



## QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2013

### ► HIGHLIGHTS

- Expanded exploration licences to over 9,000km<sup>2</sup> of extremely prospective landholdings.
- Release of highly encouraging sulphate of potash (SOP) results from near surface brine samples in the newly acquired areas.
- Plans for step out and palaeovalley drilling at Lake Disappointment (LD) and Lake Dora West finalised and submitted to relevant authorities for approval.
- Awaiting tenement grant and access deed execution to allow first pass drilling at the Karly prospects.
- Preparations for infill drilling and brine flow trials on Lake Disappointment well advanced.
- Environmental Approval studies for LD ongoing.
- Metallurgical testwork nearing completion with further positive results during the quarter.
- Completion of Rights Issue and allotment of Rights including shortfall.

### ► Corporate Activities

In October 2013, the shortfall from the Rights Issue in the previous quarter was fully allotted by Lead Manager, Blackswan Equities Ltd before completion on 28 October 2013. The Lead Managers share options, completing the raising, were allotted in December 2013.

The Rights Issue resulted in 24,683,193 Fully Paid Shares and 12,341,549 attaching options being issued raising \$4.9 million. Following the raising a total of 98,492,189 Fully Paid Shares, 14,341,548 Listed Options (25 cents exercise price, 30 June 2016 expiry) and 12,150,000 unlisted options (\$0.45 - \$1.09 exercise price, expiry dates August 2014 - February 2017) are on issue.

Cash on hand at 31 December 2013 was \$3.8 million.

### ► Lake Disappointment Potash Project

During the quarter Reward continued to advance its metallurgical testwork for the LD Project. This testwork has supports the removal of the flotation from the overall circuit, thereby simplifying the process flow sheet. First pass mass balance calculations have now been received and are expected to be finalised in March Quarter 2014.

The exploration base camp site has been completed with all electrical and plumbing works finalised during the quarter.

The Company is waiting on the required approvals to commence the planned step out drilling at the LD Project and northwest of Lake Dora (E45/3246). This drilling will include palaeovalley exploration to the north-east of LD where it is presumed, based on the Company's understanding and research by Geoscience Australia, that brines exit the lake moving through Lake Winifred and Lake Dora before trending north-west to the Karly Project area.

► **Lake Disappointment Potash Project** (continued)

It is anticipated that substantial work will be completed and results received during March Quarter 2014 provided there are no unexpected weather or approval delays. This will substantially expand the Company's knowledge of the area and palaeovalley flows while providing an important basis for follow-up drilling and resource expansion.

**Evaporation Trials**

Metallurgical testwork has been ongoing throughout the period with a series of brine evaporation trials and subsequent conversion of the harvest material from Kainite to Schoenite and then crystallisation of the SOP end product. Results for all phases have been excellent to date.

The evaporation trials undertaken involve recycling of high magnesium chloride ( $MgCl_2$ ) end brines to the Potash crystalliser brine feed to ensure low sodium chloride ( $NaCl$ ) content in the Potash harvest. This technique has performed well using brines of the composition available at LD.

Results of the most recent trial are provided in Table 1. The results are excellent including an overall Potash yield of ca 90% and a potassium grade from the harvest of over 9%. In an operational situation the yields would be expected to be reduced somewhat due to seepage and mechanical losses however the laboratory results remain very encouraging. The composite harvest material can be handled and stored satisfactorily. Assuming that the technique established can be transferred to field operations the results confirm that a flotation stage should not be necessary in the production flowsheet. The primary function of the flotation in the flowsheets used elsewhere is to remove halite from the harvest product prior to conversion to Schoenite and SOP.

