

# Quarterly Report

June 2013



DEVELOPING A LOW COST RARE EARTH PROJECT

**Peak Resources Limited** (Peak; ASX: PEK; OTCQX: PKRLY) is pleased to report advances made during the **June Quarter 2013** towards the development of the Company's 100% owned **Ngualla Rare Earth Project in Tanzania**. Ngualla is on schedule to become the next major rare earth supplier with high grade mineralisation and a simple, proven metallurgical process supporting a low cost operation.

## Activity highlights this Quarter include:

### Revised Scoping Study

An update to the December 2012 Scoping Study was released on 29th May 2013 to quantify the:

- 1) savings in both capital and operating costs derived from the new resource model and enhanced beneficiation ability
- 2) economic potential of an option to double rare earth production levels

The results of the revised study show Ngualla will be a low cost producer. At a 10,000tpa REO production rate, capital costs of US\$373 million excluding contingency are also far lower than other projects.

The new and higher grade resource model offers the potential to double production rates to 20,000tpa REO, delivering an NPV10 of **US\$3.833 billion** and **IRR of 77%**.

### Solvent Extraction Pilot Plant, ANSTO

High purity rare earth oxide and carbonate products have been produced by ANSTO from a bulk sample of Ngualla mineralisation as part of the Solvent Extraction Pilot Plant work in progress.

Ngualla is one of the very few projects outside of China to have successfully produced a high purity separated product. The ability to produce separated high purity rare earth oxide adds significant value to the project and allows access to wider markets for Ngualla's products.

### New Mineral Resource

The new and increased Mineral Resource was announced early in the Quarter on 4th April. At a 3.0% lower grade cut the Mineral Resource for the Bastnaesite Zone weathered mineralisation targeted for initial development is:

**21.6 million tonnes at 4.54% REO\*, for 982,000 tonnes of contained REO#.**

The revised Scoping Study and economic assessment completed during the quarter incorporated the new Mineral Resource, which supports a mine life of over 50 years from the Bastnaesite Zone alone, at a grade of 5.35% REO for the first 25 years.

### Corporate

During the Quarter the Company raised \$2.5 million before costs through the issue of 20.8 million shares to sophisticated or professional investors.

The Company had \$2.44 million cash on hand at 30 June 2013.

Discussions with a potential cornerstone investor to complete a binding agreement and provide funding for the development of the Ngualla Project are taking longer than first anticipated but continue to progress.

\* total rare earth plus yttrium oxides

# see Table 2 for classification of Mineral Resource

## NGUALLA RARE EARTH PROJECT, TANZANIA

Rare Earths, Niobium – Tantalum, Phosphate. Peak Resources – 100%

### About the Ngualla Rare Earth Project:

Peak is completing a Pre-Feasibility Study on the Ngualla Rare Earth Project in Tanzania. Ngualla is a recent discovery and the highest grade of the large undeveloped rare earth deposits.

Fundamental geological aspects of the central Bastnaesite Zone targeted for first production offer distinct advantages for development over other rare earth projects. These include the large size of the deposit, outcropping, high grade mineralisation suitable to open cut mining with low strip ratios, favourable mineralogy amenable to a simple, low cost processing route and the lowest uranium and thorium levels of any major rare earth deposit in the world.

The favourable characteristics are reflected in the outcomes of the Scoping Study and preliminary economic assessment released on 3rd December 2012 (revised May 2013), which define very low capital and operating costs compared to other rare earth projects.

Ngualla is a leading rare earth project with an estimated NPV of US\$1.77 billion and pre-tax IRR of 60% for an initial 25 years production and an average grade of 5.35% REO. The weathered Bastnaesite Zone can support a mine life of over 50 years at a 10,000tpa REO production level.

Peak is moving forward with discussions which are taking longer than initially expected, to finalise a formal agreement with a strategic partner that will see Ngualla fully funded through to production.

The Company continues to fast track the development of Ngualla with the aim of becoming a low cost, long term producer of high purity rare earth oxide products in 2016.

### Revised Ngualla Scoping Study

The December 2012 Scoping Study and economic assessment was updated during the June Quarter (ASX Release 29th May 2013) to quantify the significant reductions in both operating and capital costs that result from recent improvements in beneficiation ability and also the higher grade and increased Mineral Resource for the weathered Bastnaesite Zone mineralisation targeted for production.

The Scoping Study assumes a small open pit operation with a beneficiation and simple sulphuric acid leach recovery process producing, in the base case, 10,000tpa of high purity separated rare earth oxides at a solvent extraction separation plant.

