



RUTILA

RESOURCES

30 October 2013

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD 1 JULY TO 31 OCTOBER 2013

HIGHLIGHTS

- Rutila Resources Ltd is the new name of Forge Resources Ltd.
- Rutila Resources completed a \$7.0 million capital raising via a sale of 7% of the Balla Balla VTi Magnetite Project to Todd Corporation, our Balla Balla Joint Venture partner.
- The Western Australian Environmental Protection Authority (WA EPA) published the decision of the Minister for the Environment to approve the Balla Balla Export Facility.
- The Export Facility has the potential to accommodate additional exports from other iron ore resources, subject to appropriate approvals.
- Rutila Resources has completed the cost elements of the Definitive Feasibility Study (DFS) for the Balla Balla VTi Magnetite Project, which has resulted in a capital cost reduction of \$238.8 million from \$1,321.2 million to \$1,086.4 million (inclusive of \$103.6 million contingency).
- Rutila Resources and Laiwu test work on Balla Balla concentrate produces an iron product of 87% Fe, with an iron recovery of over 80%, together with three TiO₂ product streams the highest of which was 58.7% TiO₂ and recovered 52% of the TiO₂.

1. CORPORATE

As announced on 22 August 2013, the Company received shareholder approval for the change of company name from Forge Resources Ltd to the new name Rutila Resources Ltd. The rationale for the name change is that Forge Resources Ltd continued to be confused in the market with the Forge Group Ltd (an engineering and construction company operating in the resources industry). Rutila has a dual meaning in latin, as a noun it is a “shovel” and as an adjective it is “red, golden red, or reddish yellow”. The new name reflects an increasing focus by the company on our activities in the Pilbara.

Also announced on 22 August 2013, the Company received shareholder approval for the sale of 7% of the Balla Balla VTi Magnetite Project to Todd Corporation (Todd) for a consideration of \$7 million. This transaction was completed post quarter end on the 21 October, taking Todd’s share to 32% and Rutila’s share to 68% of the Balla Balla VTi Magnetite Project.

A key milestone of the Company’s activities in the Pilbara was the receipt of environmental approval for the Export Facility on the coast of Balla Balla. This Export Facility is a key strategic asset in its own right, located in an existing vested port area under the Western Australia Department of Transport, mid-way between two ports that export a large portion of the world’s iron ore supply, Port Hedland and Dampier/Cape Lambert.

The conveyor, causeway and jetty infrastructure provide an export path for the Balla Balla VTi Magnetite project, however the barge loading rates required for the trans-shipping operation results in the infrastructure having significant spare capacity. Therefore the Export Facility has the potential to accommodate additional exports from other iron ore resources, subject to appropriate approvals. Scoping studies have commenced to quantify the potential additional capacity.

During the quarter Rutila Resources has completed the cost elements of the Definitive Feasibility Study (DFS) for the Balla Balla VTi Magnetite Project, which has resulted in a capital cost reduction of \$238.8 million from \$1,321.2 million to \$1,086.4 million (inclusive of \$103.6 million contingency). The operating costs forecast is an average of A\$47.10 per tonne of magnetite production on a FOB basis over the life of the mine, exclusive of any ilmenite costs and by-product credit. Project economics and Net Present Value (NPV) shall be published when marketing activity aimed at determining the average realized sale price for the magnetite concentrate is complete. Two parallel channels to market are being investigated; the first is marketing the product to steel mills as an iron ore for blending with other iron ores, and the second is the extraction of full value from the VTi Magnetite concentrate through the production of iron together with vanadium and titanium co-products. A full project summary is discussed below.

The Company continues to progress the sell down of 50% of its Farm-in rights into the Eucla West tenements, located in the Fraser Range region, Western Australia to Todd for consideration of \$1.5 million. This transaction remains subject to a number of shareholder, regulatory and other approvals which shall be sought upon a wholly owned subsidiary of Rutila Resources being registered on title for the completed earn-in stake of 50.1%.

2. BALLA BALLA DEFINITIVE FEASIBILITY STUDY

The engineering and cost structures of the Definitive Feasibility Study (DFS) were completed this quarter for the Balla Balla VTi Magnetite mine, a processing plant to produce 6 million tonnes per annum of magnetite concentrate at 58% Fe, 0.8% V₂O₅, and 15% TiO₂ and a separate plant to treat the tailings of the magnetite plant to produce 180,000 tonnes per annum of 47% TiO₂ Ilmenite, the coastal stockyard and export facility infrastructure. The DFS for the Balla Balla VTi Magnetite Project mine and processing plants was completed by GR Engineering. Mintrex completed the engineering for the coastal stockyard and trans-shipment infrastructure.

Key changes to the previous Aurox Resources Ltd 2009 DFS include the optimization of plant equipment for 6 million tonnes per annum throughput, increasing the grind size of the magnetite concentrate from a P80 of 90µm to a P80 of 125µm, reviewing the mine plan in more advanced mine planning software, and the replacement of a slurry pipeline to Port Hedland with the export facility adjacent to the Balla Balla Port Area which is integrated with the magnetite concentrate processing facility.

