

## Quarterly Report – for the quarter ended 30 September 2016

<p><b>Image Resources NL</b> ABN 57 063 977 579</p> <p><b>ASX Code</b> IMA</p> <p><b>Contact Details</b> Ground Floor, 23 Ventnor Avenue, West Perth WA 6005</p> <p>T +61 8 9485 2410 E: info@imageres.com.au W: imageres.com.au</p> <p><b>Issued Capital</b> Shares – Quoted 379,511,740</p> <p><b>Cash at end of quarter</b> \$2,460,000</p> <p><b>Board Members</b> Robert Besley (NED Chairman) Peter Thomas (Non-Executive Director) George Sakalidis (Exploration Director) Patrick Mutz (Managing Director) Chaodian Chen (Non-Executive Director) Eddy Wu (Non-Executive Director) Aaron Chong Veoy Soo (Non-Executive Director)</p>	<p><b>Boonanarring/Atlas Feasibility Study</b></p> <p>The Company's primary focus during this past quarter was advancing work on the feasibility study (FS) on its 100%-owned, high-grade Boonanarring and Atlas mineral sands projects in the North Perth Basin in WA. Boonanarring is located 80 kilometres north-northwest of Perth.</p> <p>The FS will be to a bankable standard and is key to facilitating the Company's principal objective of transitioning from advanced exploration to production on an accelerated timeline, currently targeted for early 2018.</p> <p>Feasibility work during the quarter included:</p> <ul style="list-style-type: none"> <li>enlisting the services of Perth-based resources consulting group Optiro Pty Ltd, with specialist experience in mineral sands, to conduct an updated Mineral Resources statement in accordance with JORC 2012;</li> <li>conducting a geotechnical drilling programme at Boonanarring for the purpose of optimising mine design;</li> <li>implementing in-house preliminary mine design utilising the hardware, software and personnel acquired as part of the Asset Sale and Purchase Agreement with Murray Zircon;</li> <li>updating of capital and operating costs to aide preliminary project economic modelling; and</li> <li>drafting initial economic model options and parameters with a focus on higher production rates to improve overall project economics.</li> </ul> <p><b>Boonanarring Mineral Resources</b></p> <p>Finalisation of the Mineral Resource statement by Optiro is pending the completion of confirmatory analytical information including mineral assemblage data from composites. However preliminary information has outlined substantial additional ore tonnes (&gt;50%) due in large part to the inclusion of additional drill results that expand the footprint of the deposit.</p> <p>In addition, Optiro has identified a significant occurrence of mineralisation (albeit lower in grade) in a layer overlying the high-grade mineralised strands that have been the principal focus of previous resource estimates and the 2013 feasibility study. The combination of additional ore tonnes in the high-grade section of the deposit and in the overlying layer will allow for consideration of a higher production rate in the new FS which will improve project economics. The inclusion of ore tonnes from the overlying layer will also serve to dilute the overall strip ratio.</p> <p>The current estimate for completion of the BFS is early 2017. Favourable feasibility results and funding of remaining project capital could allow the Company to achieve first production in early 2018.</p>
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### Bankable Feasibility Study

The next phase of feasibility work will include:

- appointing an independent study manager;
- independent reassessment of engineering, metallurgy, costings, commodity pricing and all project assumptions for inclusion in the economic model;
- finalisation of the Mineral Resources and Reserves statements in accordance with JORC 2012; and
- independent reassessment of the economic model including optimising project economics.