The May 2013 revision to the December 2012 Scoping Study reflects significant improvements to project economics including:

- Operating Cost of \$10.18 per kg REO equivalent product reduced 8% from \$11.05
- Lower Capital Cost of US\$373 million reduced 7% from \$400 million (excluding contingency)
- Higher mine grade of 5.35% REO for initial 25 years production - increased from 4.35%
- Lower strip ratios of 0.89 for the first 25 years of mining down from 3.34, reducing mining costs by 44% per kg REO produced
- Reduced sulphuric acid consumption by 45% in the hydrometallurgical (leach recovery) process
- Extended mine life from 25 years to in excess of 50 years from the weathered Bastnaesite Zone

These enhanced results deliver an improved NPV10 of US\$1.77 billion and IRR of 60% compared to the December 2012 10,000 tonne per annum base scenario (Table 1).

The increased Mineral Resource offers the option to double production rates to 20,000tpa REO, which would deliver an NPV10 of US\$3.83 billion and IRR of 77%.

The update confirms Ngualla's position as a low cost operation, with the lowest capital requirements of all emerging rare earth producers.



Location of Ngualla Project, Tanzania

Table 1: Physical and Financial Summary Scoping Study Comparisons

	December 2012	Revised May 2013	Revised (20kt Production)
Average Annual Mine Production (after ramp up)	325,000 tonnes	333,000 tonnes	828,000 tonnes
Life of Mine (LoM)	25 years	>50 Years	25 years
Average Grade (LoM)	4.35% REO	5.35% REO	4.44% REO
Average Grade for first 5 years	4.64% REO	5.80% REO	5.55% REO
Average Stripping Ratio (LoM)	3.34	0.89	1.62
Average Stripping Ratio for first 5 Years	0.73	1.82	1.36
Total REO Recovery	71%	57%	57%
Average Annual Equivalent REO Product (after Ramp-up)	Separated REO = 6,347 tonnes CeO <sub>2</sub> Concentrate = 3,633 tonnes Total REO Production = 9,980 tonnes	Separated REO = 6,647 tonnes CeO <sub>2</sub> Concentrate = 3,762 tonnes Total REO Production = 10,409 tonnes	Separated REO = 13,648 tonnes CeO <sub>2</sub> Concentrate = 7,725 tonnes Total REO Production = 21,372 tonnes
Capital Costs (Excluding Contingency)	US\$ 400M	US\$373M	US\$671M
Average (LoM) Cash Cost (FOB), Excluding Amortisation, Depreciation, and Royalties. (C1 Cost)	US\$ 11.05 / kg	US\$10.18 / kg	US\$10.33 / kg
Average (C1 Cost) for first 5 years of full production	US\$ 10.09 / kg	US\$ 9.92 / kg	US\$ 9.56 / kg
In-Ground Basket Price (FOB)	US\$38.84 / kg	US\$38.84 / kg	US\$38.84 / kg
Revenue (FOB)			
Separated REO Product	US\$ 52.33	US\$ 52.33	US\$ 52.33
Cerium Concentrate	US\$ 8 / kg	US\$ 8 / kg	US\$ 8 / kg
Average Annual Revenue (After Ramp-up)	US\$ 361 million	US\$ 378 million	US\$ 776 million
Discount Rate Applied	10%	10%	10%
IRR (Pre-tax and Royalties)	<b>53 %</b>	<b>60%</b>	<b>77%</b>
NPV (Pre-tax and Royalties)	<b>US\$ 1.571 billion</b>	<b>US\$1.768 billion</b>	<b>US\$3.833 billion</b>
Payback from production start-up	In 3rd Year	In 2nd Year	In 2nd Year

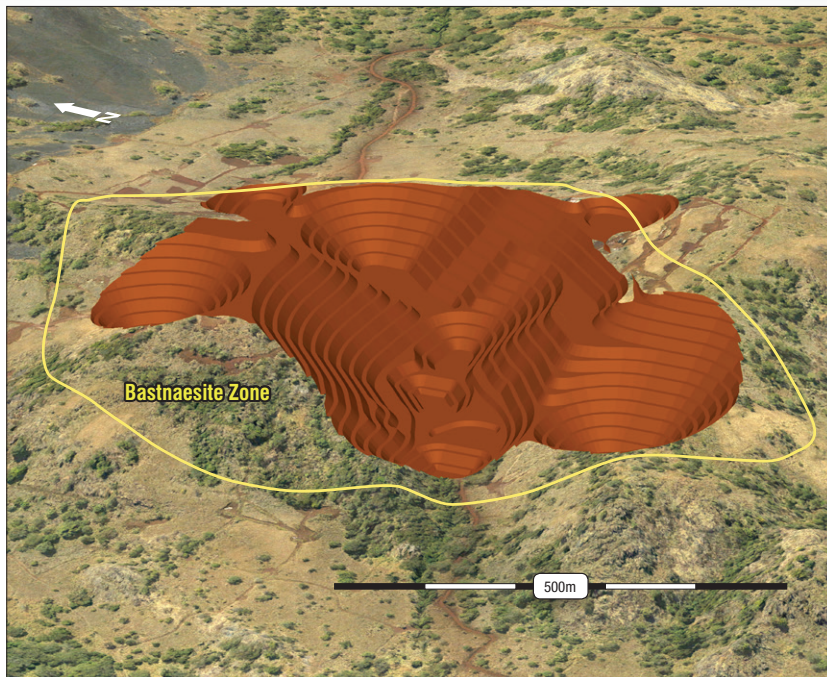


Figure 1: Ngualla 25 year pit shell and aerial photograph draped on topography, looking northeast