The impact of these changes has been to reduce capital costs by \$238.8 million from \$1,321.2 million (the 2009 cost structure updated to 2012 costs) to \$1,086.4 million (inclusive of \$103.6 million contingency). The DFS projects a 3-year engineering and construction period, and has been completed to an accuracy of ±10%. This capital cost can be broken down into:

- Mine and Magnetite Circuit - \$633.3 million (inclusive of \$57.4 million contingency)
- Export Facility - \$368.7 million (inclusive of \$38.6 million contingency)
- Ilmenite Plant - \$84.3 million (inclusive of \$7.6 million contingency)

Opportunities exist to reduce these costs. For example all equipment costs have been based on sourcing from western suppliers, however discussions have commenced with Chinese equipment manufacturers on supply of specific items, which are anticipated to deliver cost savings.

The average operating cost forecast over the life of the mine is A\$47.10 per tonne of magnetite production on a FOB basis, exclusive of an ilmenite cost and by-product credit.

Marketing of the Balla Balla VTi Magnetite concentrate is on going and the company is pursuing two parallel channels to market. The first is marketing the product to steel mills, mainly in China, as an iron ore for blending with other iron ores given the low silica, alumina and phosphor levels of the VTi Magnetite concentrate. The second is the collaboration with Laiwu Steel, part of the Shandong Steel Group, to extract full value from the VTi Magnetite concentrate through the production of iron together with vanadium and titanium co-products.

Preliminary results from the Laiwu Steel work have been positive. Laiwu and Rutila have together engaged the Beijing General Research Institute of Metal and Mining (BGRIMM), a leading institute providing process-orientated engineering services in mineral and material industries, to undertake verification test work of the final step in a process to separate the iron from the titanium and vanadium, as well as complete mass and energy balances for the proposed process. In BGRIMM's initial test work they produced an iron product of 87% Fe, with an iron recovery of over 80%, together with three TiO₂ product streams the highest of which was 58.7% TiO₂ and recovered 52% of the TiO₂ in the samples. Further optimization test work is proceeding.

Following the identification of a final proposed process flow sheet, with the associated mass and energy balances, an economic evaluation shall be undertaken. Discussions are underway with Laiwu and BGRIMM for a pilot plant trial for which a 300 tonne bulk ore sample has been produced in anticipation of the pilot plant study in 2014. Note the pilot plant equipment is available in China, and therefore does not have to be built.

The potential volume split, the market value and sale price for each marketing channel is unknown at present and will be dependent upon the success of the pilot plant trial and the traditional blended product marketing. Project economics are dependent on the average realized sale price and therefore shall not be published until the average realized sale price becomes more evident.

The key project risks appear to relate to product marketing, funding and building organisational capacity to deliver and operate this project. The Board of Rutila feels the experience and skills of the Board and Executive team are well matched to address these key project risks for the Balla Balla Project.

Balla Balla VTi Magnetite Project Overview

Balla Balla is located close to the Pilbara coastline approximately 100km east of Anketell Point and 120km south west of Port Hedland, close to the North West Coastal Highway and adjacent to the Pilbara Energy Gas Pipeline and the grid power line between Karratha and Port Hedland.