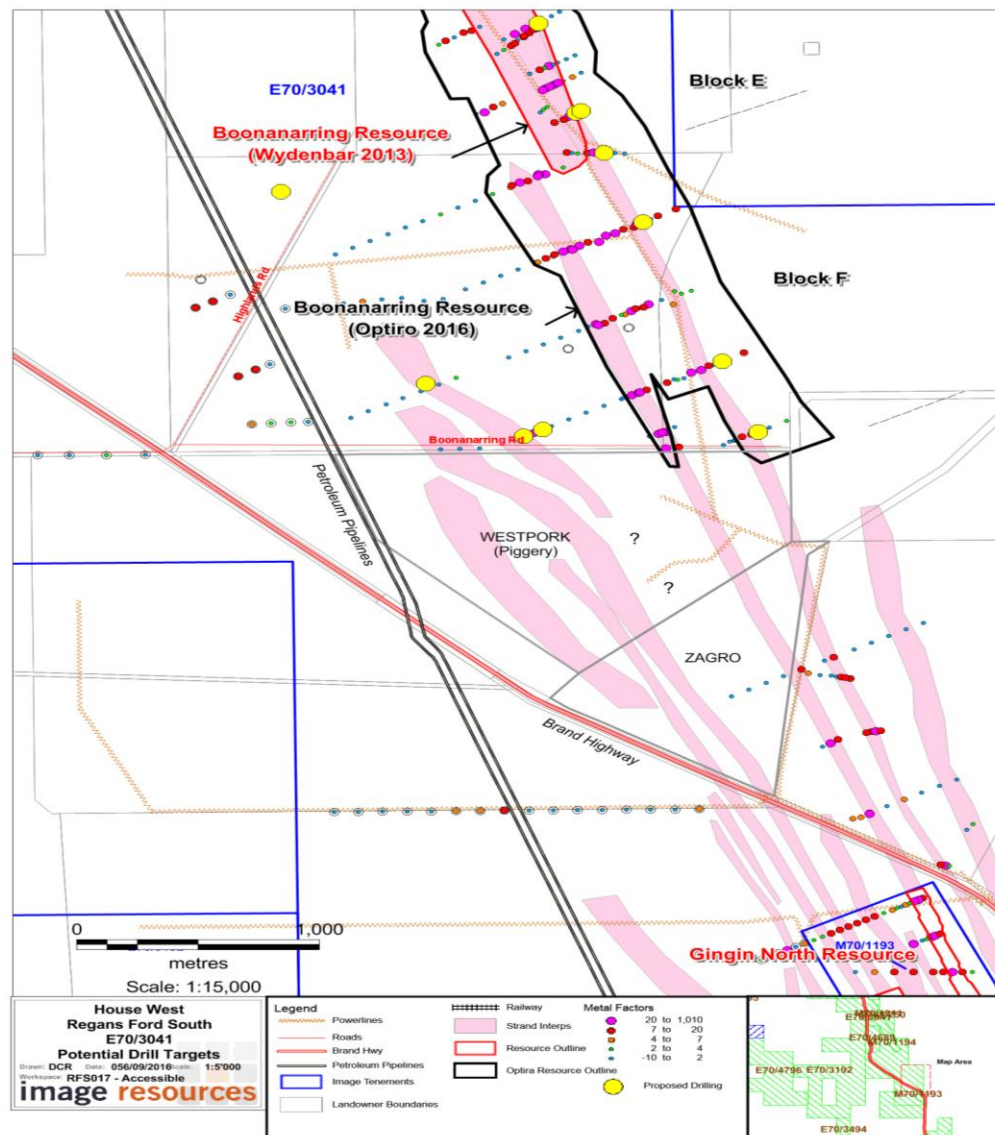
## Exploration

### Boonanarring and Boonanarring Extensions

#### Regans Ford South (E70/3041)

Drilling earlier in the year has demonstrated the continuity of the **Boonanarring strand southwards and can be traced over the entire 6.4km**. A further 7-hole programme is designed to close off some of the extensions to the south of Boonanarring. Also, a 4-hole programme is designed to test for a new NW interpreted strand looking for additional mine life near the Boonanarring Resources area (Figure 1). These younger NW strands have in the past been elevated in both rutile and zircon. 270 samples have been submitted for assay after this recent drilling programme.

A new resource is being finalised within the piggery and the Boonanarring south strands (Block F) and composites will be taken for these areas in the future including a discernible mineralised Upper Layer in order to determine the individual minerals. Note this resource has not been closed off to the south because of a 1km gap due to lack of access with two landowners even though the mineralisation continues into the Gingin North Resource area. Further investigation of potential access is currently being sought.





### Boonanarring North (M70/1311)

Approximately 1175 samples have been assayed as part of the new extensive upper layer which is thought to cover the whole of the 10km long Boonanarring high grade strands some of which come close to the surface and have the potential to add significant tonnes. Composite test work using Qemscan for every second drill line is currently being finalised.