**Ngualla Project Rare Earth Products Relative Value Contributors**

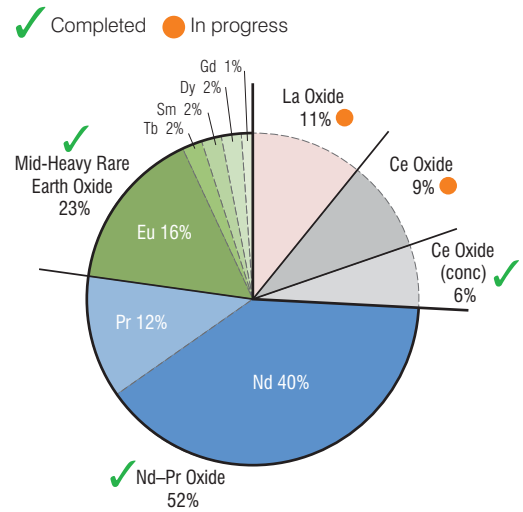


Figure 2: Relative value contributors by product type and constituent REO's. The majority (75%) of Ngualla's revenue is from the mid to heavy and neodymium – praseodymium high purity separated rare earth oxide products. Only the lanthanum and cerium high purity separated oxides now remain to be produced by the SX Pilot Plant.

Ngualla's projected revenue is to be underpinned by the Critical rare earths, those high value, strategic rare earths used in the renewable energy, green and high technology industries and forecast to be in undersupply in coming years.

**Solvent Extraction Pilot Plant**

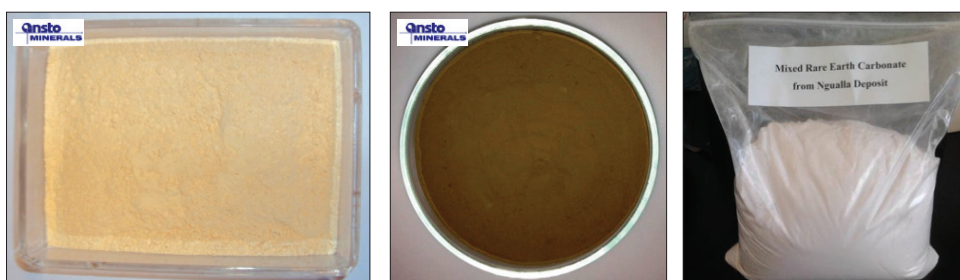
The Quarter saw the production of high purity (99.9%) neodymium – praseodymium and mid – heavy rare earth oxide products at the Solvent Extraction (SX) Pilot Plant currently in operation at ANSTO Minerals near Sydney. These two important separated products comprise 75% of the forecast revenue for Ngualla (Figure 2).

A high purity mixed rare earth carbonate grading 56% REO was also produced by ANSTO.

The three rare earth products were produced from feed derived from a bulk sample of Ngualla mineralisation and prepared using the simple sulphuric acid hydrometallurgical recovery process.

As well as providing samples in a saleable form for customers for assessment during negotiations for off take agreements, the SX Pilot Plant operation provides valuable engineering data for plant design and operation that will be incorporated into the Pre-Feasibility Study now in progress.

Ngualla is one of the very few projects outside of China to have successfully produced high purity separated oxide products. The ability to produce separated high purity rare earth oxide adds significant value to the project and allows access to wider markets for Ngualla's products. A high recovery of >99.9% rare earths was achieved in the solvent extraction separation process.



Photo's left to right: High purity mid to heavy rare earth oxide; neodymium – praseodymium rare earth oxide and rare earth carbonate produced at the SX Pilot Plant at ANSTO Minerals, Sydney during the Quarter

Praseodymium – neodymium are high value strategic commodities used as magnet feedstock in the renewable energy, green and high technology industries. The oxide is currently worth approximately \$54,000 to \$57,000 per tonne.

The mid to heavy rare earth oxide is a mix of samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium and yttrium oxides. This high value M+HREO product is expected to contribute approximately 23% of the total value of Ngualla’s rare earth production.

Two additional separated rare earth oxide samples are to be produced successively early in the September 2013 Quarter. High purity cerium and lanthanum oxides will complete the four separated oxide products to be produced by the SX Pilot Plant.

Following the successful verification of the sulphuric acid leach recovery process at ANSTO (ASX announcement 13th March 2013), a high purity mixed rare earth carbonate has been produced in addition to the oxides. The carbonate was precipitated directly from the rare earth chloride solution (Figure 3) used as the feed for the SX Pilot Plant and produced from a bulk sample of Ngualla mineralisation.

