



TOPTUNG LIMITED

ABN 12 118 788 846

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Quarterly Activities and Cash Flow Statement

For the 3 months ending 31 March 2016 (Quarter)

COMPANY OVERVIEW

TopTung Limited (**TopTung**) (**Company**) (ASX: **TTW**) is a mineral exploration company listed on the Australian Securities Exchange (**ASX**).

During the Quarter the Company continued to advance the permitting and statutory applications in order to be able to conduct a drilling programme at the Torrington Tungsten and Topaz Project. Annual reports for the two Torrington exploration licences have been submitted to the Department of Resources and Energy. Other activities included ongoing product research and metallurgical testwork - see more detail in the Technical Activities section.

Mr. Josh Puckridge is retiring as a Director of the Company and Mr. Martin Kavanagh has accepted the position of Non-Executive Director (further details in Corporate Activities on page 2).

CAPITAL STRUCTURE AND CASH POSITION

The Company's summarised capital structure at 31 March 2016 is as follows:

Issued fully paid ordinary shares:	114,935,740
Options (listed and unlisted):	Nil
Cash at Bank:	\$4.7 million

During the Quarter, Listed Option-holders (**TTWO**) converted 2,676,265 options into fully paid ordinary shares in the Company. The remaining unexercised options (2,590,187) expired on 23 January 2016.

During the Quarter the Company issued 6 million shares to Resolve Geo Pty Ltd and associates as part of the acquisition agreement for the Torrington tenements.

Shareholders and potential investors should review the Company's audited financial report for the financial year ending 30 June 2015 and Half Year Financial Report for 31 December 2015 to fully appreciate the Company's financial position.

CORPORATE ACTIVITIES REPORT

BOARD CHANGES

Mr. Josh Russell Puckridge, Non-Executive Director, has advised that he will be retiring from the Board effective 30 April 2016 due to increased working commitments to his executive roles. Having joined the Board post the questioning of the former Board of Directors under section 249D at the meeting of shareholders' 11 November 2014, Mr. Puckridge has provided valuable input during the strategic review of operations, recent acquisition and in the addressing of legacy issues inherited by the new Board. The Company thanks Mr. Puckridge for his efforts and advice and wishes him the best in his future endeavours.

Mr. Martin Kavanagh (**Marty**) has agreed to join the Board effective immediately (27 April 2016) as an Non-Executive Director. As a senior executive and consultant with over 45-years' experience in the resource industry, Marty has developed a multi-commodity skill set primarily as an exploration geologist with a strong background in resource development, open-pit and underground mining, metallurgy and process plant operations with corporate sector experience gained from 18 years as a director of ASX listed companies. Until May 2013, Marty was an Executive Director of Deep Yellow Limited (ASX: DYL), a Namibian-focused uranium exploration company. Prior to joining Deep Yellow, Martin held both Executive and Non-Executive Director positions at Tanami Gold (ASX: TAM) from 1995 to 2007. He is a Fellow of the Australian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.

Since November 2014, Marty has been consulting to Krucible Metals / TopTung initially assisting in the evaluation, attempted divestment, rehabilitation requirements and updating / finalising the statutory reporting requirements of its Western Queensland and Northern Territory properties. He also assisted in the evaluation of a range of projects the Company looked at investing in, including the ultimate acquisition of the Torrington Tungsten and Topaz Project. His most recent and ongoing work for TopTung has been focussed on operational governance matters and the documentation of supporting policies and procedures. This involvement affords him a good knowledge base of the Project to assist management immediately.

ISSUE OF SECOND TRANCHE SHARES TO RESOLVE GEO PTY LTD

Further to the acquisition of the Torrington Project (as announced 15 April 2015, 11 May 2015 and 6 August 2015) the second tranche of 6 million fully paid ordinary shares to the vendor, Resolve Geo Pty Ltd (and nominees), was settled during the Quarter. The issue of these shares was approved by shareholders at the Annual General Meeting held on 27 November 2015.

Resolve Geo Pty Ltd holds approximately 14.9% of the Company's shares on issue.