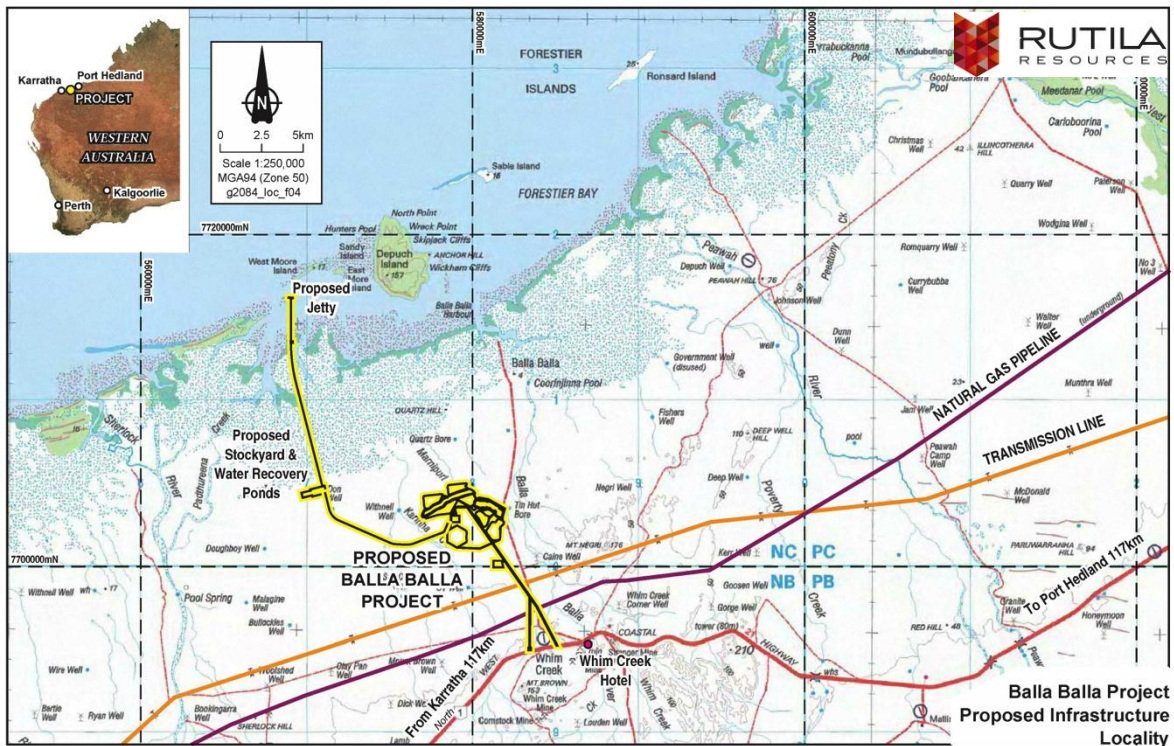


Figure 2.1. The Balla Balla Project Location Map

The Balla Balla deposit may be described as a titanomagnetite orebody, the dominant composition of which is iron with elevated levels of titanium and vanadium oxides. The ore zone is tabular and extends across an 18.5km strike length, is 20m-30m thick and dips at an angle of 20 - 40 degrees.

Oxidation within the titanomagnetite horizon occurs to depths of between 10m - 20m, which is relatively shallow in comparison to comparable projects. As shown in Figure 2.2, vanadium content is greatest at the base of the horizon near the footwall contact where grades up to 1.1% V₂O₅ are recorded.

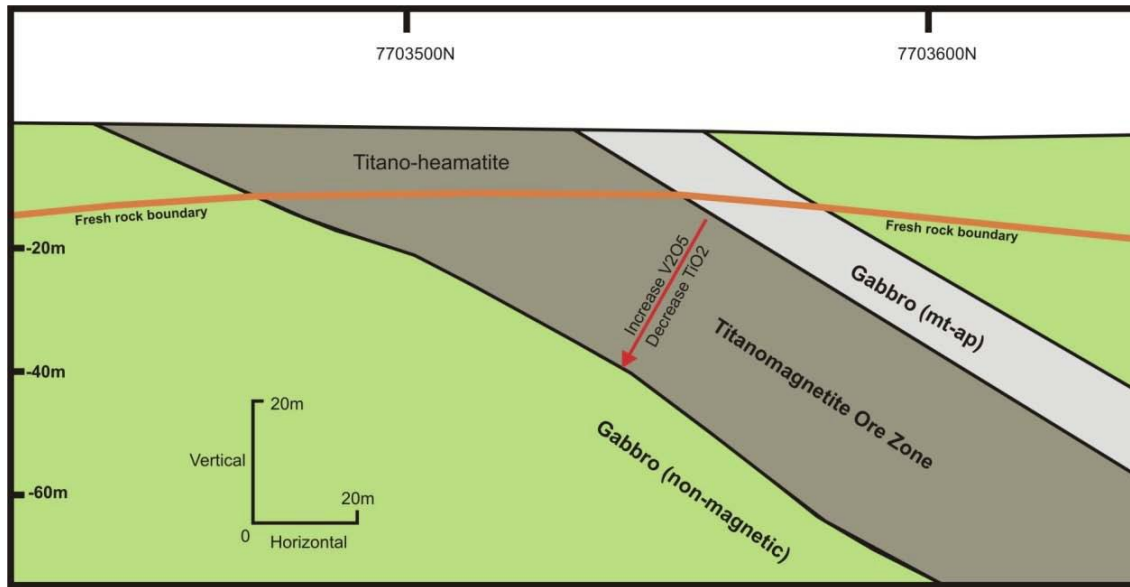


Figure 2.2. Simplified Cross Section of the Balla Balla Project Ore body.

The JORC compliant Mineral Resource for the Balla Balla Project is defined over 18.5km of strike, to depths of 300m, 200m and 100m in the Central-East, Western and Far West tenements respectively, from a total of 56,000 metres of drilling. There is reportedly significant potential for the Mineral Resource increase.

Balla Balla Magnetite Mineral Resource Estimate (Dec '09)				
Resource Classification	Tonnes (Mt)	Fe (%)	V₂O₅ (%)	TiO₂ (%)
Measured	219.0	45.1	0.64	14.0
Indicated	86.7	44.5	0.63	13.5
Inferred	150.2	44.3	0.64	13.4
TOTAL	455.9	44.7	0.64	13.7

Table 2.1. Balla Balla JORC Compliant Mineral Resource Estimate.

Balla Balla Magnetite Mineral Reserve Estimate (Jan '10)				
Reserve Classification	Tonnes (Mt)	Fe (%)	V₂O₅ (%)	TiO₂ (%)
Proved	185.1	45.1	0.62	13.8
Probable	43.9	44.3	0.60	13.6
TOTAL	229.0	45.0	0.62	13.8

Table 2.2. Balla Balla JORC Compliant Mineral Reserves Estimate.

The JORC compliant Reserves for the Balla Balla Project are established only in the Central-East and Western pits. There is potential for additional reserves from the upgrade of Mineral Resources in the Far West area and drilling of down dip extensions.