**Simplified 3 Stage Process Flow Sheet - Ngualla Project**

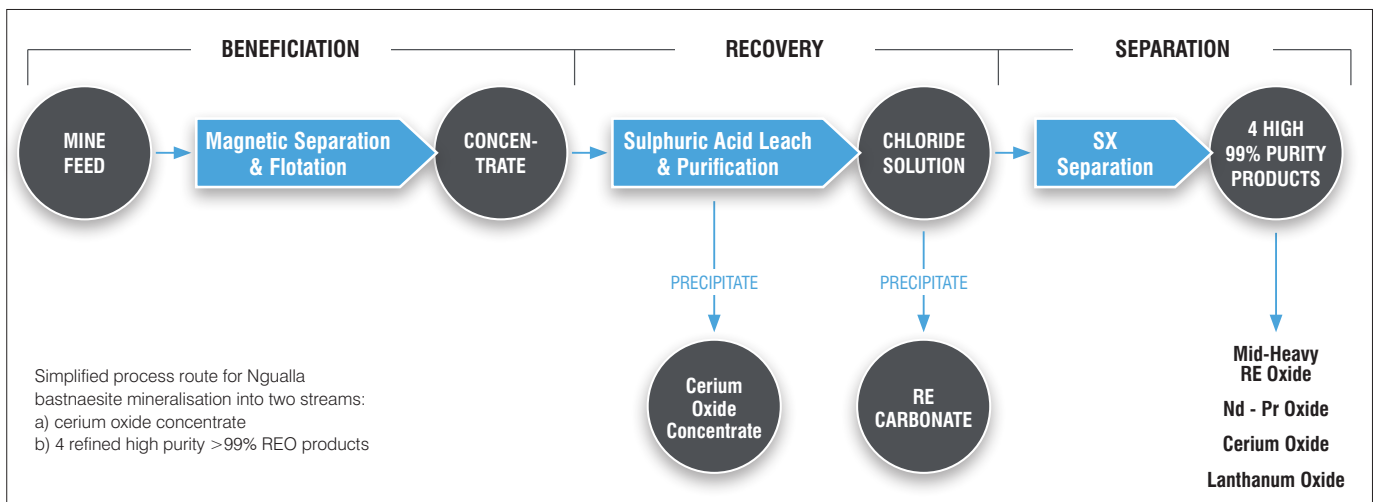


Figure 3: Simplified overview of 3 stage metallurgical process flow sheet for Ngualla.

Assay results of this carbonate indicate a high purity (>99%) rare earth carbonate with a rare earth content of 56% REO and less than 1% impurity metals present. Most importantly, the radioactive elements thorium and uranium are extremely low, being below assay detection limits.

The Pre-Feasibility Study now in progress will assess the potential benefits of locating the beneficiation and acid leach recovery process units (Figure 3) at the Ngualla mine site and the solvent extraction separation plant off site, closer to infrastructure, utility and port facilities. In this case, an intermediate mixed rare earth carbonate concentrate would be produced on site at Ngualla to be efficiently transported in this inert, high purity form to the solvent extraction plant for the production of the separated rare earth oxides. The purity of the carbonate and absence of radioactive elements indicate that no special permits will be required for the handling or transportation of this intermediate product from Ngualla to the separation plant.

Peak also retains the option to sell some of this high purity mixed rare earth carbonate product directly to a third party for separation and samples are available for evaluation by potential customers.

**Pre-Feasibility Study**

The Pre-Feasibility Study currently in progress will determine the optimum development strategy for the Ngualla Rare Earth Project and incorporate data from the various metallurgical optimisation test work, the SX Pilot Plant operation and the new Mineral Resource model.

Work is also planned to develop an acid recycling process and confirm early stage positive results. This is likely to further reduce sulphuric acid consumption - the largest contributor to overall operating costs.

Two key areas under assessment are the size of the operation with respect to annual production rates and the geographical location of the SX plant.

The Pre-Feasibility Study will include a revised economic assessment and maiden Reserve estimate for the Ngualla Project, which remains on track to achieve rare earth production in 2016.



## Revised Mineral Resource Estimate

Early in the Quarter, on 4th April 2013, the Company announced a revised Mineral Resource estimate for Ngualla. The new estimates, for the Bastnaesite Zone and total Ngualla deposit (Figure 4) incorporate the 13,600m of additional drilling completed in 2012. The estimate was completed by independent resource consultants H&S Consultants Pty Ltd and is reported according to the 2004 JORC Code and Guidelines.