**Table 1: Evaporation Trial Results**

Evaporation Trial – Phase 10							
Component (Analysis g/l)	Ca	K	Mg	Na	Cl	SO <sub>4</sub>	SG
Feed Brine	1.3	29.7	65.4	25.1	160.1	96.8	1.275
End Brine	1.1	1.95	125.3	9.5	301.5	58.1	1.364
<b>HARVEST %<sup>(1,2)</sup></b>	<b>0.09</b>	<b>9.17</b>	<b>7.47</b>	<b>6.45</b>	<b>22.4</b>	<b>23.66</b>	<b>-</b>

**NOTES**

- (1) Harvest grade 9.17% Potassium, 16.4% Sodium Chloride
- (2) Potassium recovery based on brine-masses and analysis – 98.1%  
 Potassium recovery based on harvest mass and analysis – 87.4%
- (3) Harvest mineralogy – XRD (approximates)
  - Halite:  $NaCl$  20% w/w
  - Kainite:  $KCl.MgSO_4.3H_2O$  75% w/w
  - Bischoffite:  $MgCl_2.6H_2O$  4.6% w/w

**Harvest Conversion Trials**

Control of the composition of the brine feed to the Potash crystallisers (proposed for reduction of the halite content of the harvest) results in the Potash mineral in the harvest being almost exclusively in the form of Kainite ( $KCl.MgSO_4.3H_2O$ ). Refer to Table 2 for detailed results.

**Table 2: Kainite to Schoenite/Leonite Conversion Trial**

Feed & Products Chemical Analysis						
	K	Mg	Na	Cl	SO <sub>4</sub>	SG
Input Harvest Feed % <sup>(1)</sup>	9.41	7.29	6.56	22.11	24.3	-
Recycle SOP Brine g/kg <sup>(2)</sup>	40.10	31.49	4.93	1.34	184.4	1.25
Schoenite Product % <sup>(3)</sup>	15.21	5.50	0.7	1.07	41.6	-
End Brine g/kg <sup>(4)</sup>	22.36	42.66	34.45	106.4	121.8	1.31

► **Lake Disappointment Potash Project** (continued)

**Harvest Conversion Trials** (continued)

	Feed & Products - % Mass Distribution					
	K	Mg	Na	Cl	SO <sub>4</sub>	SG
Harvest – Feed In	56.2	55.8	87.9	98.9	41.8	-
Recycle SOP Brine	43.8	44.2	12.1	1.10	58.2	1.25
Schoenite Product <sup>(5)</sup>	71.8	32.6	7.1	3.6	56.2	-
End Brine <sup>(4)</sup>	28.2	67.4	92.9	96.4	43.8	1.31

