asset sale transaction costs	-	-
Net Operating Cash Flows	(268)	(268)
Cash flows related to investing activities (see note 2 in section 1.25 below)		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (86)	- - (86)
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- tenement security deposits Funds placed on term deposits(>3mths)	7 (4,025)	7 (4,025)
Net investing cash flows (See note 2 in section 1.25 below)	(4,104)	(4,104)
1.13 Total operating and investing cash flows (carried forward)	(4,372)	(4,372)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,372)	(4,372)
	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 (mortgage)	325	325
1.17	Repayment of borrowings- mortgage	(11)	(11)
	Repayment of borrowings-lease payments	(11)	(11)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	303	303
	Net increase (decrease) in cash held	(4,069)	(4,069)
1.20	Cash at beginning of quarter/year to date	5,815	5,815
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter (excl funds held on term deposit for > 3months- see 1.25 below)	1,746	1,746

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	104
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Included in Operating and Investing Cash Flows were the following items:

1. During the quarter the Company received an R&D Offset refund from the ATO for \$91k in relation to the 2013 tax year.
2. The cashflows reported above exclude amounts held in term deposits with reputable financial institutions for terms greater than 3 months. This is in accordance with the requirements of accounting standards and the treatment in the 30 June 2014 financial report. At 30 September 2014 the Company had \$9.1 million on term deposits with maturity periods of greater than 3 months. During the quarter the Company placed a further 4 million on term deposit for a period of 12 months.
3. Amounts paid to directors include salaries, directors' fees, superannuation and consulting fees totalling \$104k

Included in Financing Cash Flows were the following items:

1. Mortgage refinance secured on the Company's property at 113 Boundary Street, Townsville for \$325k being 65% of the purchase cost.

+ See chapter 19 for defined terms.

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

Nil

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	704
4.2 Development	-
4.3 Production	-
4.4 Administration	316
Total	1,020

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	666	428
5.2 Deposits at call or term < 3 months	1,080	5,387
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,746	5,815

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	EPM 25177 - Mulya	-	100%

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>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	80,413,137	80,413,137	Various
				Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,250	3,250	A\$0.05
				Fully Paid
7.5	+Convertible debt securities	-	-	-
	<i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	300,000 1,000,000 1,500,000 19,112,790	- - - 19,112,790	Exercise price 15 cents 15 cents 11.96 cents 5 cents	Expiry date 28/02/2015 08/05/2015 28/11/2015 23/01/16
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	3,250	3,250	5 cents	23/01/16
7.10	Expired during quarter	270,000		24 cents	12/08/2014
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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 October 2014.
(Company Secretary)

Print name: M C Meintjes

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.

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly 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.

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