



# AUSTRALIA UNITED MINING LIMITED

(ASX: **AYM**)

30 January 2015

## Quarterly Activities Report October 2014 – December 2014

### 1 EXPLORATION ACTIVITY

#### 1.1 OVERVIEW

Australia United Mining Limited (**AYM** or the **Company**) continued with exploration drilling at its Forsayth Project with the aim of developing a JORC compliant Resource. Preparations for initial round of drilling at Sofala and Honeybugle prospects are now well advanced and permits to commence geophysical surveying has been submitted at the companies Karangi Project.

The Shandong team continues to provide exceptional geological support at the Company's Forsayth Project in North Queensland, where the Company continues to drill highly prospective targets. Technicians from the Shandong Team are also assisting AYM with geological and surveying expertise with regards to its NSW projects where the Company expects to commence drilling in the June Quarter.

#### 1.2 EXPLORATION ACTIVITIES NEW SOUTH WALES

##### 1.2.1 SOFALA – EL 7423

The Spring Gully prospect at Sofala is a high-sulphidation epithermal deposit, hosted in fine grained sandstones and siltstones which underlie a thrust sheet of andesitic volcanic rocks. The contact between the two rock types dips west at around 30 degrees and the gold grades can be seen to increase closer to the thrust contact, and towards the west where the mineralisation remains open.

Mineralisation in this area was the focus of an intensive exploration program during the 90's by Renison Gold Corporation, including a large soil geochemistry and drill program that ultimately focused in on the Spring Gully area where wide intercepts of low-grade mineralisation were encountered (Fig 1).

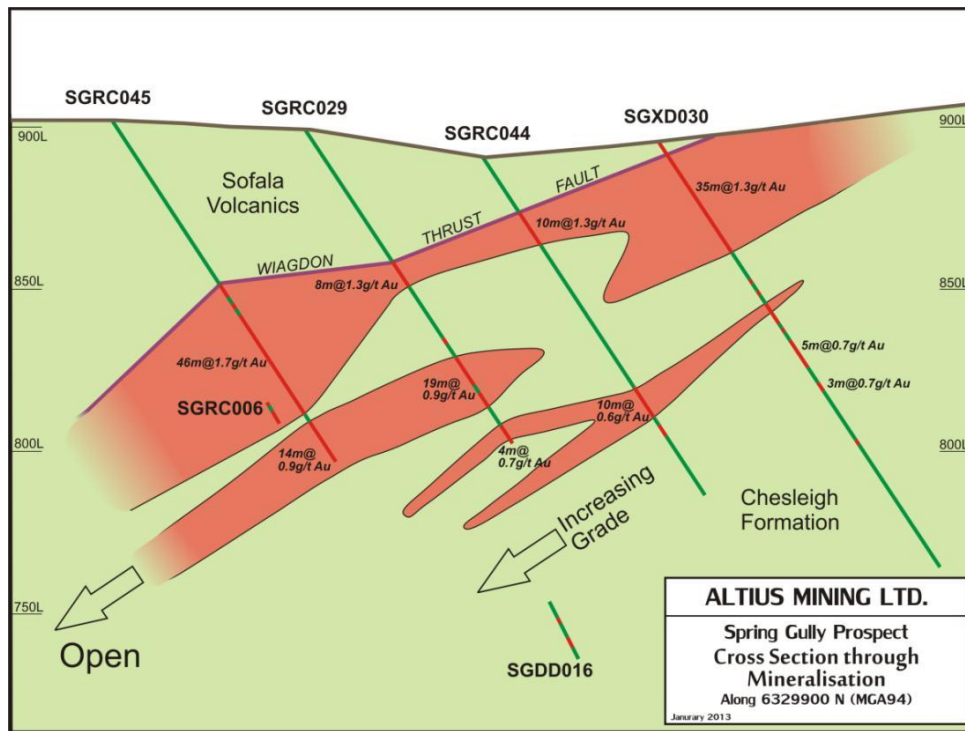


Figure 1: Cross section, with RGC drillholes, through the Spring Gully mineralisation (6329900 North) Note: Australian United Mining has no knowledge of the quality of the data used to produce this cross section.

Located immediately to the west of the Spring Gully deposit is a large magnetic anomaly known as the Wattle Flat Magnetic Zone WFMZ (Fig 2) which has been interpreted as a volcanic centre, which is thought to have a strong association with the gold mineralisation in the area, either directly, by supplying the mineralising fluids, indirectly by supplying the heat to circulate mineralising fluids or a combination of the two.