Also a 6-hole programme was completed mainly to infill parts of the western strand within the Boonanarring Resource area (Figure 22). A number of visual assays are promising and are above 10% and are currently being assayed by the lab.

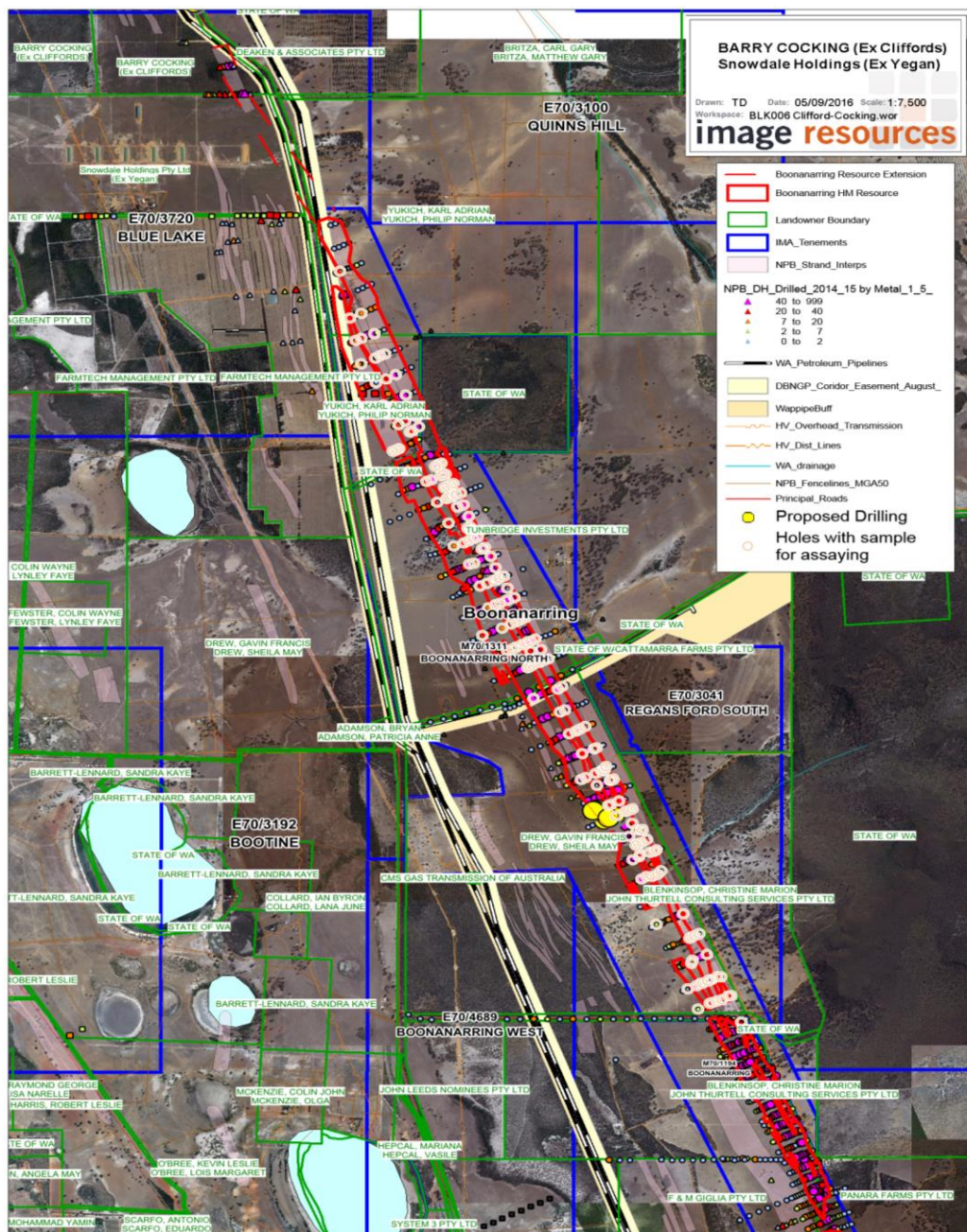


Figure 2 Boonanarring North planned 6-hole programme

### **Bidaminna Park (E70/3298), Bidaminna North (E70/2844), Mimegarra (E70/4779)**

The Bidaminna Region ( Figure 3) was signalled as an unusually high Leucoxene province after composites were taken across the Bidaminna Resource (refer to the 24<sup>th</sup> November 2015 ASX release). The Bidaminna Project size is as large as the Gingin Scarp group of resources (includes Red Gully, Boonanarring, Gingin North and Gingin South) totalling close to 60km.