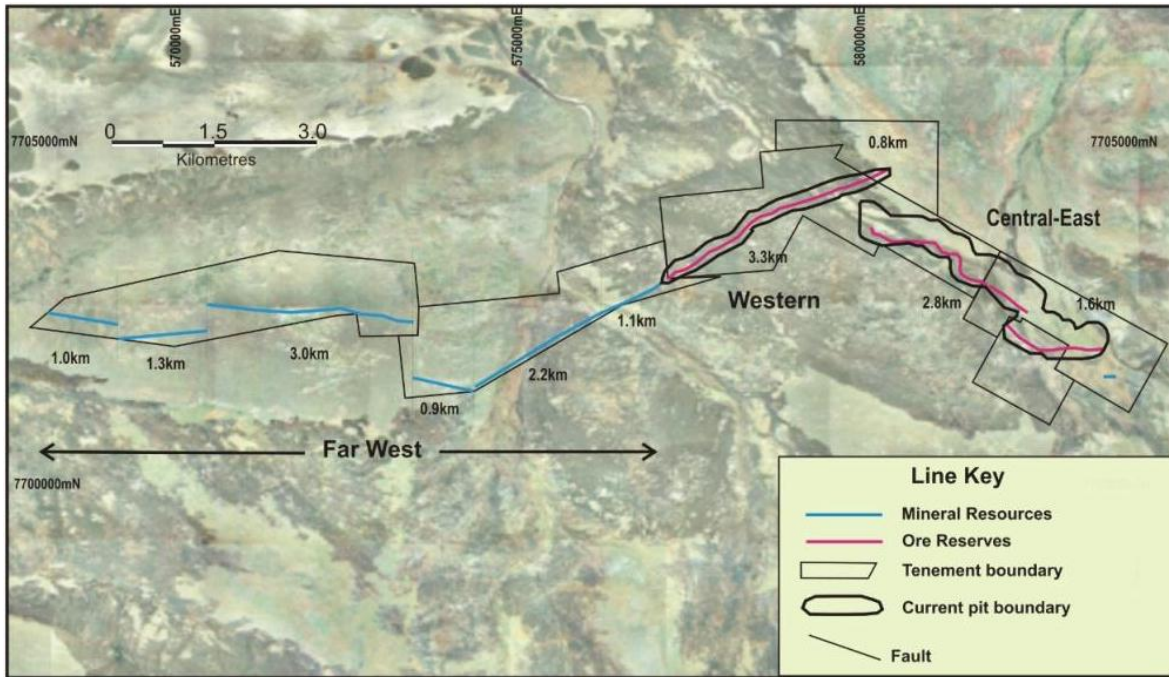


Figure 2.3. Balla Balla Deposits Location Map.

Mining will be by conventional open pit methods, and the DFS contemplates utilising contract mining operations for the first 7 years. An updated mine plan has been completed by Orelogy of Western Australia.

The process route proposed for the production of magnetite concentrate is shown in the flow diagram in Figure 2.4. The flow-sheet includes milling, magnetic separation, thickening and filtration. Iron recovery is predicted to average 75.6%, with a DFS average grade from process test-work as shown in Table 2.3.

Distribution	Fe	V ₂ O ₅	TiO ₂	SiO ₂	Al ₂ O ₃	P	CaO	MnO
Average Grade (%)	57.7	0.80	15.0	2.2	1.2	0.01	0.30	0.28

Table 2.3. DFS Average Magnetite Concentrate Specification.

The process route proposed for the production of titanium concentrate from the iron tailings is also shown in the flow diagram in Figure 2.4. The flow-sheet includes magnetic and high gradient separation, flotation, thickening and filtration. Titanium grade is forecast at 47% TiO₂. As this circuit is independent of the main magnetite circuit it may be operated independently depending upon market conditions for TiO₂. The TiO₂ price has approximately halved over the last 18 months, removing the previously envisaged TiO₂ by-product credit. Should this price remain at the current levels it is likely the TiO₂ plant construction will be delayed until the market for TiO₂ recovers, thus decreasing the initial capital spend by \$84.3 million, and simplifying the construction and commissioning work program.