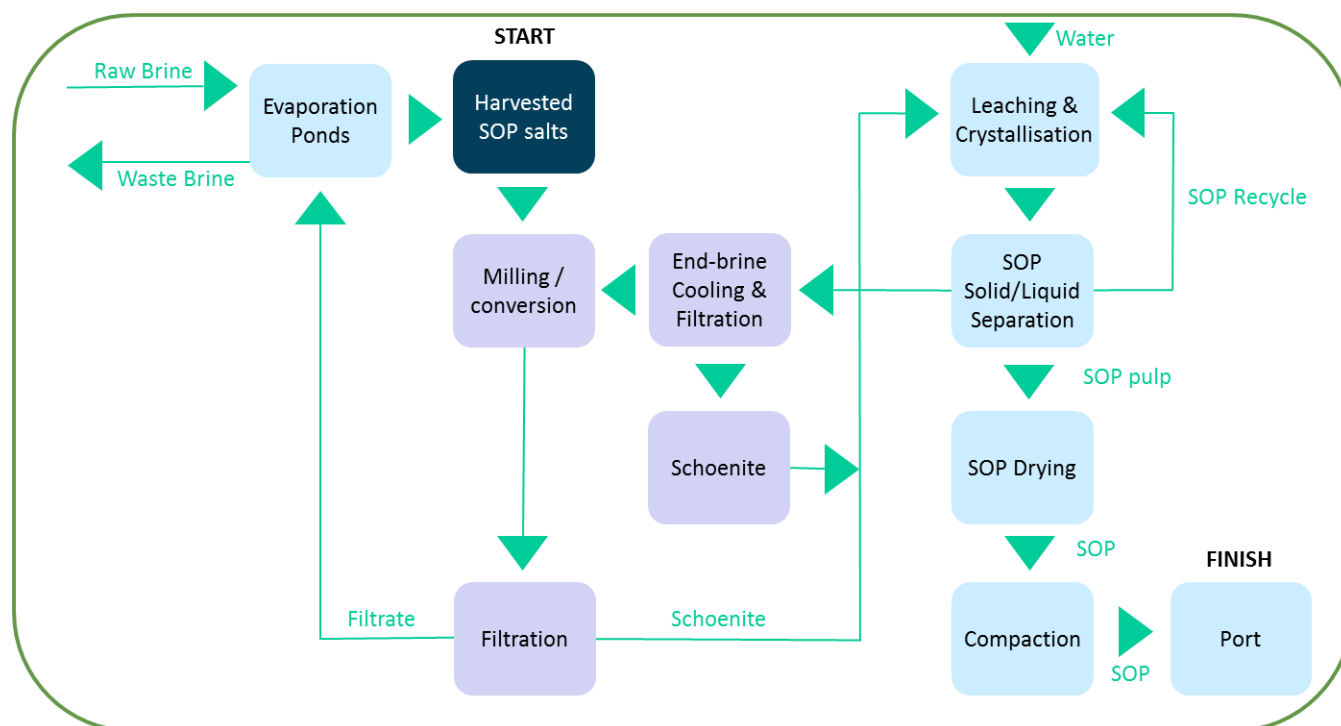
**NOTES**

- (1) Feed material for the test was derived from two recent evaporation trials completed by RWD
- (2) Brine derived from the trial SOP production step by cooling from 50 to 25 degrees celcius and the removal of crystallised Schoenite
- (3) Pure Schoenite analyses, K:19.4%, Mg:6.04%, SO<sub>4</sub>:47.7%
- (4) End Brine recycles to Potash evaporation ponds for additional K recovery
- (5) First pass recovery 71.8% of K to Schoenite product for this trial

In the process outlined in Figure 1 the Kainite in the crude Potash harvest is converted to the intermediate Schoenite product by treatment with liquor from the SOP production step. The Schoenite is treated with water at 50 degrees celcius to produce SOP plus the recycle liquor utilized in the Kainite conversion step.

The first pass K recovery of 71.8% for the recent trial is regarded as encouraging given the very simple process involved to recover the Potash. Improvement in the recovery is anticipated with further process development. It is also proposed that the end brine from the above process be combined with the feed brine to the Potash crystallisers to recover a further portion of the recycled K in the crude Potash harvest.

