



**RUTILA**  
RESOURCES

**30 January 2015**

Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**QUARTERLY ACTIVITIES REPORT FOR THE PERIOD  
1 October 2014 to 31 December 2014**

**HIGHLIGHTS**

- **Rutila, on behalf of the Balla Balla Joint Venture (BBJV) invited to negotiate a State Agreement with the WA Government;**
- **Rutila draws down Tranche 2 - \$5 Million Convertible Loan after having completed certain project milestones;**
- **Front End Engineering and Design (“FEED”) work continued during the quarter including undertaking of geotechnical and hydrological field studies relating to the rail and port which are required for the Jetty and Rail design;**
- **Negotiations with Native Title, Pastoralists and Mining Tenement Holders continued during the quarter;**
- **Entry into a Framework Agreement with one of the largest steel mills in China setting out the basis upon which the JV and the Chinese mill will develop a long term strategic relationship;**
- **Department of Lands Section 91 (early investigation) Licence granted in December 2014;**
- **Continued negotiations relating to the Pilbara Port Authority Agreement;**
- **Applied for and subsequently obtained approval by the Environmental Protection Authority for the BBJV’s Port Expansion;**
- **Metallurgical test work on both the composite samples of graphite bearing core from the Bristol occurrence as well as on the bulk sample of heavy mineral sands (HMS) collected during the last quarter from the Company’s Eucla West Project commenced during the December quarter.**

## **1. BALLA BALLA JOINT VENTURE ACTIVITY**

The principal focus of activity for Rutila Resources Limited (Rutila or the Company) continues to be undertaking Front End Engineering Design (FEED) study and development of the Definitive Feasibility Study (DFS) for the port and rail infrastructure project known as “Balla Balla Infrastructure” (BBI), part of the BBJV with Todd Corporation Limited (Todd) of New Zealand which includes the Balla Balla VTi magnetite deposit (Balla Balla Mine). Todd is a major shareholder of Rutila.

Rutila in its capacity as Manager of the BBJV continued to progress all development fronts of the BBI Project including relating to Access and Approvals, Engineering and Design, Marketing and Project Finance during the December 2014 quarter.

Progress with Access and Approvals included the Company receiving approval from the Premier of Western Australia and Minister for State Development, The Hon Colin Barnett MLA, to negotiate on behalf of the Balla Balla Joint Venture a State Agreement. Subject to the Balla Balla Joint Venture receiving a State Agreement, this will enable the construction of a private railway line to service potential iron ore mines in the Pilbara and deliver ore through the proposed Balla Balla port.

This approval resulted from extensive consultation with the State Government of Western Australia including the submission of a comprehensive Project Definition Document (PDD) to the Department of State Development (DSD) in September 2014. The Company has commenced the process of liaising with the Department to negotiate the State Agreement.

Negotiations with Native Title, Pastoralists and Mining Tenement Holders continued during the quarter and the Department of Lands granted a Section 91 (early investigation) Licence in December 2014.

Rutila continued negotiations relating to the Pilbara Port Authority Agreement and in January 2015 announced the Environmental Protection Authority (EPA) had approved the expansion of capacity at the proposed Balla Balla Port. This proposed expansion involves minor amendments to the original design approved by the Minister for the Environment in August 2013, an extension to the trestle jetty, and the use of additional barges.

Front End Engineering and Design work continued during the quarter including undertaking of geotechnical and hydrological field studies relating to the rail and port output of which will ultimately feed into the Jetty and Rail design process.

In the previous quarter, Rutila had announced the entering into of a non-binding memorandum of understanding with a major Chinese steel mill to develop a long term strategic relationship with the aim to utilize the proposed BBI infrastructure to support its desire to be a significant importer of iron ore from the Pilbara. During the December 2014 the BBJV converted this to a Framework Agreement setting out the proposed key commercial terms of the proposed arrangements.

The BBJV has commenced the process of seeking to appoint an independent financial adviser to provide advisory services relating to the form of, structuring and obtaining of project development finance.

## 2. EXPLORATION ACTIVITIES

### Eucla West Fraser Range Exploration

As reported in the September quarter ALS Metallurgy in Perth is conducting metallurgical test work on six (6) composite samples of graphite bearing core from the Bristol occurrence. The test work is designed to ascertain the flake size of the graphite, graphite recovery using heavy liquid separation and flotation tests and the product quality and grade. The final results of this work are now expected in February.

In addition, the RJ Robbins laboratory in Brisbane is finalising metallurgical test work on the bulk sample of heavy mineral sands (HMS) collected during the last quarter. This work is designed to determine the appropriate HMS process flowsheet, recoveries and respective product grades. A series of concentrate products will be produced and made available for marketing studies. The final results are expected in February.

Figure 2.1 shows the location of where the metallurgical samples were collected.