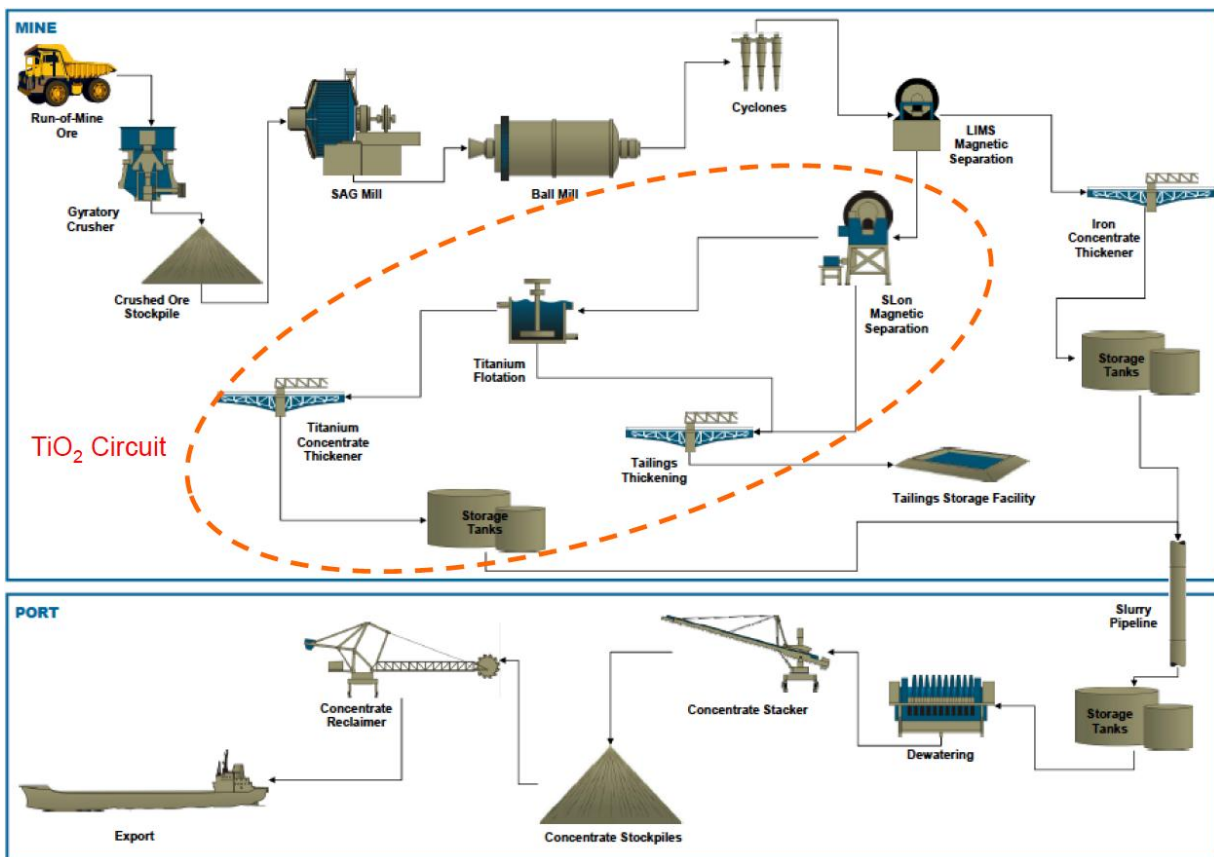


Figure 2.4. Magnetite and Titanium Concentrate Flow Sheet as per Q1 2010 DFS.

On 24 April 2009, the Western Australian Minister for Environment and Youth issued the Ministerial Statement approving development of the Balla Balla 6,000,000tpa magnetite Project. This covers the mine and processing plant at the mine-site.

As reported in the June 2013 Quarterly Report, the company submitted to the WA EPA the Assessment on Proponent Information documentation for the establishment of an export facility operation. The WA EPA completed their assessment and published their recommended approval conditions on 17 June 2013. These approval conditions were open to public appeal until 1 July 2013, there were no outstanding appeals from the public appeals process. On 21 August 2013 the Western Australian Environmental Protection Authority (WA EPA) published the decision of the Minister for the Environment to approve the Balla Balla Export Facility.

In addition to EPA approvals, discussions are continuing to progress well with the Western Australia Department of Transport (DoT) regarding the jetty construction and barging operations within the Balla Balla Port Area. The DoT's assessment of our applications for a Sea Bed Lease and Jetty License have progressed over the quarter with negotiations regarding terms and conditions coming to a close.

The outstanding approval is the Miscellaneous License 47/690 application which covers the stockyard area and the causeway to the boundary of the Balla Balla port area, which is under application with the Department of Mines and Petroleum. One mining company objection and the Native Title holder objection remain on this tenement application, both of which are subject to final negotiation and are progressing satisfactorily.

The DFS flow sheet, shown in Figure 2.4, shows a low-pressure slurry pipeline, which is approximately 7km in length, to transport the magnetite concentrate from the mine-site to the stockyard located next to the coastline. Figure 2.5 below shows the stockyard layout where the magnetite concentrate would be dewatered in a filter plant and then stacked utilising an automated stacking system.

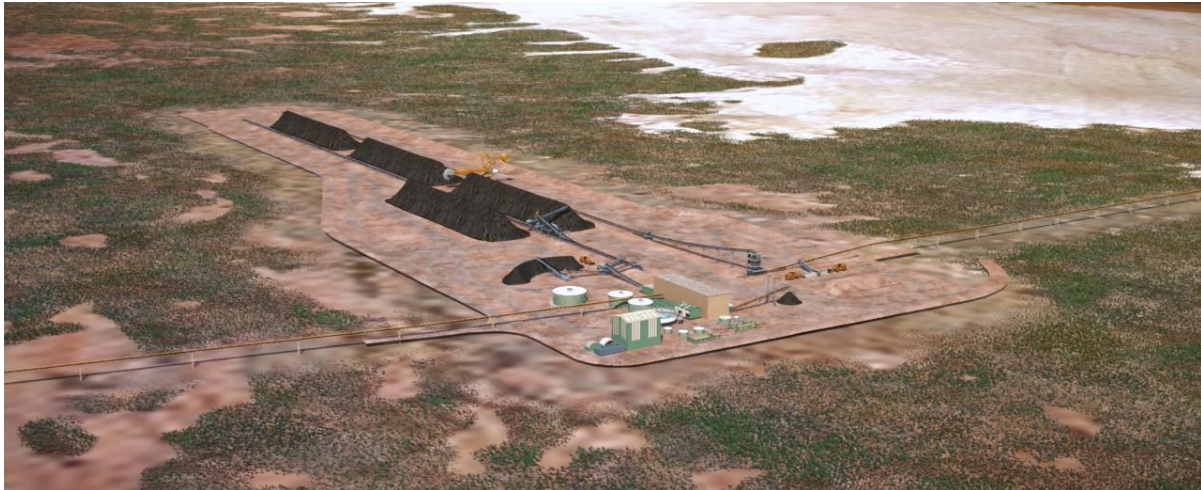


Figure 2.5. Schematic of Balla Balla stockyard located next to the coastline.