The Leucoxene range of 28 to 69% of the HM in the seven Bidaminna composites is much higher than any of the eight deposits between Gingin South and the Cooljarloo Mine where the Leucoxene range is between 1 to 10% of the HM. This makes the Bidaminna Resource very unusual and, as a result, Image applied for additional land to cover the northern and southern extensions of the Bidaminna Resource.

A 40-hole programme is designed to meet the shortfall in the Mines Dept. commitment for the 3 tenements and is along known tracks avoiding unnecessary expense with clearing lines and corresponding botanical and heritage surveys to be carried out ( Figure 3). This programme will also test the veracity of the wireframes used for an Exploration Target of 100-110Mt between 3-4% HM. Also an important aspect of the drilling is to test the northern parts of the Exploration target north of the existing historical Resource, as this is where the total Leucoxene grade of both High Ti and Low Ti are around 69% versus 28% at the southern end of the Resource. Matrix economic values for the Leucoxene rich Bidaminna Resource and Exploration Target will be compared with other leucoxene rich deposits and nearby dredging operations.

The Bidaminna Resource and Exploration Target, differs from the Boonanarring Deposit, in that they are amenable to large volume dredge mining with a very low slime content of around 3.6%, the mineralised horizon is below the water table and has two thick zones of mineralisation up to 35 metres thick. A further 5km northern extension will be tested as well mainly within the northern Mimegarra tenement. Forty holes are planned and all PoW's are approved. Heritage and botanical surveys have previously been carried out.

Given the significance of the Bidaminna Project a new more detailed ground magnetic survey will be carried out (Figure 3) prior to the above drilling. This will be at 100m spacing and would be orthogonal to the NNW strand direction. The purpose of this survey is to: verify that the large 17km of strike has both a shallow and lower layer with a low strip ratio of 0.5-1.0 and to help wireframe a new Exploration target; secondly to show up any new shallow zones that were not recognised or partially shown up by the older 250m wider spaced survey; thirdly to direct the location of the 40-hole drilling programme.