**Figure 1: LD Process Flowsheet**

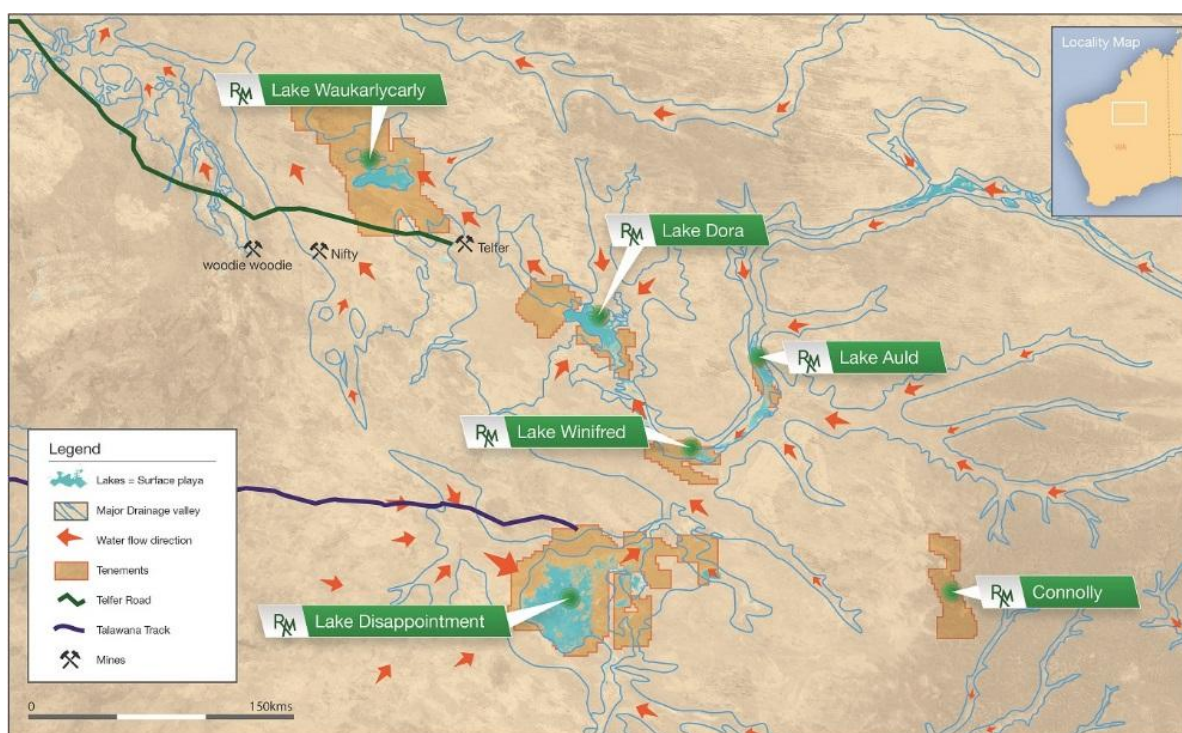


► **The Karly Province**

During the quarter Reward considerably expanded its tenement holdings to a number of other highly prospective areas to the north of the LD project. These areas which include Lake Waukarlycarly, Lake Dora, Lake Auld and Lake Winifred have the potential to significantly expand the scope and size of the Company's Potash production plans.

The rationale behind the tenement applications is based on potential palaeovalley flows hosting substantial SOP resources at a number of individual locations. A substantial amount of data was reported by Geoscience Australia in its 2010/12 Record – Aerial Electromagnetic Survey (AEM) of the Paterson Province, WA related to the application areas. The survey data highlights an extensive palaeoriver system running through LD and extending several hundred kilometres through Lake Winifred and Lake Dora to the Waukarlycarly embayment to the north west of Telfer (refer to Figure 2). The applications which bring Rewards total tenement holdings to over 9,000km<sup>2</sup> are designed to provide coverage over the highly conductive (EM) palaeochannel and lake systems identified in the report.

**Figure 2: Karly Province Palaeovalley Flows**



Source: Geoscience Australia –2010/12 Record Paterson Province AEM Survey, Reward Minerals

The AEM traverses suggest that high conductivity brines exist within the palaeovalleys. On the assumption that any brines present have similar chemistry to those in LD, the Potash resource potential of the palaeovalleys and buried lake systems is considerable. During the quarter Reward completed a sampling program on the extensive tenement areas which confirmed the presence of potassium rich brines near surface with chemistry amenable to the production of SOP. The results of the sampling are presented in Table 3, below (refer to ASX release dated 10 December 2013 for full details).