Upon reclaiming, the overland conveyor would transport the material from the stockyard across tidal flats via a causeway about 9 km long into the Balla Balla Port Boundary, which is gazetted under the Marine and Harbours Act 1981 and managed by the Western Australian Department of Transport. The conveyor continues along a 2.6km long trestle jetty to a barge-loading wharf situated in water 10 metres deep at low tide.

The conveyor, causeway and jetty infrastructure provide an export path for the Balla Balla VTi Magnetite project, however the barge loading rates required for the trans-shipping operation results in the infrastructure having significant spare capacity. With the DFS infrastructure configuration, the 6 million tonnes of Balla Balla concentrate will use approximately 17% of the DFS configuration capacity. Therefore the Export Facility has the potential to accommodate additional exports from other iron ore resources.

Scoping studies have commenced to quantify the potential additional capacity of the port and stockyard beyond the approved DFS configuration 6 million tonnes per annum operation. The company is studying the existing DFS infrastructure configuration together with other more expansive configurations, combined with the potential for multiple barges. Such expansions may require a variation to the recently received approval.



Figure 2.6. Schematic of self powered, self unloading barge at the end of the jetty

The barge would trans-ship the material to a large ocean going vessel moored approximately 20km offshore in deeper commonwealth waters. The DFS infrastructure configuration for 6 million tonnes per annum assumes one barge carrying 15,000t each trip and completing 1 to 2 trips per day. Larger barges may be available. The barge is self-powered which removes the need for tugs. The barge is self-unloading, which removes the need for grabs on geared ships and increase unloading speed, minimizes manning requirements as well as potential dust and spillage risk.



Figure 2.7. Schematic of barge attached to a ship, unloading magnetite concentrate.

3. EXPLORATION ACTIVITIES

3.1 Eucla West Fraser Range Exploration

As discussed last quarter the drilling program at Eucla West confirmed that the primary source of the Bristol EM conductor was graphite bearing rocks hosting minor sulphides which trends approximately north-south and dips at 70° to the west.

In this drilling program three of the four planned diamond tail drill holes were completed. These drill holes tested the core EM conductor over a 100m strike length and to a depth down dip of 220 metres depth. The plus 5% graphitic carbon zone intersected in drill holes FBRCD001 and FBRCD003 has a true width of 8 metres. The southernmost drill hole FBRCD002 intersected the graphite unit 125m down dip and the main plus 5% graphitic carbon zone has a true width of 4 metres. Several thinner (less than 1 metre true width) plus 5% graphitic carbon zones were intersected in this drill hole below the main graphite zone. The geological results from this drilling program were announced by Forge on 24 June 2013.

Hole Number	Northing (m)	Easting (m)	Dip (degrees)	Azimuth (degrees)	RC Depth (m)	Core Depth (m)	Total Depth (m)
FBRCD001	6431447	524668	-60	090	74.6	213.4	288
FBRCD002	6431346	524720	-60	090	74.8	126.2	201
FBRCD003	6431448	524750	-60	090	74.9	133.5	208.4
FBRCD004	6431551	524722	-60	090	75	0	75

Table 3.1. Completed Drill Hole Summary

The results of the graphitic carbon assays from the main graphitic bearing units are provided in Table 3.2.

Hole Number	From (m)	To (m)	Interval (m)	Graphitic Carbon %*
FBRCD001	230.5	240.8	10.3	10
Includes	233	236	3	14
FBRCD002	133.1	137.6	4.5	6
And	187.5	188.64	1.14	6.6
FBRCD003	124	134	10	7

*Assay cut off nominally 5% graphitic carbon but may contain intervals of up to 2 metres of less than 5% graphitic carbon.

Table 3.2. Significant Graphitic Carbon Assay Results

The graphitic carbon values are potentially high enough to warrant additional test work comprising optical mineralogy and petrography to gain a preliminary understanding of the quality of the graphite mineralization

3.2 New South Wales Tenements Overview

Exploration during the reporting period saw the completion of a number of activities on the Wymah tenement. No significant exploration activities were undertaken on the Company's other NSW projects during this quarter. The location of the projects are shown in Figure 3.1 and details on the NSW projects are outlined below.