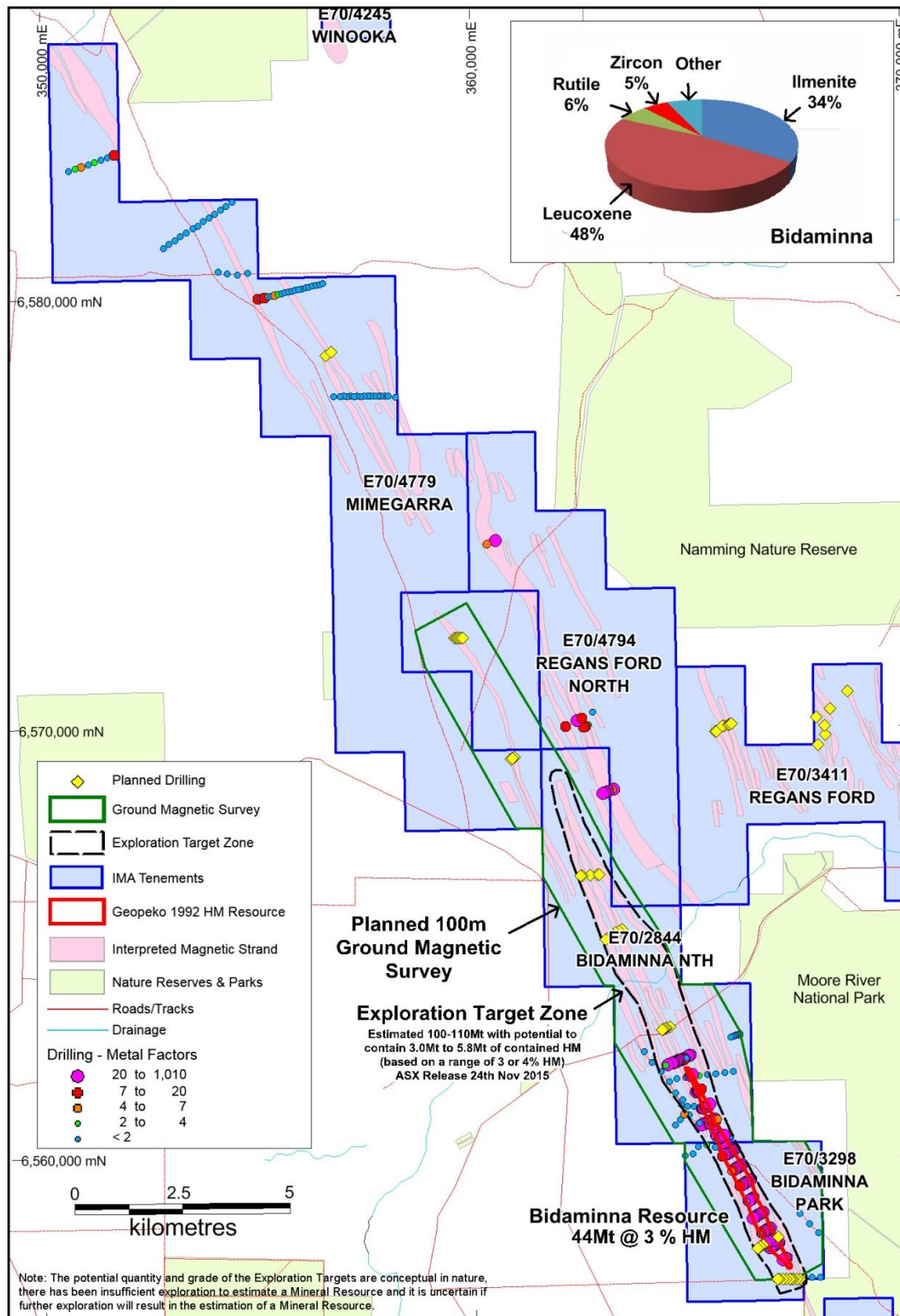


Figure 3 Bidaminna Park, Bidaminna North, Mimegarra 40-hole programme and 13 holes planned for Regans Ford.



**Bibby Springs (E70/4663)**

Ten holes are recommended in the future to both satisfy the Mines Department commitment and to significantly, evaluate the potential of **significantly increasing the Helene resource size**. The Helene Resource 0.52Mt of HM plus the surrounding dry mining areas of Atlas (0.86Mt of HM) and Hyperion (0.30 Mt) are potentially significant. The final access agreements are expected prior to drilling in the next quarter.

**Table 1 Completed Drilling June - September 2016**

Tenement Name	Tenement	Holes Drilled	Metres Drilled
Boonanarring North	M70/1311	6	270
Regans Ford South	E70/3041	5	184
		11	454

**Table 2 Planned Drilling**

Project Title	Tenement ID	DH's	Metres
Quinns Hill	E70/3100	22	1,122
Regans Ford South	E70/3041	11	330
Boonanarring North	M70/1311	17	935
Regans Ford South	E70/3041	8	384
Bibby Springs	E70/4663	10	300
		68	3,071

For more information visit [imageres.com.au](http://imageres.com.au)

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**COMPETENT PERSON'S STATEMENT – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES**

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results, Mineral Resources and Ore Reserves were compiled, George Sakalidis was a director of Image Resources NL. He 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'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