# Reward Minerals Ltd

## Quarterly Report for the Period Ending 31 December 2013

### ► The Karly Province (continued)

**Table 3: Brine Analysis Results**

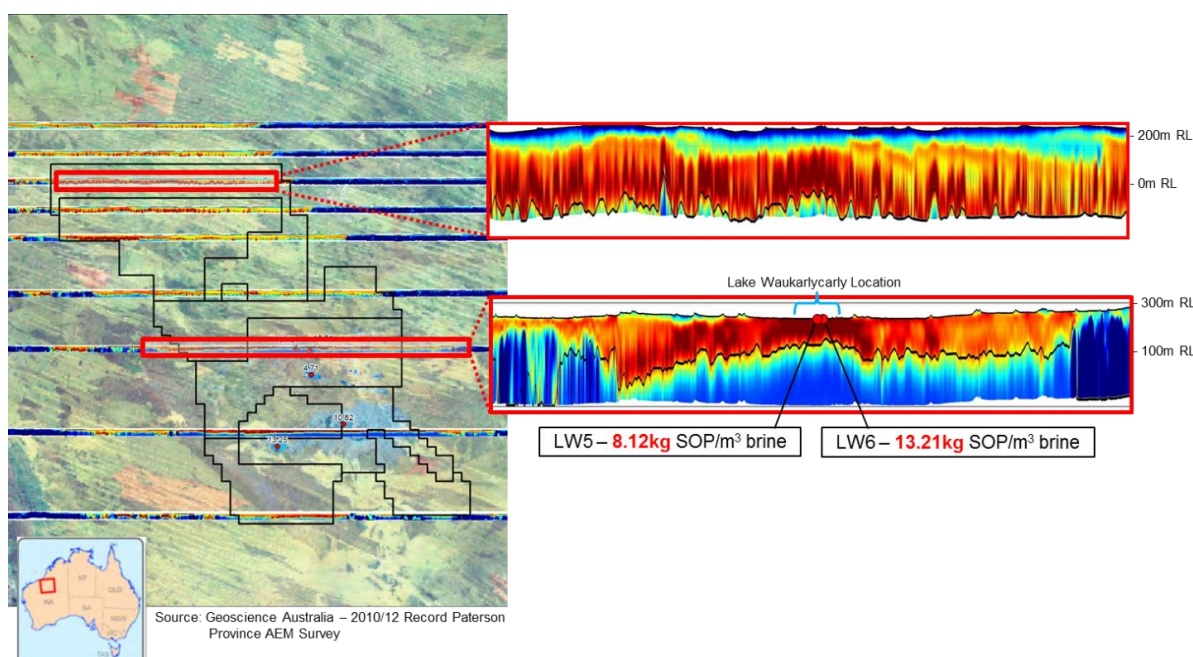
Sample	Northing	Easting	Brine Analysis - Lake Survey – November 2013									
			Ca <sup>(1)</sup>	K <sup>(1)</sup>	SOP <sup>(2)</sup>	Mg <sup>(1)</sup>	Na <sup>(1)</sup>	Cl <sup>(1)</sup>	SO <sub>4</sub> <sup>(1)</sup>	SG <sup>(3)</sup>	TDS <sup>(4)</sup>	
<b>LAKE WAUKARLYCARLY</b>												
LW1	7645460	384538	0.55	4.85	10.82	6.38	61.85	105.19	30.23	1.146	209	
LW4	7656072	377948	0.49	2.11	4.71	4.19	89.65	145.39	30.75	1.175	272	
LW5	7661592	374879	0.65	3.64	8.12	4.83	61.20	87.10	33.17	1.130	190	
LW6	7661217	377432	0.41	5.92	13.21	7.32	88.60	131.32	44.55	1.192	277	
LW17	7640635	371185	0.30	5.94	13.25	8.12	69.75	127.97	49.01	1.206	261	
<b>LAKE AULD</b>												
LAA	7526757	585255	0.34	9.26	20.66	10.20	87.20	144.05	38.43	1.179	291	
LAB	7535669	582959	0.29	16.20	36.14	11.25	102.75	140.70	38.43	1.215	312	
LAI	7530472	585649	0.28	13.95	31.12	10.19	92.50	165.49	39.51	1.225	322	
<b>LAKE WINIFRED</b>												
LWFA	7491535	545376	0.34	6.05	13.50	3.89	103.80	157.45	24.02	1.184	296	
LWFB	7491508	551736	0.29	4.45	9.93	2.00	82.15	130.65	14.41	1.133	235	
LWFI	7491840	535752	0.48	3.42	7.63	2.22	81.05	145.39	18.45	1.182	251	
<b>LAKE DISAPPOINTMENT EAST</b>												
LDEA	7437223	517781	0.46	3.70	8.25	1.81	107.65	170.85	14.41	1.172	300	
LDEB	7437340	520874	0.44	3.75	8.37	1.62	112.60	174.20	14.40	1.174	308	
<b>LAKE GEORGE</b>												
LGB	7493430	556300	0.34	6.00	13.38	3.98	108.65	160.80	24.02	1.185	305	
LGI	7493430	558041	0.47	4.07	9.08	2.98	92.15	149.41	22.49	1.186	271	
<b>LAKE DISAPPOINTMENT <sup>(5)</sup></b>												
LD	7419900	476500	0.46	5.46	12.18	5.92	93.58	151.20	25.95	1.190	237	