NORTHERN TERRITORY SUMMONS FOR UNAUTHORISED EXPLORATION AND DRILLING

On 25 June 2015 the Company announced it had received a summons to appear from the NT Magistrates court in relation to unauthorised drilling (**Summons**). Subsequently the Company has appeared in the NT Magistrates and Supreme courts where the Company was ultimately fined \$150,000. The Summons relates to activities conducted by the Company's former Board and Management.

The Company has, and continues to, assess possible options for the recovery of damages to the Company (including the fine amount) from the former Board and Management.

The Company has not yet decided to take any formal action to recover funds.

TECHNICAL ACTIVITIES REPORT

TORRINGTON PROJECT UPDATE

Summary:

TopTung holds 100% of Exploration Licences (ELs) 8258 and 8355 (ASX announcement 6 August 2015) in the name of its 100% owned subsidiary Torrington Minerals Pty Limited in northern NSW near the township of Torrington. The two contiguous ELs are prospective for widespread shallow primary tungsten mineralisation with potential for later by-product sales of industrial grade topaz which is a primary constituent (~15%) of the host rock (silexite).

Annual reports have been submitted for both ELs and annual rental paid for EL8355. EL8258 rental will be paid early May when due.

Project permitting and statutory applications and clearances to allow the planned resource drilling has been a time consuming and slow process, but a major step forward is the receipt of the Minister's consent (21 April 2016) to carry out prospecting operations within the Torrington State Forest in accordance with the provisions of Section 30 of the Mining Act 1992. This follows completion of the Right to Negotiate (RTN) process under the Native Title Act.

The consent is subject to the conditions of the ELs and the conditions of the Forestry Permit between Forestry Corporation New South Wales and Torrington Minerals Pty Ltd and Toptung Ltd (as Guarantor). Access and Compensation negotiations with the owner of Lot 20 where the Mt Everard deposit occurs have been concluded and the agreement is expected to be signed shortly. With these statutory processes in place the Review of Environmental Factors study and work programmes (ESF4) can be lodged with the Department of Industry - Resources and Energy for evaluation and approval. Assuming no problems or delays in this process, drilling should be possible in early August 2016.

Progress has been made on a number of other fronts while waiting for the above approvals to commence drilling. Most of these would normally only occur after completion of resource drilling and as part of a feasibility process, however given the project already contains a substantial portion of the JORC Code resources necessary to commence a small-scale (500,000tpa) mining and processing operation the Board agreed that it would be prudent to commence certain low-cost but time-consuming studies and investigations in the interim.

These activities include the following, some of which are explained in more detail in the next section:

- Initial / sighter metallurgical testwork was completed and highlighted some issues to be resolved prior to setting the parameters for processing the remaining large (~850kg) portion of the 1.1 tonne sample sent to Appropriate Processing Technologies and Peacocke & Simpson;
- Preparation and initial assaying of silexite containing ~0.3% and ~0.5% (WO₃) to use as laboratory reference materials in future analytical applications is complete;
- The tungsten predominately occurs as the mineral called ferberite (FeWO₄) which is the iron-rich member of the wolframite series and is paramagnetic due to its Fe content. Bench-scale dry magnetic separation tests to ascertain the parameters under which the ferberite can be concentrated, and the topaz concentrate cleaned are ongoing, however early indications are that the process should work;
- Conventional X-Ray ore sorting trials have been suspended as the process was not amenable to recognising the disseminated tungsten mineralisation;
- Representative samples have been sent to ALS – AMMTECH (Perth) for Qemscan analyses to hopefully assist in determining the fraction at which most of the tungsten is either liberated or remains attached to matrix at an about 50:50 ratio to determine at which point it may be

possible to magnetically separate most of the tungsten bearing material from the waste so as to reduce the fraction requiring fine-grinding and further processing.

- The Review of Environmental Factors (REF) studies are complete and the final document can now be compiled and submitted after receipt of the Minister's consent as above. What is still outstanding is the signed Access and Compensation Agreement with the owner of Lot 20 (expected in the next few days) and the ESF4 form (Application to conduct exploration activities). The latter and the REF itself both need to be approved separately.