**FORWARD LOOKING STATEMENTS**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

### Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E28/1895	Granted	ERAYINIA	100%	100%
WA	E28/2071	Granted	TALC LAKE	100%	100%
WA	E70/2636	Granted	COOLJARLOO	100%	100%
WA	E70/2844	Granted	BIDAMINNA NTH	100%	100%
WA	E70/2898	Granted	COOLJARLOO	100%	100%
WA	E70/3032	Granted	GINGIN	100%	100%
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	100%
WA	E70/3100	Granted	QUINNS HILL	100%	100%
WA	E70/3192	Granted	BOOTINE	100%	100%
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	90%
WA	E70/3411	Granted	REGANS FORD	100%	100%
WA	E70/3494	Granted	BRYALANA	100%	100%
WA	E70/3720	Granted	BLUE LAKE	100%	100%
WA	E70/3892	Granted	CHAPMAN HILL	100%	100%
WA	E70/3997	Granted	MUNBINIA	100%	100%
WA	E70/4077	Granted	DARLING RANGE	100%	100%
WA	E70/4244	Granted	WOOLKA	100%	100%
WA	E70/4245	Granted	WINOOKA	100%	100%
WA	M70/0448	Granted	GINGIN SOUTH	100%	100%
WA	M70/1192	Granted	RED GULLY	100%	100%
WA	M70/1193	Granted	GINGIN NORTH	100%	100%
WA	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING	100%	100%
WA	G70/0250	Granted	BOONANARRING	100%	100%
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	M70/1305	Application	ATLAS	100% pending grant	100% pending grant
WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	E70/4631	Granted	MUNBINIA WEST	100%	100%
WA	E70/4656	Granted	WINOOKA NORTH	100%	100%
WA	E70/4663	Granted	BIBBY SPRINGS	100%	100%
WA	E70/4689	Granted	BOONANARRING	100%	100%
WA	E70/4779	Granted	MIMEGARRA	100%	100%
WA	E70/4794	Granted	REGANS FORD NORTH	100%	100%
WA	E70/4795	Application	BIDAMINNA SOUTH	100%	100% pending grant
WA	E70/4796	Granted	CALADENIA	100%	100%

Mining Tenements acquired during the Quarter

NIL					
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Mining Tenements disposed during the Quarter

WA	E70/3966	Surrendered	REGANS FORD WEST	100%	-
WA	E70/3418	Surrendered	BELL	100%	-



Table 6 – North Perth Basin Resources and Reserves

Reserve Summary											
Project Area	Category	Volume	Tonnes	% HM	% SLIMES	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	Probable	7,160,000	14,420,000	8.3%	17.0%	1,190,000	80.3%	46.9%	5.5%	3.3%	24.5%
Atlas	Probable	4,760,000	9,600,000	8.1%	15.5%	780,000	74.1%	55.0%	1.0%	7.0%	11.0%
<b>Total NPB Reserve</b>		<b>11,920,000</b>	<b>24,020,000</b>	<b>8.2%</b>	<b>16.4%</b>	<b>1,970,000</b>	<b>77.8%</b>	<b>50.1%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>19.1%</b>
Mining Inventory (incl Inferred)		13,330,000	26,880,000	8.0%	16.5%	2,135,000	78.3%	50.1%	4.2%	5.1%	19.0%