**NOTES**

- (1) Metal values are grams per litre of solution = kilograms per m<sup>3</sup> brine
- (2) Potassium Sulfate (SOP) value is K x 2.23
- (3) SG - Brine Specific Gravity gm/cc
- (4) TDS - Brine Total Dissolved Solids - grams per litre of solution - sum of columns 5,7,8,9,10
- (5) Average Values in Brine from Lake Disappointment drilling - Non Weighted Average

Several of the samples when aligned with the AEM traverses completed as part of the Geoscience publication suggest a potential correlation between the high conductivity detected and Potash bearing brine (refer to Figure 3). Further exploration is required to increase the reliability of the preliminary sampling which has been performed to date.

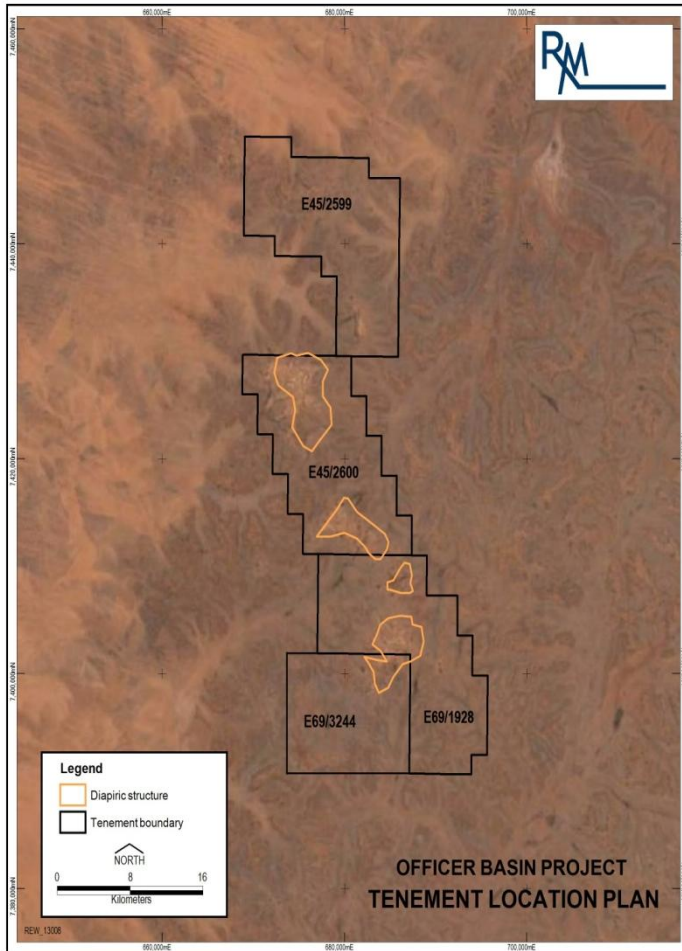
**Figure 3 – Karly Sampling results & Proximate AEM Traverses**



► **The Karly Province (continued)**

The Company also released an Exploration Target in its Corporate Presentation released to the ASX on 24 January 2014. The target is based on the addition of the highly prospective Karly and Dora Projects to the Company's tenement holdings. Please refer to the presentation for details of the Exploration Target. The Company is currently consulting with the Martu Traditional Owners regarding Land Access Agreements and Heritage Surveys to clear proposed drilling targets across its recent tenement applications.

► **Officer Basin – Western Australia**



Reward Minerals Ltd holds four Exploration Licences covering approximately 800km<sup>2</sup> in the Gibson Desert region of Western Australia prospective for Potash mineralisation. Exploration Licence 69/3244 which was recently applied for covers a circular topographic depression reported as the Connolly meteor impact crater. The origin of the feature remains the subject of debate and is assumed to be either the result of a meteor impact or a sinkhole depression created by the dissolution of diapiric evaporites and associated structural collapse.

The tenements cover areas of Officer Basin stratigraphy believed to be underlain by substantial evaporite horizons prospective for Potash mineralisation, Figure 4.