METALLURGICAL TESTWORK (see selected photographs appended to this report for reference)

The 1,100kg portion of the nominally 3 tonne bulk sample of visually mineralised silexite (the quartz – topaz rich host rock of the Torrington tungsten mineralisation) manually collected from the historic Mt Everard pit walls during December 2015 was sent to the Harare (Zimbabwe) metallurgical testing laboratory of Peacocke & Simpson (associates of Appropriate Processing Technologies in Johannesburg, South Africa) and the initial / sighter metallurgical testwork commenced early January and completed in early March.

This testwork highlighted some issues to be resolved prior to setting the parameters for processing the large (~850kg) sample of the 1.1 tonne sample.

It was resolved that the initial crushing to minus 3mm was unsuccessful in liberating much of the tungsten mineralisation. Similarly, recoveries at finer grinding to minus 1mm were not much better and therefore jigs will serve no useful purpose in the gravity concentration circuit. The final larger scale testwork will be undertaken using spirals and tables and possibly magnetic 'clean-up' of the concentrates. Topaz concentration and recovery was not part of the evaluation, but because it's SG (3.5) is between that of quartz (2.6) and ferberite (7.6) few issues are foreseen in separating and concentrating it in a tungsten gravity recovery circuit.

What was highlighted from the impure table concentrate at minus 1mm (see last 2 photographs) is that the ore will need to be ground / milled to well below 1mm. The final tests involved combining products from all of the fractions which were milled to minus 300 micron and reconcentrated. Analyses and mass balances from this work is still outstanding. The problem is fine grinding or milling generates slimes which are an issue in a gravity circuit and planned magnetic concentration stage. As above, research is being done to determine the optimal liberation size before deciding on the parameters for processing the large (~850kg) remaining portion of the 1.1 tonne sample. The method of crushing and grinding to prevent unnecessary fines production must also be sorted.

Topaz has an absolute hardness twice that of quartz. Given the ore contains 15 to 20% topaz and given its abrasiveness, much emphasis is being placed on not overgrinding or milling as the added cost may outweigh the benefit of higher recoveries of the tungsten. Physical strength and work indexes (crushing and milling) will be done during the final testwork phase.

ASSAY REFERENCE MATERIAL

The two 25kg visually higher (~0.5%) and lower grade (~0.3% WO₃) samples collected from the bulk sample material for production of site-specific standards for use as reference material were processed and homogenised by ALS Global in Brisbane and 10 splits of each assayed. These samples have been distributed to a number of accredited Australian and offshore laboratories.

SAMPLE PREPARATION LABORATORY IN TENTERFIELD

The Company will supply the necessary equipment to establish a sample preparation facility within the Townes Contracting NATA registered and accredited laboratory in Tenterfield. This third party facility will then meet the JORC Code requirements and speed up the analytical process and also reduce costs while ensuring all QA /QC protocols are adhered to.

X-RAY ORE SORTING TRIALS

The samples sent to Mogensen in Hamburg, Germany for bench scale conventional X-Ray ore sorting trials were not successful and the tests have been suspended. The relatively low-grade, but more specifically the finely disseminated (mostly <1mm) nature of the tungsten mineralisation is not amenable to sorting of mineralised and unmineralised silicite. They have offered to retain the samples to continue research into more unconventional detection methods.

TOPAZ RESEARCH

Meetings have been held with scientists and institutions involved in the previous research programmes on topaz concentrate from Torrington and all the documentation was compiled and handed to an internationally renowned research institution for third party evaluation. Their conclusion was that the research completed by CSIRO and University of NSW was of extremely high standard and that no further or verification testwork was required. They recommended the Company compile a summary report of the various studies that can be used as a basis for commercial discussions with potential end-users. This will be done as time allows.