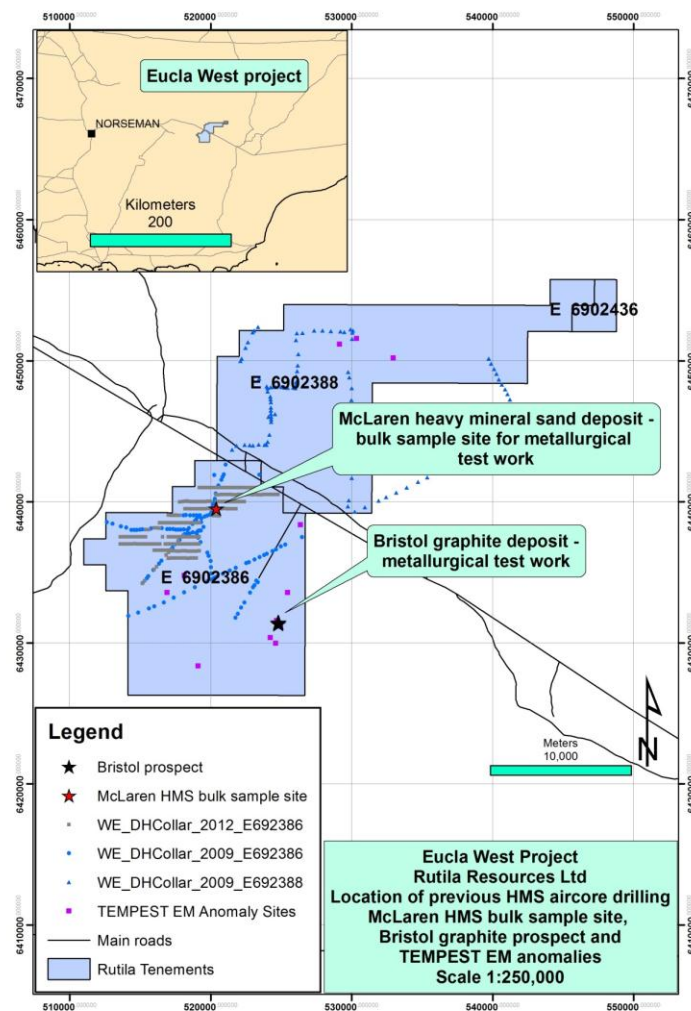


Figure 2.1 Location of the Eucla West metallurgical samples.

## **3.2 NEW SOUTH WALES TENEMENTS OVERVIEW**

No significant exploration activities are recorded for the Company's NSW projects during this quarter.

### **3.2.1 EL 7397 and EL 8059 Wymah and Wymah North (Rutila 100%)**

No exploration activities were conducted on these tenements during the reporting period. The two licences are prospective for tin, tungsten and molybdenum mineralisation. Future activities on these tenements are subject to on-going review.

### **3.2.2 EL 6381: Captains Flat (Rutila 25%)**

During the quarter, Rutila agreed to renegotiate the joint venture agreement for the Captains Flat base metals project in NSW. Previously, Ironbark (ASX: IBG) and NSW Base Metals (a Glencore Limited subsidiary) had jointly earned a 75% interest in the Captains Flat Project from Rutila. Ironbark will now take on equal joint title of the Project and will continue exploration in a new equal Joint Venture Agreement with Glencore.

As consideration, Ironbark will issue one million Ironbark shares to Rutila and a minor cash adjustment. In addition, both JV partners will pay a proportional share of a 0.25% trailing production royalty to Rutila.

### **3.2.3 EL 6358: Mayfield Project (Rutila 46.55%)**

Application for the renewal of EL 6358 for a further two year period has been submitted to the NSW Department of Trade and Investment. No significant exploration activities have taken place on this tenement during the quarter. Future activities are currently subject to on-going review.

### **3.2.4 EL 6691 (Mayfield North) and EL 6376 (Michelago) - Rutila 100%**

Applications for the renewal of both EL 6691 and 6376 for a further two year period each have been submitted to the NSW Department of Trade and Investment. No significant exploration activities have taken place on these tenements during the quarter and future activities on these tenements are subject to on-going review.

#### 4. MINING TENEMENTS

Pursuant to listing rule 5.3.3, Rutila wishes to provide the following information on the mining tenements held at the end of quarter ending 31 December 2014:

Location	Project name	Tenement	Interest at beginning of quarter	Interest at end of quarter
NSW - Australia	Wymah	EL 7397	100%	100%
NSW - Australia	Wymah North	EL 8059	100%	100%
NSW - Australia	Captains Flat	EL 6381	25%	25%
NSW - Australia	Mayfield Project	EL 6358	46.55%	46.55%
NSW - Australia	Mayfield North	EL 6691	100%	100%
NSW - Australia	Michelago	EL 6376	100%	100%
Fraser Range – Western Australia	West Eucla	E69/2386	25.05%	25.05%
Fraser Range – Western Australia	West Eucla	E69/2388	25.05%	25.05%
Fraser Range – Western Australia	West Eucla	E69/2436	25.05%	25.05%
Pilbara Region Western Australia	Balla Balla	E47/1743	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/1744	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/1829	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/2165	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/2225	68%	68%
Pilbara Region Western Australia	Balla Balla	G47/1229	68%	68%
Pilbara Region Western Australia	Balla Balla	G47/1230	68%	68%
Pilbara Region Western Australia	Balla Balla	G47/1231	68%	68%
Pilbara Region Western Australia	Balla Balla	G47/1234	68%	68%
Pilbara Region Western Australia	Balla Balla	G47/1238	68%	68%