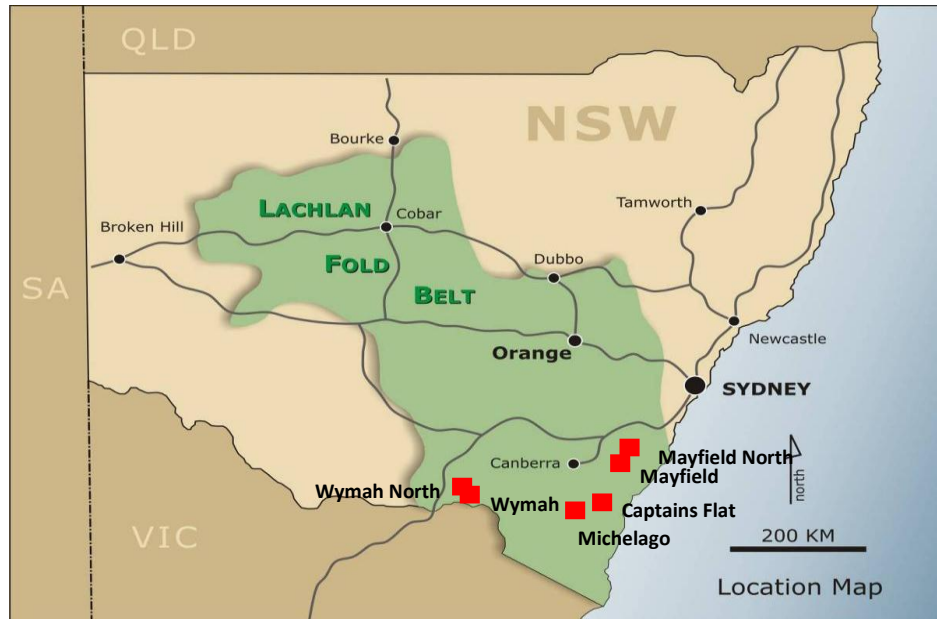


Figure 3.1: Location of Forge tenements in NSW.

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

A number of exploration activities were conducted on the Wymah (EL 7397) tenement and entailing detailed ground magnetic and soil sampling surveys. This tenement together with EL 8059 is prospective for tin, tungsten, molybdenum and Intrusive Related Gold (IRG) deposits.

During the quarter, mapping and sampling of the Wymah reefs located in the southern portion of the licence area was carried out with the view to characterising the principal as well as associated mineralisation. The Wymah reefs are composed of four separate reef systems, comprising of the Woolindina, Appletree, Williams and Wymah Reefs. The Wymah Reefs are the most extensive set of workings being composed of a number of shafts and pits located over a strike length of several hundred metres.

Sampling remnant ore and mullock heaps by a portable hand-held XRF analyser (PXRF) indicated that tungsten is the primary mode of mineralisation, with grades varying between 0.1% W to over 10% W. It is noted that high Tantalum values are associated with the tungsten ore, with one sample yielding 0.13% Ta. Tin and molybdenum values are relatively subdued but traces of base metal mineralisation were also detected.

A soil sampling program was conducted over the Wymah Reefs area which saw the collection of approximately 600 samples. Soil data for those elements that recorded results consistently above their respective limits of detection were contoured and indicated that the geochemical footprint of the Wymah Reefs' area is quite subdued. None of the reefs appear to have generated any significant geochemical footprint, despite some significantly anomalous base metal, tungsten and tantalite values being detected in selected hardrock samples (whether in-situ or as mullock).

A soil survey was also conducted over the Central Zone of the tenement, some 5 km north of the Wymah Reefs' area. Approximately 300 soil samples were analysed by a pXRF analyser. The objective of the sampling program was to determine the presence and extent of molybdenum mineralisation that had been identified by explorers during the 1960's but since then, has not been quantified to any significant extent. The results (illustrated in Figure 3.2) demonstrate a relatively good correlation between anomalous (albeit low level) copper, molybdenum and iron zones. Anomalous lead values appear to occur on the fringes of the above metals, possibly representing a form of metal zoning. This work confirms previous observations and indicates that the molybdenum-copper association is worth further investigation.