PLANNED DRILLING PROGRAMME

Although it will be one continuous programme consisting of both Reverse Circulation percussion (RC) and Diamond Core (DC) drilling, the attached map shows the planned three phases of drilling as will be submitted to the DRE with the REF and ESF4. It is only Phase 1 (black lines) and the 5 sterilisation holes in the proposed plant site that will definitely be drilled, while Phases 2 and 3 will depend on the preceding Phase's results. A total of 596 holes will be drilled if none are cancelled and there may be additional infill drilling required for JORC Code estimation purposes within the grids.

CONCLUSION AND ACTIVITIES INTENDED FOR THE NEXT QUARTER

Given the progress with recent statutory approvals and expected start-up of drilling in early August logistical planning of the drilling programme can commence. This will include calling for new quotes for the RC and DC drilling and assaying; setting up the Tenterfield sample preparation laboratory; selecting personnel; suitable accommodation; sample transport and disposal; access preparation; rehabilitation methodology; and consumable suppliers amongst others.

Progress and optimise the metallurgical testwork once the physical parameters are decided.

Finalise all the Standard Operating Procedures (SOPs) documentation for induction of employees and contractors.

Progress research into the applications and markets for the topaz by-product.

For, and on behalf of, the Board of Directors of TopTung Limited,

Dr Leon Pretorius

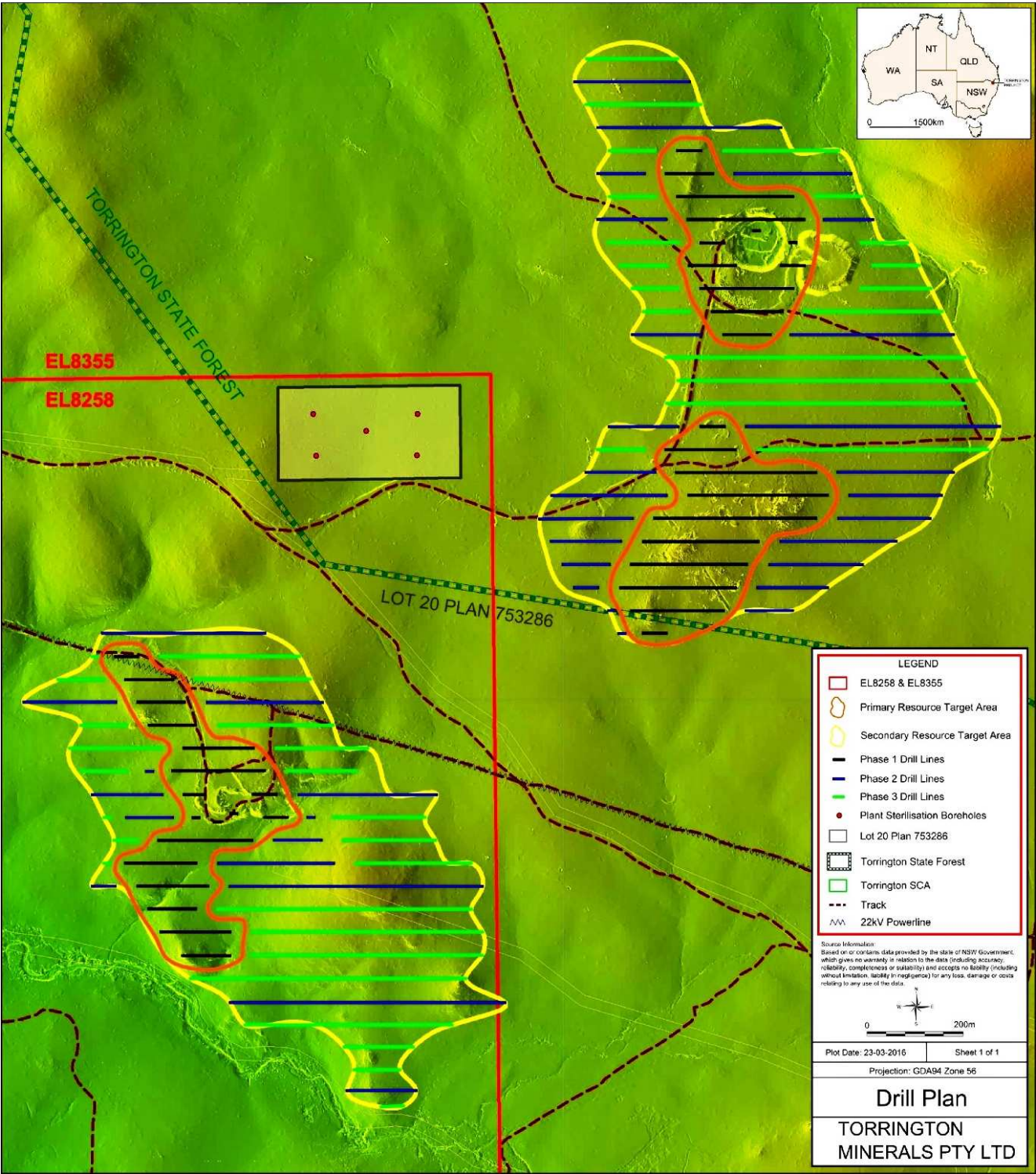
Executive Chairman

TopTung Limited

27 April 2016

For any enquiries please contact Leon Pretorius on 0419 702 61

Planned drilling programme:



Selected photos from the initial metallurgical testwork:

Initial products after crushing to minus 10mm:



-10 +6mm fraction showing amount of unliberated ferberite (black).



-6 +2mm fraction showing amount of unliberated ferberite (black).



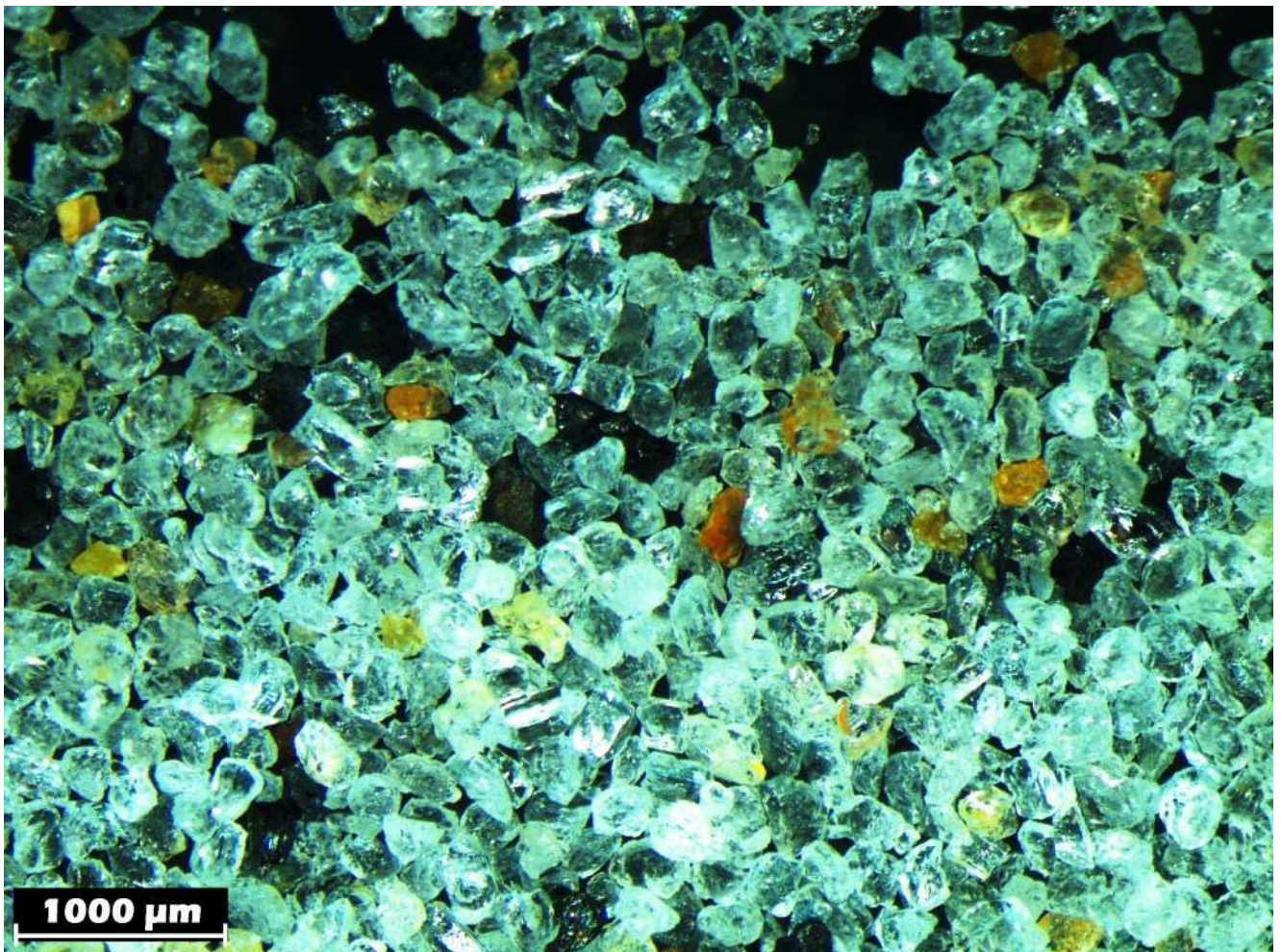
-2 +1mm fraction showing amount of unliberated fine ferberite (black).