<b>Location</b>	<b>Project name</b>	<b>Tenement</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
Pilbara Region Western Australia	Balla Balla	L47/0057	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0168	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0171	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0174	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0175	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0229	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0242	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0243	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0244	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0245	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0325	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0384	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0385	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0386	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0690	68%	68%
Pilbara Region Western Australia	Balla Balla	L47/0723	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0297	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0298	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0311	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0312	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0360	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0361	68%	68%

Location	Project name	Tenement	Interest at beginning of quarter	Interest at end of quarter
Pilbara Region Western Australia	Balla Balla	M47/0541	68%	68%
Pilbara Region Western Australia	Balla Balla	M47/0804	68%	68%
Pilbara Region Western Australia	Balla Balla	P47/1300	68%	68%
Pilbara Region Western Australia	Balla Balla	P47/1437	68%	68%
Pilbara Region Western Australia	Balla Balla	P47/1521	68%	68%
Pilbara Region Western Australia	Balla Balla	P47/1522	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/2251	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/2382	68%	68%
Pilbara Region Western Australia	Balla Balla	E47/2959	68%	68%

Other than outlined above, no other mining tenements or beneficial percentage interests held in farm-in or farm-out agreements were acquired or disposed of during the quarter.

#### **Competent Persons Statement – Eucla West**

*The review of the Eucla West exploration activities and results is based on information compiled by Mr Ralph Porter who is a member of the Australian Institute of Geoscientists. Mr Porter is a consultant to Rutila Resources Limited and is employed by CSA Global Pty Ltd. Mr Porter 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 as a competent person as defined in the 2004 Edition of the “Australasian Code for Reporting Exploration results, Mineral Resources and Ore Reserves”. Mr Porter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

#### **Competent Persons Statement – NSW Projects**

*The review of NSW exploration activities and results contained in this report is based on information compiled by Mr. M Rampe, a director of Harvest Exploration Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr. Rampe consents to the inclusion of this information in the form and context in which it appears in this report. The Company is reporting the historical exploration results under the 2004 edition of the Australasian Code for the Reporting of Results, Mineral Resources and Ore Reserves (JORC code 2004).*

#### **Disclaimer**

*The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the author at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.*

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Rutila Resources Limited

ABN

30 139 886 187

Quarter ended ("current quarter")

31 December 2014

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation		
- Balla Balla Project	(124)	(373)
- Infrastructure	(2,909)	(4,976)
- Fraser Range & Other	(4)	(107)
(b) development	-	-
(c) production	-	-
(d) administration	(801)	(1,909)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(3,838)</b>	<b>(7,365)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(93)	(145)
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 (provide details if material)	(56)	(66)
<b>Net investing cash flows</b>	<b>(149)</b>	<b>(211)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(3,987)</b>	<b>(7,576)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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1.13	Total operating and investing cash flows (brought forward)	(3,987)	(7,576)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		177
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	5,000	10,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	5,000	10,177
	<b>Net increase (decrease) in cash held</b>	1,013	2,601
1.20	Cash at beginning of quarter/year to date	3,341	1,753
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4,354	4,354

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	407
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments include Non-Executive Director Fees, Executive Chairman's Salary, payments to director - related entities.

**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

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

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+ See chapter 19 for defined terms.

### 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	\$10,000	\$10,000
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
- Eucla West	20
- Balla Balla	280
- Infrastructure	3,500 - 6,500
4.2 Development	
4.3 Production	
4.4 Administration	
- Admin and Wages	1,450
4.5 Expected receipts from JV Partners	(1,600) - (2,600)
<b>Total</b>	<b>3,650 - 5,650</b>

The estimated cashflow outflows above have been given in a range as the progression of certain planned work as part of the front end engineering study and approvals process is dependent on the completion of certain milestones and receipt of data.

If the level of activity requires the higher estimated cash outflow, it is likely Rutila will need to source additional funds. The Company is in discussions with its joint venture partner and major shareholder in relation to additional funding support, if required.

### 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	4,354	1,753
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,354</b>	<b>1,753</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Refer to commentary in Quarterly Activity Report		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to commentary in Quarterly Activity Report		

#### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Nil	-	-	-
7.2				
7.3	81,465,344	81,465,344	\$0.20	\$0.20
7.4				
7.5	Nil			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	600,000			\$0.67	15/6/2015
	5,475,000			\$0.54	1/12/2015
	50,000			\$0.56	10/9/2017
	1,000,000			\$0.50	29/5/2015
	6,500,000			\$0.50	31/12/2015
	1,450,000			\$0.30	2/10/2017
	7,450,000			\$0.30	20/12/2017
	2,000,000			\$0.50	27/6/2017
	2,000,000			\$0.30	27/6/2017
	50,000			\$0.56	1/1/2018
	2,325,000			\$0.30	17/7/2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: .....

+ See chapter 19 for defined terms.

## 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 and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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