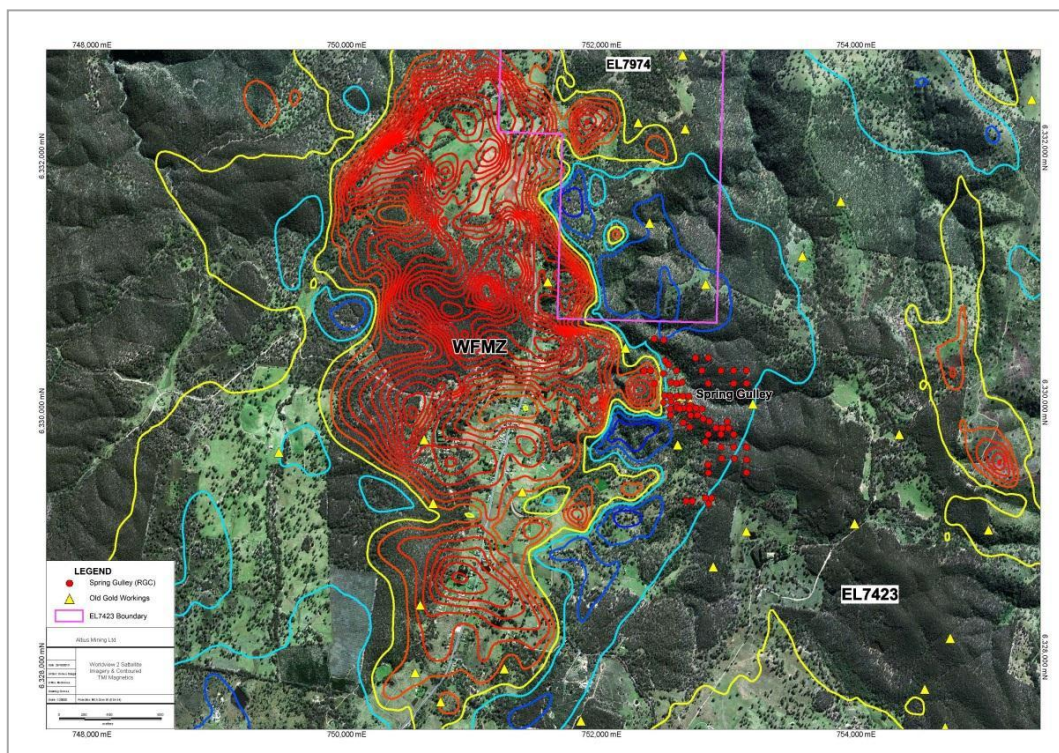


Figure 2: Magnetic contours over a satellite image of the Wattle Flat area.

In 2011 the Company commissioned an airborne geophysical survey to gain a more detailed understanding of the spatial relationship between the WFMZ and the mineralisation and found that a satellite magnetic high occurs directly adjacent to the Spring Gully mineralisation and surrounding the magnetic high is a rim of anomalous potassium which is highly suggestive of alteration commonly associated with epithermal/porphyry deposits (Fig 3).

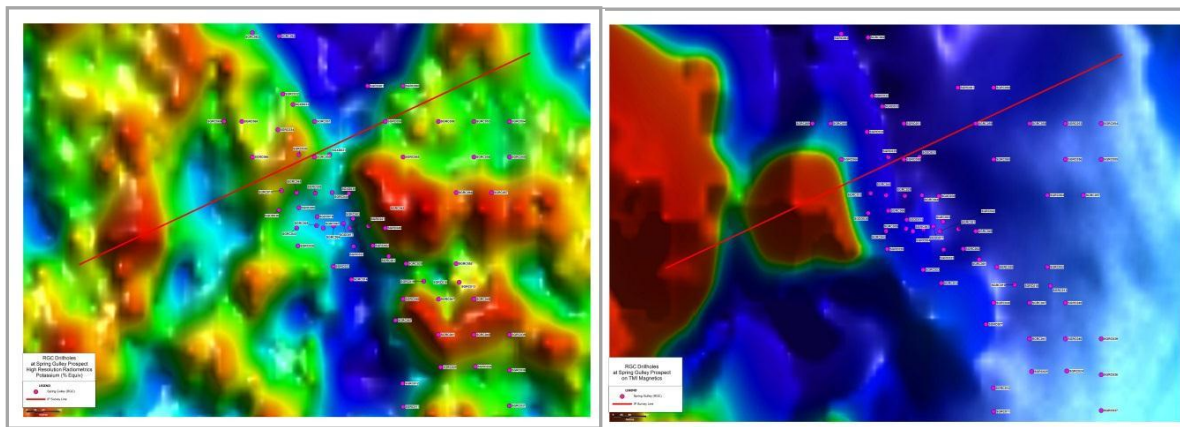


Figure 3: RGC drill hole locations in relation to potassium (left) and magnetism (right) the diagonal red line is the location of the IP survey conducted during the quarter.