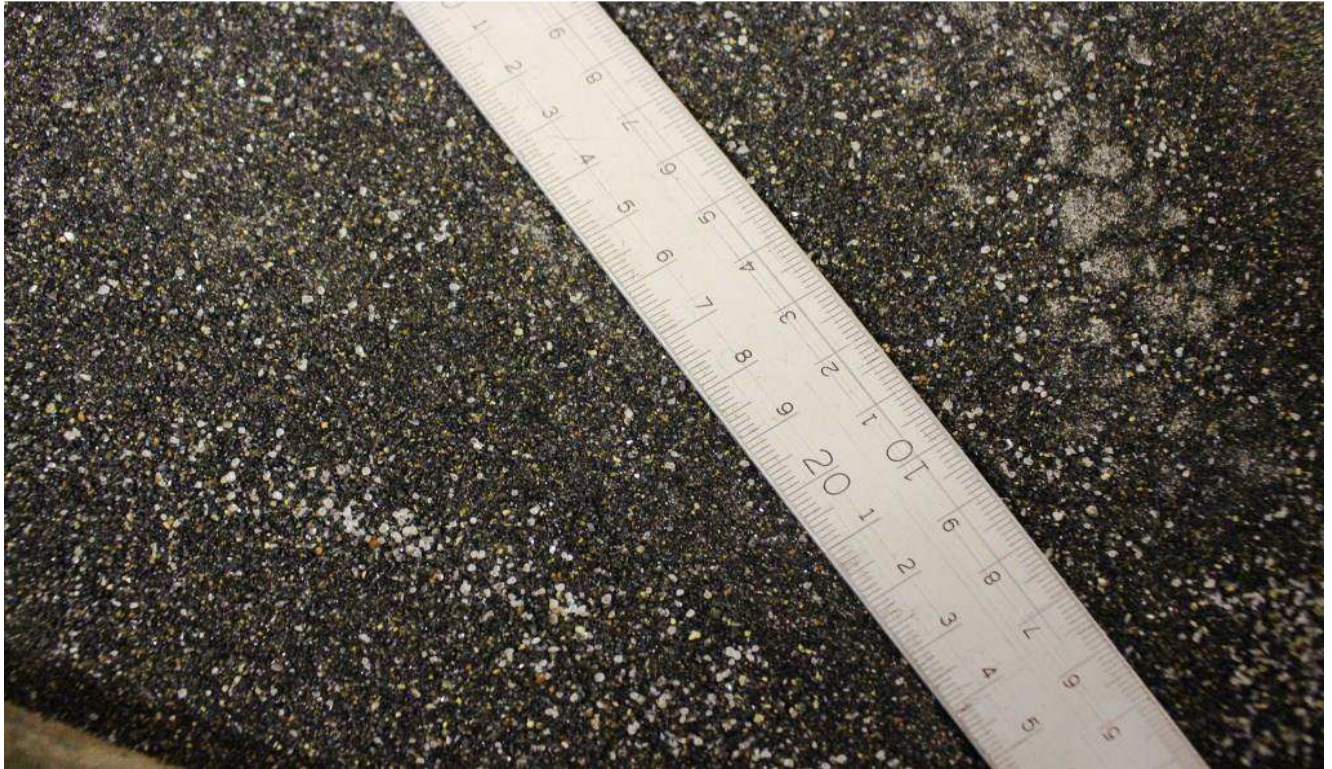
- 600 + 300 Spiral concentrate – mostly ferberite and topaz