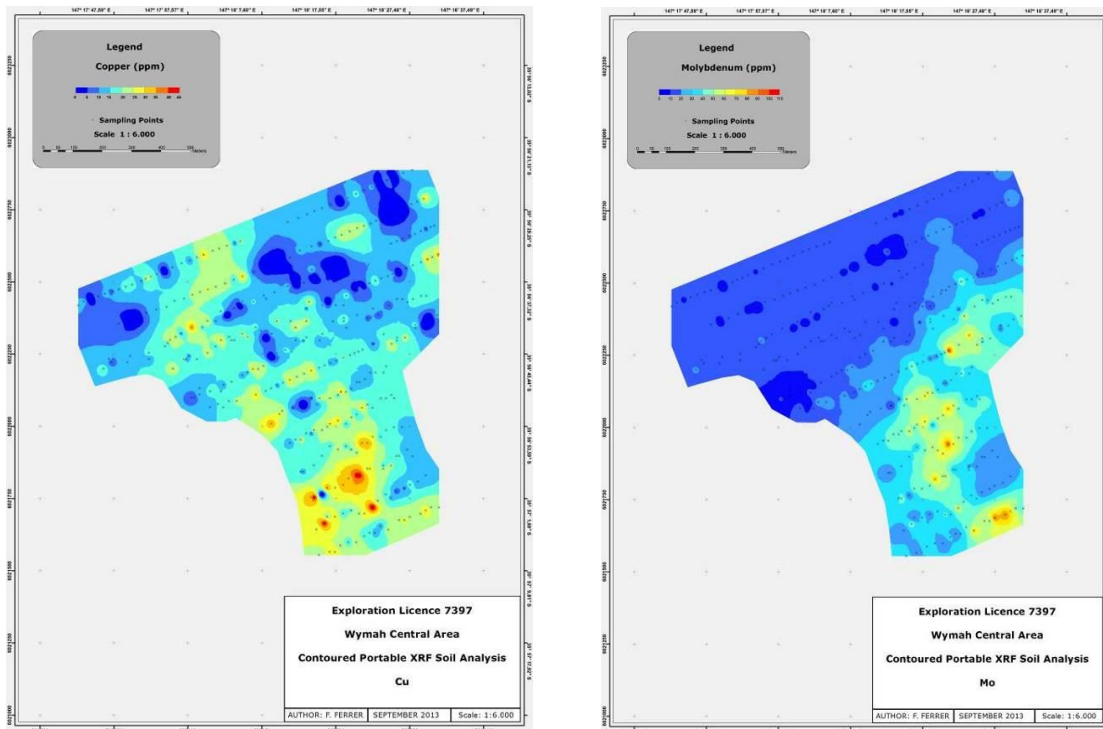


Figure 3.2: Copper and Molybdenum soil geochemistry (survey area measures approximatley 1.1 km x 0.4 km)

A number of ground magnetic surveys were also completed, the results of which are still subject to interpretation. Work in the coming quarters will be focused on further detailed assessment of the molybdenum/copper anomaly located in the Central Zone as well as the assessment of ground magnetic data.

3.2.2 EL 6381: Captains Flat (Rutila 25%)

Work by the Operator during previous quarters has been extensive resulting in the view that the prospectivity of the Captains Flat tenement has been significantly enhanced and that further exploration and development is warranted. The last review highlighted the following aspects:

- **Lake George Mine Area** - Considered to be highly prospective but entails deep exploration targets. Geophysical techniques recommended ahead of any drilling.
- **Vanderbilt Hill** – Considered very prospective. A drilling program has been designed and is ready to be executed subject to access.
- **Jerangle** – The latest drilling has downgraded this prospect as the operator believes that the mineralisation encountered is more akin to “skarn” type mineralisation and not VMS (Lake George style). In addition, the last diamond drill hole encountered narrower zones and lower grades of mineralisation. Future work revolves around further mapping, data review and geophysics.
- **Anembo** – Similar in style to Jerangle.
- **Regional** – Overall prospectivity high. High resolution geophysics required included selected helicopter surveying.

A budget and program from the Operator is anticipated in the fourth quarter after which Rutila will determine its participation.

Ironbark (ASX: IBG) and NSW Base Metals (a Glencore Xstrata subsidiary) have jointly earned a 75% interest in the Captains Flat Project from Rutila who now holds a 25% contributing interest.

3.2.3 EL 6358: Mayfield Project (Rutila 46.55%)

As advised in the previous quarter, Capital Mining Limited (Capital) as operator of the Joint Venture, has resolved to undertake a further drilling program with the view to broadening the scale of the resource Mayfield copper and gold both at depth and along strike.

The proposed program entails the completion of 3 inclined RC drill holes for a total of 860 metres. These holes have been targeted to intersect a mineralised zone that has already been well defined. Commencement of this program may occur in the early part of 2014.

3.2.4 EL 6691: Mayfield North and EL 6376: Michelago (Rutila 100%)

No significant exploration activities have taken place on these tenements during the quarter. Future activities on these tenements are subject to on-going review.

Competent Persons Statement – Eucla West

The information in this report that relates to Exploration Results is based on information compiled by Mr Ralph Porter who is a member of the Australian Institute of Geoscientists. Mr Porter is a consultant to Rutila Resources Limited and is employed by CSA Global Pty Ltd. Mr Porter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking as a competent person as defined in the 2004 Edition of the “Australasian Code for Reporting Exploration results, Mineral Resources and Ore Reserves”. Mr Porter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – NSW Projects

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

Disclaimer

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

Appendix 5B

Mining exploration entity 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

RUTILA RESOURCES LTD

ABN

30 139 886 187

Quarter ended ("current quarter")

30 SEPTEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date
		\$A'000	(3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation		
	-Balla Balla project	(1,081)	(1,081)
	-Fraser range and other	(286)	(286)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(711)	(711)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	Receipts from Joint venture partner	759	759
	Net Operating Cash Flows	(1,311)	(1,311)

	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(94)	(94)
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)	-	-
		(94)	(94)
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(1,405)	(1,405)
	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 (provide details if material)	-	-
	Capital Raising Fees	-	-
		-	-
	Net financing cash flows		
	Net increase (decrease) in cash held	(1,405)	(1,405)
1.20	Cash at beginning of quarter/year to date	2,045	2,045
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	640	640

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	175
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

These payments include Non-Executive Director Fees and Salary for the Managing Director and Executive Chairman
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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

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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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,871
4.2	Development	-
4.3	Production	-
4.4	Administration	1,160
Total		3,031

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	640	2,045
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		640	2,045

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				
6.2	Interests in mining tenements acquired or increased		Refer to commentary in Quarterly Activity Report.		

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	80,577,667	80,577,667	\$0.20	\$0.20
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow				
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	19,855,909	19,855,909	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 July 2014
	600,000		\$0.67	15/6/2015
	1,575,000		\$0.54	1/12/2015
	3,900,000		\$0.54	1/12/2015
	50,000		\$0.56	10/9/2017
	1,000,000		\$0.50	29/5/2015
	6,500,000		\$0.50	29/4/2014
7.8 Issued during quarter				
Release from escrow				

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Shares <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil			

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:
(Director/Company secretary)

Print name: SHANE HARTWIG

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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