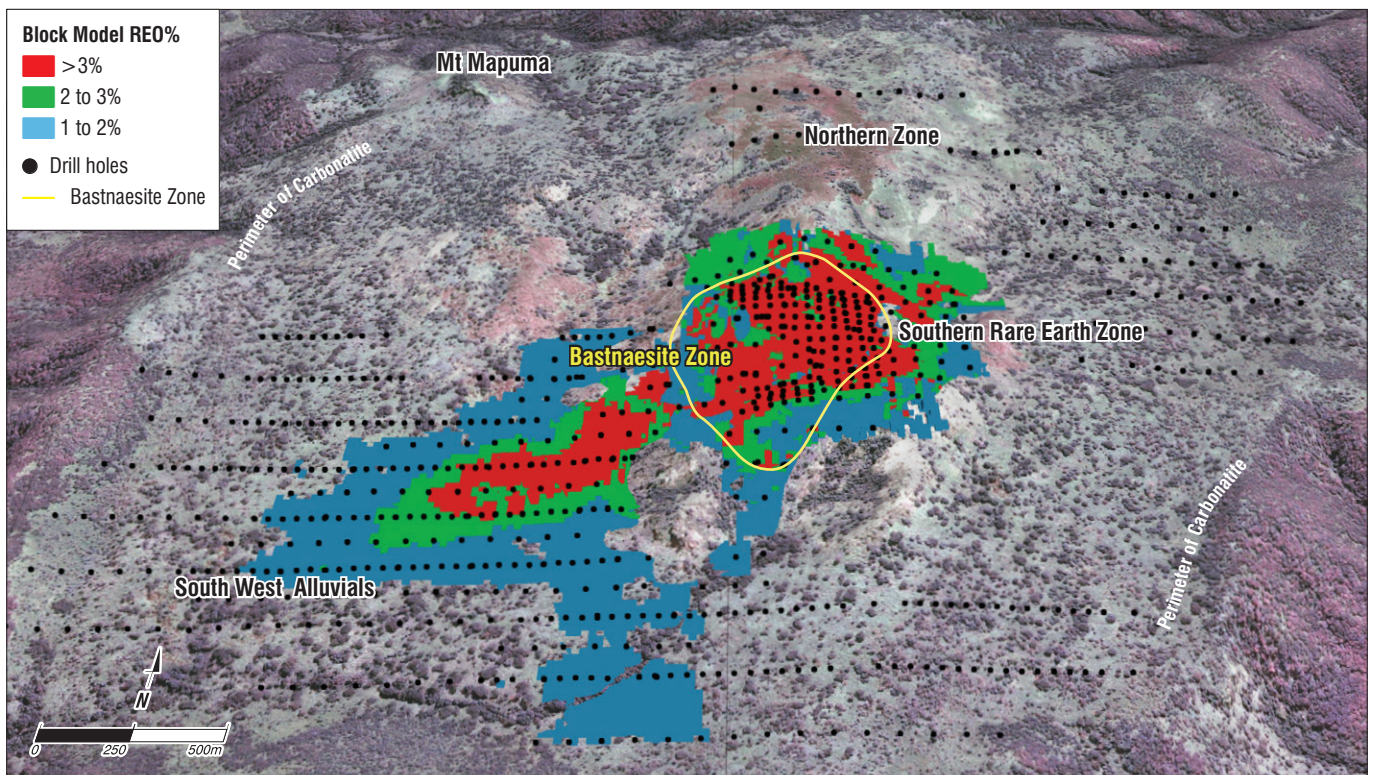


Figure 4: Revised 2013 Ngualla Mineral Resource block model coloured by REO % grade and drilling on a satellite image draped over topography.

## Bastnaesite Zone weathered Mineral Resource

The Bastnaesite Zone weathered mineralisation is the high grade, near surface central portion of the greater Ngualla Mineral Resource that is amenable to a proven, low cost simple sulphuric acid processing route (Figure 4).

The Mineral Resource for the Bastnaesite Zone weathered mineralisation at a 3.0% lower grade cut-off is:

**21.6 million tonnes at 4.54% REO\*, for 982,000 tonnes of contained REO#.**

\* total rare earth oxides plus Y<sub>2</sub>O<sub>3</sub>

# see Table 2 for classification of Mineral Resource

The new Mineral Resource supports the significantly increased production grades and levels and an extended mine life based on a simple sulphuric acid leach operation reflected in the revised Scoping Study and economic assessment.

The extremely low levels of uranium and thorium in the Bastnaesite Zone weathered Mineral Resource of 14ppm and 42ppm respectively are some of the lowest in the world and are a distinct advantage over other rare earth projects.