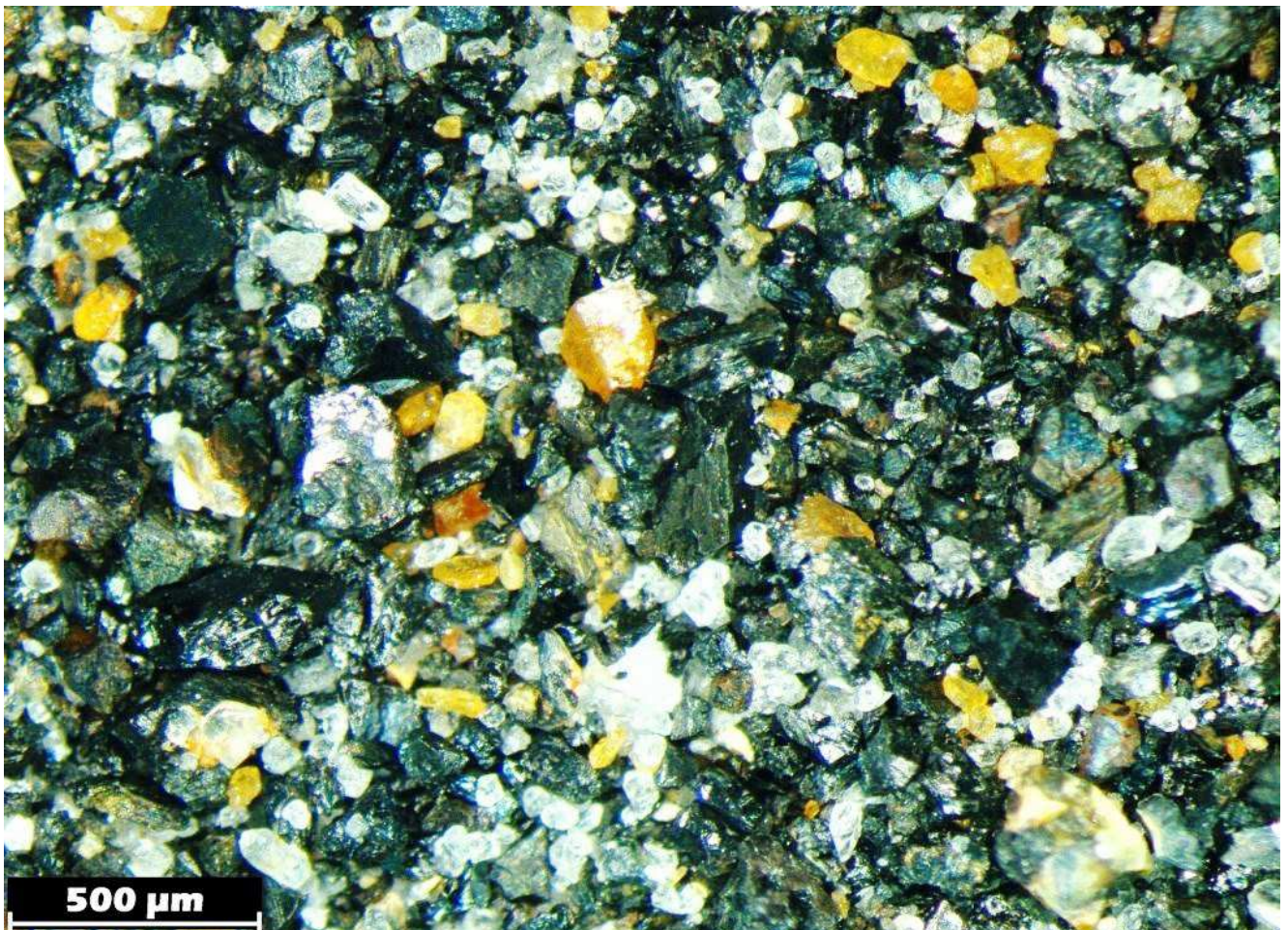
Photomicrograph of - 600 + 300 Spiral concentrate – mostly ferberite and topaz