High Grade Resources @ 2.5% HM Cut-off											
Resource	Resource Category	BCM	TONNES	% HM	% SLIMES	HM TONNES	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Atlas	Measured	4,810,000	9,700,000	8.5	15.3	820,000	76	52	5	8	11
Atlas	Indicated	520,000	1,080,000	3.2	19.2	34,000	74	53	8	7	6
<b>Atlas Total</b>		<b>5,330,000</b>	<b>10,780,000</b>	<b>7.9</b>	<b>15.7</b>	<b>854,000</b>	<b>76</b>	<b>52</b>	<b>5</b>	<b>8</b>	<b>10</b>
Boonanarring	Measured	1,680,000	3,000,000	7.8	10.1	230,000	70	49	1	3	17
Boonanarring	Indicated	7,000,000	14,300,000	9	17.2	1,270,000	80	49	6	3	22
Boonanarring	Inferred	2,100,000	4,200,000	6.5	17.4	270,000	83	51	8	7	18
<b>Boonanarring Total</b>		<b>10,780,000</b>	<b>21,500,000</b>	<b>8.3</b>	<b>16.2</b>	<b>1,770,000</b>	<b>79</b>	<b>49</b>	<b>6</b>	<b>4</b>	<b>21</b>
Gingin Nth	Indicated	680,000	1,320,000	5.7	15.7	80,000	75	57	9	3	5
Gingin Nth	Inferred	580,000	1,090,000	5.2	14	60,000	78	57	11	4	6
<b>Gingin Nth Total</b>		<b>1,260,000</b>	<b>2,410,000</b>	<b>5.5</b>	<b>15</b>	<b>140,000</b>	<b>77</b>	<b>57</b>	<b>10</b>	<b>3</b>	<b>6</b>
Gingin Sth	Measured	870,000	1,530,000	4.4	7.2	67,000	79	51	15	6	8
Gingin Sth	Indicated	3,240,000	5,820,000	6.5	7.1	380,000	91	68	10	5	8
Gingin Sth	Inferred	400,000	730,000	6.5	8.4	48,000	92	67	8	6	11
<b>Gingin Sth Total</b>		<b>4,510,000</b>	<b>8,080,000</b>	<b>6.1</b>	<b>7.3</b>	<b>495,000</b>	<b>89</b>	<b>65</b>	<b>10</b>	<b>5</b>	<b>8</b>
Helene	Indicated	5,600,000	11,500,000	4.6	18.6	520,000	84	70	1	3	11
Hyperion	Indicated	1,800,000	3,700,000	7.8	19.3	290,000	71	56	0	6	9
<b>Cooljarloo Nth Total</b>		<b>7,400,000</b>	<b>15,200,000</b>	<b>5.3</b>	<b>18.7</b>	<b>810,000</b>	<b>79</b>	<b>64</b>	<b>0</b>	<b>4</b>	<b>9</b>
Red Gully	Indicated	1,930,000	3,410,000	7.8	11.5	270,000	90	66	8	3	12
Red Gully	Inferred	1,455,000	2,570,000	7.5	10.7	190,000	90	66	8	3	12
<b>Red Gully Total</b>		<b>3,385,000</b>	<b>5,980,000</b>	<b>7.7</b>	<b>11.2</b>	<b>460,000</b>	<b>90</b>	<b>66</b>	<b>8</b>	<b>3</b>	<b>12</b>
<b>Grand Total</b>		<b>32,665,000</b>	<b>63,950,000</b>	<b>7.1%</b>	<b>13.9%</b>	<b>4,529,000</b>	<b>80</b>	<b>57</b>	<b>6</b>	<b>5</b>	<b>13</b>

Dredge Resources at 1.0% HM cut-off																
Project Area	Resource Category	Volume	TONNES	% HM	% Slime	HM TONNES	VHM %	Ilmenite %	Leucoxene %	Rutile %	Zircon %	Ilmenite	Leucoxene	Rutile	Zircon	VHM Tonnes
Titan	Indicated	10,300,000	21,200,000	1.8	22.1	380,000	84.4	71.9	2.0	1.0	9.5	270,000	7,000	5,000	36,000	318,000
Titan	Inferred	58,500,000	115,400,000	1.9	18.9	2,210,000	84.3	71.8	2.0	1.0	9.5	1,592,000	45,000	22,000	210,000	1,869,000
<b>Titan</b>	<b>Total</b>	<b>68,800,000</b>	<b>136,600,000</b>	<b>1.9</b>	<b>19.4</b>	<b>2,590,000</b>	<b>84.4</b>	<b>71.9</b>	<b>2.0</b>	<b>1.0</b>	<b>9.5</b>	<b>1,862,000</b>	<b>52,000</b>	<b>27,000</b>	<b>246,000</b>	<b>2,187,000</b>
Telesto	Indicated	1,700,000	3,500,000	3.8	18.4	130,000	82.6	67.5	3.4	2.2	9.5	100,000	5,000	3,000	13,000	121,000
Calypso	Inferred	27,100,000	51,500,000	1.7	13.7	850,000	84.6	68.8	3.5	1.6	10.6	585,000	30,000	14,000	90,000	719,000
<b>Sub Total</b>	<b>Indicated</b>	<b>12,000,000</b>	<b>24,700,000</b>	<b>2.1</b>	<b>21.6</b>	<b>510,000</b>	<b>86.1</b>	<b>72.5</b>	<b>2.4</b>	<b>1.6</b>	<b>9.6</b>	<b>370,000</b>	<b>12,000</b>	<b>8,000</b>	<b>49,000</b>	<b>439,000</b>
<b>Sub Total</b>	<b>Inferred</b>	<b>85,600,000</b>	<b>166,900,000</b>	<b>1.8</b>	<b>17.3</b>	<b>3,060,000</b>	<b>84.6</b>	<b>71.1</b>	<b>2.5</b>	<b>1.2</b>	<b>9.8</b>	<b>2,177,000</b>	<b>75,000</b>	<b>36,000</b>	<b>300,000</b>	<b>2,588,000</b>
<b>Cooljarloo Total</b>		<b>97,600,000</b>	<b>191,600,000</b>	<b>1.9</b>	<b>17.8</b>	<b>3,570,000</b>	<b>84.8</b>	<b>71.3</b>	<b>2.4</b>	<b>1.2</b>	<b>9.8</b>	<b>2,547,000</b>	<b>87,000</b>	<b>44,000</b>	<b>349,000</b>	<b>3,027,000</b>
Bidaminna	Inferred	26,300,000	44,600,000	3.0	3.6	1,350,000	96.0	82.4	7.2	1.0	5.4	1,113,000	97,000	13,000	73,000	1,296,000
<b>Total Dredge</b>		<b>123,900,000</b>	<b>236,200,000</b>	<b>2.1</b>	<b>15.1</b>	<b>4,920,000</b>	<b>84.3</b>	<b>65.6</b>	<b>4.6</b>	<b>2.9</b>	<b>11.3</b>	<b>3,660,000</b>	<b>184,000</b>	<b>57,000</b>	<b>422,000</b>	<b>4,323,000</b>