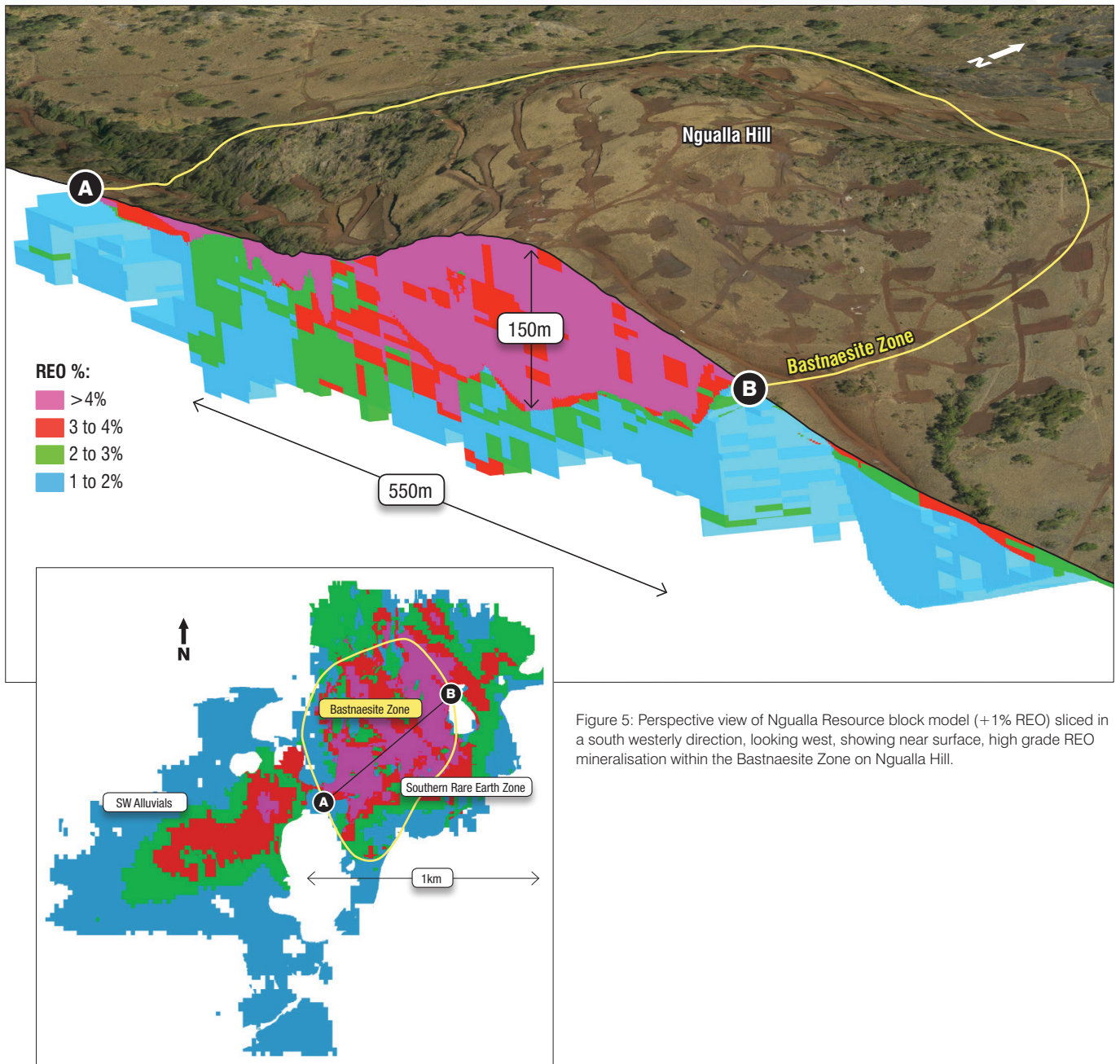


Table 2: Classification of Mineral Resources for the Bastnaesite Zone weathered mineralisation at a 3.0% cut off grade.

Lower cut – off grade	JORC Resource Category	Tonnage (Mt)	REO (%)*	Contained REO tonnes
3.0% REO	Measured	19	4.53	840,000
	Indicated	2.9	4.62	140,000
	Inferred	0.11	4.10	4,000
	<b>TOTAL</b>	21.6	4.54	982,000

\*REO (%) includes all the lanthanide elements plus yttrium oxides. See Table 4 for breakdown of individual REO's. Figures above may not sum precisely due to rounding. The number of significant figures does not imply an added level of precision.

Of the total Bastnaesite Zone Mineral Resource, 99.6% is now classified in the 'Measured or Indicated' category, with the majority (86%) being 'Measured'. This Measured and Indicated Bastnaesite Zone will form the basis for a maiden Reserve estimate for the project, which will be completed as part of the Pre-Feasibility Study now in progress.

### Comparison of the 2013 revised and 2012 maiden Mineral Resource estimates

At a 1% lower grade cut-off, the total Mineral Resource estimate for Ngualla, including the Bastnaesite Zone, has increased by 15% in terms of tonnes and contained REO compared to the 2012 maiden Mineral Resource estimate. At a 1% lower grade cut off, the new total Mineral Resource estimate is:

**195 million tonnes at 2.26% REO, for 4.4 million tonnes of contained REO<sup>#</sup>.**

<sup>#</sup>=see Table 3 for classification of Mineral Resource

The distribution of individual rare earths plus yttrium oxides that make up the total for the 1% cut is shown in Appendix, Table 4.

This Mineral Resource estimate represents an increase of 15% in both tonnes and contained REO at a slightly higher overall grade (Table 3).