During the previous reporting period AYM conducted an induced polarization (**IP**) survey over this area to gain a better understanding of what is occurring at depth. There were two main objectives whilst designing the IP line and they were 1) cover an area of known mineralisation to see how effective IP is as an exploration tool in the area, and 2) investigate the relationships between the magnetism, potassium and mineralisation.

The IP survey was a success, in that it shows an area of high chargeability which is coincident with the known mineralisation. Furthermore it has provided two high priority targets for drilling. The first target is in the centre of the section where a resistive high is coincident with the western edge of the known mineralisation. The combination of these features is highly suggestive of a quartz rich feeder zone common to epithermal deposits with the potential for much higher grades than the mineralization that has been drilled to date. The first three holes at Spring Gully are planned to test this zone.

The second target is a chargeability high at the left side of the section (Fig 4). The geology exposed in this area gives no indication of what would cause such a high chargeability rendering this an unknown but interesting target.

The Company has now received land access for to the Spring Gully Deposit to allow drilling to commence, and is planning to commence drilling in the June Quarter drilling these targets within the near future.

Renewal of EL 7423 is currently under review by the NSW Department of Trade and Investment.



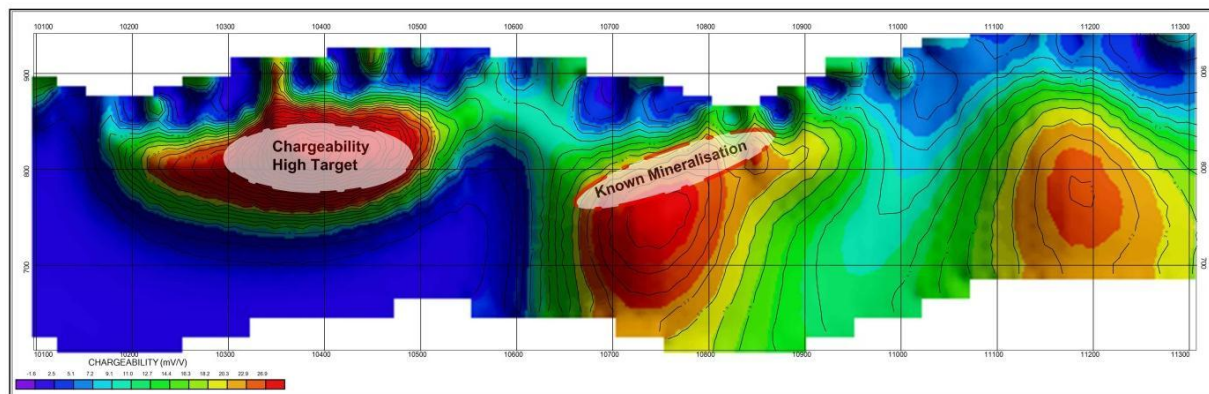


Figure 4: IP Chargeability cross-section showing the location of the known mineralisation

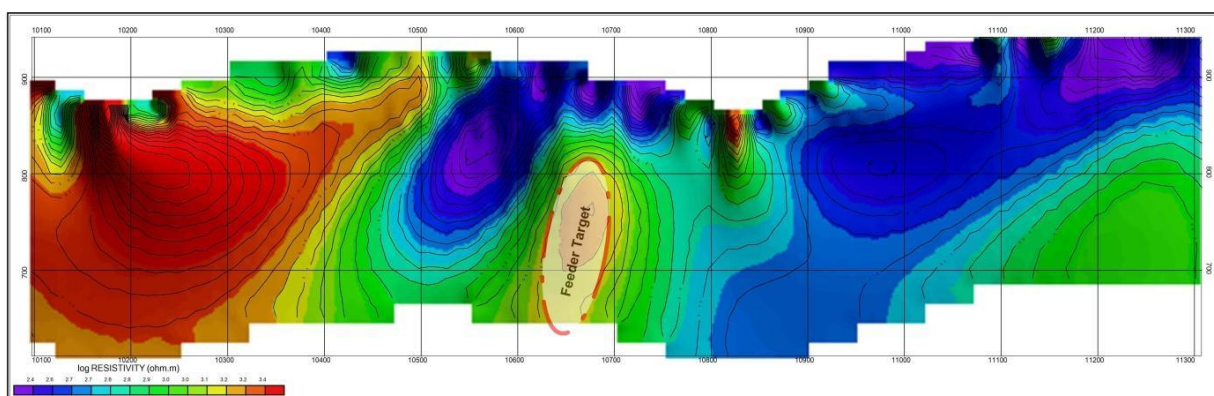


Figure 5: IP resistivity showing interpreted feeder zone to the known mineralisation.