Final -1mm Table concentrate – mostly ferberite but still containing too many impurities



Photomicrograph of final -1mm Table concentrate – note amount of impurities (mostly topaz)



MINERAL TENEMENT INFORMATION

As at 31 March 2016:

Project	Tenement No.	Interest 31 Dec 2015	Interest 31 Mar 2016
New South Wales - Current			
Torrington 1*	EL 8258	100%	100%
Torrington 2*	EL 8355	100%	100%

*Tenements held through Torrington Minerals Pty Ltd, a 100% owned subsidiary.

WAIVER FROM LISTING RULE 7.3.2

Shareholder approval has been obtained for the issue of 6,000,000 fully paid ordinary shares ("Tranche 3 Shares") as part of the acquisition of two exploration licences in NSW known as the Torrington Project from Resolve Geo Pty Ltd ("Resolve"). This waiver has been obtained to issue the shares more than three months after approval at the meeting on 14 August 2015, on the proviso that the Company provides a note stating the terms on which this issue will occur.

The Tranche 3 Shares are to be issued 20 business days after the Company prepares:

- a final investment decision affecting the licences (as defined in the agreement); and
- applies for one or more mineral leases over the area/s of mineralisation described in the final investment decision

and in any event no later than 31 December 2017.

COMPETENT PERSON STATEMENT

I, Leon Eugene Pretorius, confirm that I am the Competent Person for the purposes of releasing exploration results for the Torrington Project and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition);
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility;
- I am a Fellow of the Australian Institute of Mining and Metallurgy (CP) Member No. 103572; and,
- I have reviewed the Quarterly Report to which this Consent Statement applies.

I am the Executive Chairman and a significant TopTung Limited shareholder.

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I consent to the inclusion of Exploration Results in the Quarterly Report in the form and context in which it appears.

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

TopTung Ltd

ABN

12 118 788 846

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(74)	(276)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(70)	(371)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	48	120
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid)/received	-	-
1.7	Other-Refund of rentals on relinquished tenements	-	52
	Other-Northern Territory fine and associated legal costs	(20)	(233)
Net Operating Cash Flows		(116)	(708)
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	-	-
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	14	28
	Other-builders retention payment	-	(7)
Net investing cash flows		14	21
1.13	Total operating and investing cash flows (carried forward)	(102)	(687)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(102)	(687)
	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	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other- Capital Return of 5 cents/share	-	(4,027)
	Net financing cash flows	-	(4,027)
	Net increase (decrease) in cash held	(102)	(4,714)
1.20	Cash at beginning of quarter/year to date	4,813	9,425
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,711	4,711

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	58
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. Amounts paid to directors include consulting and directors' fees totalling \$ 58k.

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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	273
4.2 Development	-
4.3 Production	-
4.4 Administration	97
Total	370

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	301	130
5.2 Deposits at call or term < 3 months	4,410	4,683
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,711	4,813

+ See chapter 19 for defined terms.

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	Nil		

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	-	-		
7.2				
7.3	114,935,740	114,935,740	Various	Fully Paid
7.4				
	2,676,265	2,676,265	0 cents	Fully Paid
	6,000,000	6,000,000	2.49 cents	Fully Paid

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	2,676,265	2,676,265	o cents	-
7.10	Expired/Canceled during quarter	2,590,187	-	o cents	23/1/2016
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:Date: 27 April 2016
(Company Secretary)

Print name: Mike 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.
- 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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