1 Refer to the 31 May 2013 release <http://www.asx.com.au/asxpdf/20130531/pdf/42g6v9v0jxn3hg.pdf> for full details of the Boonanarring Mineral Resource/Reserve Estimate for full details of the Boonanarring Mineral Resource/Reserve Estimate

# Appendix 5B

## Mining 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

Name of entity

**IMAGE RESOURCES NL**

ABN

**57 063 977 579**

Quarter ended ("current quarter")

**30/09/2016**

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		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	(487)	(487)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(776)	(776)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	6
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid/R&D refund received	-	-
1.7	Other (provide details if material)	-	-
	<b>Net operating cash flows</b>	<b>(1,269)</b>	<b>(1,269)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(45)	(45)
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 – deposit at call proceeds	750	750
	Other – security deposit payments	-	-
	<b>Net investing cash flows</b>	<b>705</b>	<b>705</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(564)</b>	<b>(564)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(564)	(564)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – share issue expenses	(12)	(12)
1.20	Other – borrowings transaction expenses	-	-
<b>Net financing cash flows</b>		<b>(12)</b>	<b>(12)</b>
<b>Net increase (decrease) in cash held</b>		<b>(576)</b>	<b>(576)</b>
1.20	Cash at beginning of quarter/year to date	3,036	3,036
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,460</b>	<b>2,460</b>

**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	153
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	-

**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

**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	4,000
3.2	Credit standby arrangements – bank guarantees	35



### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	790
4.2 Development	
4.3 Production	
4.4 Administration	680
<b>Total</b>	<b>1,470</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	1,174	2,496
5.2 Deposits at call	1,286	540
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,460</b>	<b>3,036</b>

### Changes in interests in mining 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 relinquished, reduced or lapsed	Refer Quarterly Report			
6.2 Interests in mining tenements acquired or increased	Refer Quarterly Report			

**Appendix 5B**  
**Mining 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.*

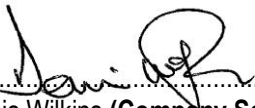
		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Preference *securities</b> (description)	N/A			
7.2	Changes during quarter:				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>				
	Fully paid	379,511,740	379,511,740		
7.4	Changes during quarter:				
	(a) Increases through issues - Placement				
	(b) Decreases through returns of capital, buy-backs				
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)			<i>Exercise price</i>	<i>Expiry date</i>
	Over fully paid shares	2,600,000	Not quoted	\$0.3908	27/12/2016
	Over fully paid shares				
	Over fully paid shares				
	Over fully paid shares				
	Over fully paid shares				
	Over fully paid shares				
7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
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.

Sign here:  
Print name:

.....  
Dennis Wilkins (**Company Secretary**)

Date: 31 October 2016

**Notes:**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities**  
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 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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