In addition to the Spring Gully deposit other targets of interest are also being progressed towards drilling within the Sofala tenement. The most advanced of these is the Queenslander deposit which was explored in the 1990's by RGC.

### 1.2.2 FORSAYTH – EPM14498

The Company has reduced its regional exploration program in the Forsayth area to conserve funds until additional funds from the rights issue are received. The Company is targeting to finish a final round of drilling before the end of the June Quarter in order to develop a JORC compliant resource of a sufficient volume to commence scoping studies required to bring the Ropewalk plant into production.

During the reporting period the Shandong team continued their exploration program at Forsayth which included, but was not limited to, geological mapping, sampling, topographic surveying and guidance of the drilling program. The following maps show the location and results for the Forsayth drilling program to date.

### 1.2.3 OTHER NSW TENEMENTS

The Company is focused on its three main NSW projects Sofala, Karangi and Honeybugle and the Forsayth Project in QLD. No work was carried out on Wamboyne or Puggoon Tenements during the reporting period.

## 2 TENEMENT HOLDINGS

Lease	Tenement Name	Location	Beneficial Percentage Interest
EL7041	Honeybugle	NSW, Australia	100%
EL7045	Wamboyne	NSW, Australia	100%
EL7155	Pugoon	NSW, Australia	100%
EL7332	Karangi	NSW, Australia	100%
EL7423	Sofala	NSW, Australia	100%
EPM14498	Forsyth	QLD, Australia	100%
ML3417	Ropewalk 1	QLD, Australia	100%
ML3418	Ropewalk 2	QLD, Australia	100%

The Company did not acquire any new tenements, and did not increase, decrease or acquire any new percentage interests in any farm-in or farm-out agreement.

### 2.1 EXPLORATION LICENCE APPLICATIONS

The Company currently has no pending exploration licence applications.

## 3 CORPORATE INFORMATION

### Corporate Update

At the Company's 2014 Annual General Meeting on 28 November 2014, Mr John Zee was not re-elected to the Board as a Director. On 16 December 2014, Mr Zee resigned as company secretary, and Non-Executive Director Mr Ed McCormack was appointed as company secretary. During the quarter, Mr Graeme Fraser retired as Chief Executive Officer and Mr Matt Bull was appointed in the role.

### Securities on issue

Fully paid ordinary shares – 706,231,797

### Directors

Mr Xiao Jing Wang	<b>Chairman</b>	2 May 2012 – present
Mr Edward McCormack	<b>Non-Executive Director &amp; Company Secretary</b>	14 May 2012 – present
Ms Jia Yu	<b>Non-Executive Director</b>	2 May 2012 – present
Mr Jianbing Zhang	<b>Non-Executive Director</b>	31 July 2013 - present

## 4 COMPETENT PERSON

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matt Bull, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Bull is a full-time employee of Australia United Mining limited. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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'. Matt Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# 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

**Australia United Mining Limited**

ABN

**35 126 540 547**

Quarter ended ("current quarter")

**December 2014**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(277)	(1413)
(b) development	-	-
(c) production	-	-
(d) administration	(299)	(679)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	8
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	(575)	(2087)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
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)	-	-
<b>Net investing cash flows</b>	-	-
1.13 Total operating and investing cash flows (carried forward)	(575)	(2091)
1.13 Total operating and investing cash flows (brought forward)	(575)	(2091)

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

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	357	357
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	200
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		557	557
<b>Net increase (decrease) in cash held</b>		(19)	(1535)
1.20	Cash at beginning of quarter/year to date	241	1757
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	222	222

**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	82
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and reimbursements.

**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

+ 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	-	-
3.2 Credit standby arrangements	NIL	NIL

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>700</b>

## 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	198	36
5.2 Deposits at call	24	205
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>222</b>	<b>241</b>

## 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	EL7036 EL7159 EL7195	Tenement relinquished Tenement relinquished Tenement relinquished	100% 100% 100%	0% 0% 0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	NIL			



## Appendix 5B

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

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

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	706,231,797	706,231,797	Fully Paid	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	35,744,027 shares issued during the quarter under the Company's pro-rata rights issue	35,744,027	\$0.01 per share	Fully Paid (\$0.01 per share)
7.5	<b>*Convertible debt securities</b> (description)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	-	-	Exercise price	Expiry date
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> (totals only)	N/A			
7.12	<b>Unsecured notes</b> (totals only)	N/A			

+ 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.



Edward McCormack  
**Non-Executive Director**  
30 January 2015

## 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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