The 195Mt Mineral Resource includes a higher grade near surface portion of mineralisation. Above a 3.0% REO cut-off grade this is:

**42 million tonnes at 4.19% REO, for a total of 1.8 million tonnes of REO.**

(See Table 3 for classification details and comparison to 2012 maiden Mineral Resource)

The average individual REO distribution for each of the two Mineral Resource zones is shown in Appendix, Table 4.

**Table 3: Comparison of 2012 maiden and 2013 revised Mineral Resources and classification of Mineral Resources for the Ngualla Rare Earth Project, 1.0% and 3.0% REO cut-off grades.**

Lower cut – off grade	JORC Resource Category	February 2012 Maiden Resource			March 2013 Revised Resource		
		Tonnage (Mt)	REO (%) <sup>*</sup>	Contained REO tonnes	Tonnage (Mt)	REO (%) <sup>*</sup>	Contained REO tonnes
<b>1.0% REO</b>	Measured	29	2.61	750,000	81	2.66	2,100,000
	Indicated	69	2.43	1,700,000	94	2.02	1,900,000
	Inferred	72	1.92	1,400,000	20	1.83	380,000
	<b>TOTAL</b>	<b>170</b>	<b>2.24</b>	<b>3,800,000</b>	<b>195</b>	<b>2.26</b>	<b>4,400,000</b>
<b>3.0% REO</b>	Measured	11	3.99	430,000	27	4.33	1,200,000
	Indicated	21	4.09	850,000	13	3.99	520,000
	Inferred	8.7	4.11	360,000	1.7	3.56	60,000
	<b>TOTAL</b>	<b>40</b>	<b>4.07</b>	<b>1,600,000</b>	<b>42</b>	<b>4.19</b>	<b>1,800,000</b>

<sup>\*</sup>REO (%) includes all the lanthanide elements plus yttrium oxides. See Table 4 for breakdown of individual REO's. Figures above may not sum precisely due to rounding. The number of significant figures does not imply an added level of precision.

The +3% weathered Bastnaesite Zone mineralisation comprises just 22% of the global +1% Mineral Resource in terms of contained REO. Metallurgical test work has shown that mineralisation outside of the Bastnaesite Zone may be processed using other conventional beneficiation and leach processing routes. The long mine life supported by the Bastnaesite Zone provides the Company with the opportunity and time to optimise these processes, which could be brought in at a later stage in the life of the operation.



## TANZANIAN GOLD PROJECTS – (Lake Victoria Gold Field)

### Peak Resources – Option to acquire 100%

Peak maintains an exploration base at Mwanza in the highly prospective Lake Victoria Gold Field region to support the Company's strategy of growing a portfolio of gold properties and to add value to these projects through exploration.

Peak continues to hold an interest in the Muhange licence comprising a total area of 53km<sup>2</sup> through an Option agreement. The Company withdrew from three other areas during the Quarter after initial reconnaissance sampling returned low level results.

Additional 'low entry cost' gold and other commodity projects are currently under assessment with the aim of expanding and diversifying the exploration portfolio in Tanzania to leverage off the Company's logistical and knowledge base in country.

## CORPORATE

Peak has made a 'virtual data room' available to allow several interested parties to complete technical reviews of the Ngualla Project for the purpose of investment in the Company and / or Ngualla for the development of the Ngualla Rare Earth Project.

Discussions with a potential cornerstone investor to complete a binding agreement and provide funding for the development of the Ngualla Project - as announced on 23rd April 2013 - are taking longer than first anticipated but continue to progress. Discussions are also continuing with a number of additional parties.

The Company had \$2.44 million cash on hand at the end of the Quarter.

### Corporate Structure and Cash on Hand

The corporate structure as at the 30th June 2013 was:

**ASX:** PEK

**OTCQX:** PKRLY

**Ordinary Shares on Issue:** 275.6 million

**Cash at hand:** \$2.44 million

**52 week range:** 11c – 25c\*

**Market Cap:** \$35.8 million (at 13c)

**Listed Options outstanding:** 51.7 million

**Unlisted Options outstanding:** 7.9 million

**Liquidity:** 0.37 million shares per day (av. over 3 mths\*\*)

\* From 01-Jul-12 to 30-Jun-13    \*\* Average from 01-Apr-13 to 30-Jun-13



### Alastair Hunter Executive Chairman

*The information in this report that relates to Mineral Resources is based on information compiled by Robert Spiers, who is a member of The Australasian Institute of Geoscientists. Robert Spiers is an employee of geological consultants H&S Consultants Pty Ltd. Robert Spiers 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robert Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Metallurgical Test Work Results based on information compiled and / or reviewed by Gavin Beer who is a Member of The Australasian Institute of Mining and Metallurgy. Gavin Beer is a Consulting Metallurgist with sufficient experience relevant to the activity which he is undertaking to be recognized as competent to compile and report such information. Gavin Beer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results is based on information compiled and/or reviewed by Dave Hammond who is a Member of The Australasian Institute of Mining and Metallurgy. Dave Hammond is the Technical Director of the Company. 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dave Hammond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Appendix:

**Table 4 : Relative components of individual rare earth element oxides (including yttrium) as a percentage of total REO for the Ngualla 2013 Mineral Resource estimates and other global rare earth projects.**

OXIDE		Bastnaesite Zone Mineral Resource at 3.0% cut	Ngualla total Mineral Resource at 1.0% cut	Mountain Pass (USA)	Bayan Obo (China)	
		%	%	%	%	
Light Rare Earths	Lanthanum	La <sub>2</sub> O <sub>3</sub>	27.6	27.1	33.2	27.1
	Cerium	CeO <sub>2</sub>	48.2	48.2	49.1	49.9
	Praseodymium	Pr <sub>6</sub> O <sub>11</sub>	4.73	4.81	4.30	5.15
	Neodymium	Nd <sub>2</sub> O <sub>3</sub>	16.6	16.3	12.0	15.4
	Samarium	Sm <sub>2</sub> O <sub>3</sub>	1.60	1.67	0.80	1.15
Heavy Rare Earths	Europium	Eu <sub>2</sub> O <sub>3</sub>	0.30	0.35	0.10	0.19
	Gadolinium	Gd <sub>2</sub> O <sub>3</sub>	0.61	0.76	0.20	0.40
	Terbium	Tb <sub>4</sub> O <sub>7</sub>	0.05	0.07	0.06	-
	Dysprosium	Dy <sub>2</sub> O <sub>3</sub>	0.08	0.16	0.05	0.30
	Holmium	Ho <sub>2</sub> O <sub>3</sub>	0.01	0.02	0.02	0.03 total
	Erbium	Er <sub>2</sub> O <sub>3</sub>	0.03	0.06	0.02	
	Thulium	Tm <sub>2</sub> O <sub>3</sub>	0.00	0.00	0.02	
	Ytterbium	Yb <sub>2</sub> O <sub>3</sub>	0.01	0.02	0.02	
	Lutetium	Lu <sub>2</sub> O <sub>3</sub>	0.00	0.00	0.01	
Other	Yttrium	Y <sub>2</sub> O <sub>3</sub>	0.20	0.48	0.10	0.20
		<b>Total %</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Arafura Website and \* = Ngualla Mineral Resource

Mining exploration entity and oil and gas exploration entity quarterly report

Rule 5.5

## 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

Peak Resources Limited

ABN

72 112 546 700

Quarter ended ("current quarter")

June 2013

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 12 months \$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	(341)	(6,321)
(b) development	(710)	(710)
(c) production	-	-
(d) administration	(1,434)	(4,447)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	134
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(2,474)</b>	<b>(11,346)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(55)
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>	<b>-</b>	<b>(55)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,474)</b>	<b>(11,401)</b>

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

1.13	Total operating and investing cash flows (brought forward)	(2,474)	(11,401)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,363	7,635
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	299	299
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>2,662</b>	<b>10,297</b>
	<b>Net increase (decrease) in cash held</b>	<b>188</b>	<b>(1,104)</b>
1.20	Cash at beginning of quarter/year to date	2,253	3,545
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,441</b>	<b>2,441</b>

**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	358
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 includes gross salaries including superannuation and fees to directors and legal fees paid to Steinepreis Paganin Lawyers & Consultants, an entity related to Jonathan Murray.

**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

--

**Appendix 5B**
**Mining exploration entity and oil and gas exploration entity quarterly report**
**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	315,000	315,000
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	244
4.2 Development	720
4.3 Production	-
4.4 Administration	1,124
<b>Total</b>	<b>2,087</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	437	649
5.2 Deposits at call	2,004	1,604
5.3 Bank overdraft		-
5.4 Other (provide details)		-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,441</b>	<b>2,253</b>

**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	Kitarungu PL6987/2011	Option to acquire 100%	0%
		Lunguya PL6679/2010	Option to acquire 100%	0%
		Fort Ikoma PI7941/2012	Option to acquire 100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

**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> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	275,556,886	275,556,886	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,833,333	20,833,333	
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	1,000,000 6,250,000 541,667 150,000 51,659,251	- - - - 51,659,251	Exercise price \$1.50 \$0.55 \$0.75 \$0.55 \$0.25	Expiry date 26 May 2014 20 February 2017 24 February 2014 3 March 2018 31 July 2014
7.8	Issued during quarter	4,000,000	4,000,000	\$0.25	31 July 2014
7.9	Exercised during quarter				
7.10	Expired during quarter	500,000 500,000	- -	\$0.60 \$1.00	16 May 2013 26 May 2013
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:  
(CFO/Company secretary)

Date: 11<sup>th</sup> July 2013

Print name: Jeffery Dawkins

Notes

## Appendix 5B

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

---

- 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.

== == == == ==