Recently, the Company executed a Land Access Agreement with WDLAC covering Exploration Licences E45/1928, 45/2599 and 45/2600 (Figure 4). The Licences have now been granted allowing exploration activities to commence following Heritage Clearances.

The tenements are located over regions where extensive evaporite (salt) flows have occurred resulting in typical circular diapiric structures and also linear salt walls covering considerable distances (100+ kms).

**Figure 4: Officer Basin Exploration Licences**

The uplift of salt diapirs and salt walls provides potential for relatively shallow mining scenarios should the evaporite flows host significant potash values.

Examination of satellite imagery of the northern block of tenements (see Figure 4) suggests several diapiric structures within a 50km zone trending north west – south east.

While exploration data are limited for this remote area, the exploration model is supported by a number of seismic lines and oil exploration holes drilled south of the tenement area. While no potash has been recorded in the evaporites intersected in Hussar and Dragoon exploration holes, a large number of targets – both salt wall and diapiric structures appear as exciting prospects worthy of drilling in this region.

► **Lake Mackay Potash Project, Western Australia**

Lake MacKay is a modern, playa lake with a surface area of over 2,250km<sup>2</sup>. The Lake is situated in the Gibson Desert, straddling the Western Australia–Northern Territory border, 50 kilometres north of the Tropic of Capricorn.

In 2009, Reward Minerals Ltd delineated a JORC compliant, Inferred Potash Resource at Lake Mackay as follows:

**4,780,400,000 BCM\* at 4.3kg of K<sub>2</sub>SO<sub>4</sub> (SOP) per BCM (Bench Cubic Metres) for a total of 20.56 Million Tonnes of K<sub>2</sub>SO<sub>4</sub>**

► **Lake Mackay Potash Project, Western Australia (continued)**

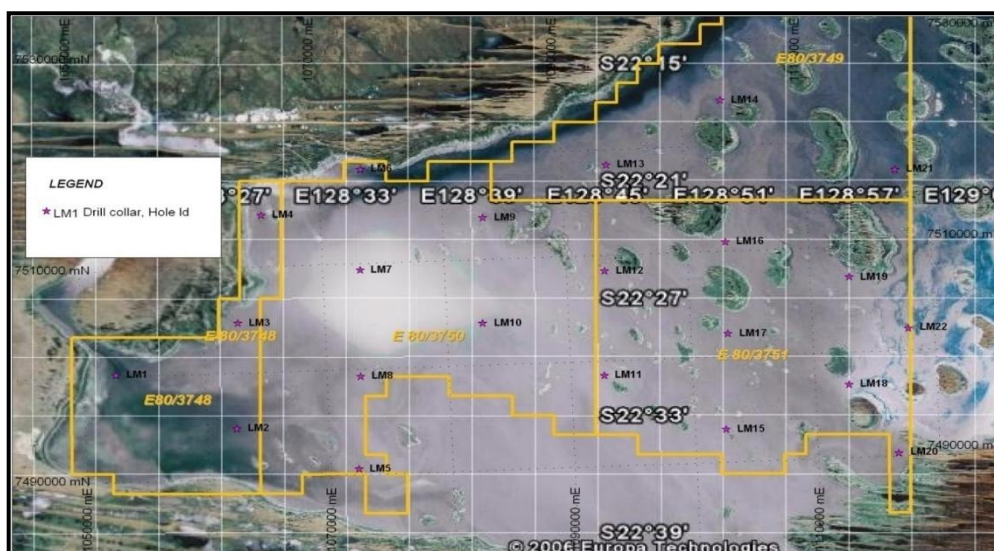
The resource estimate was calculated on the basis of lakebed sediment volume (BCM) from surface to a depth of two metres and the water soluble potassium sulphate content of these sediments located within the Company's tenement holdings at Lake Mackay.

The next stage of development at Lake Mackay will involve infill drilling, construction of pilot ponds and pump testing as well as flow sheet development for the preparation of a project feasibility study. Further work will require agreements with the Tjamu Tjamu traditional owners group.

Prior to committing to this phase the Company has engaged in discussions with Tjamu Tjamu people and other Traditional Owner groups aimed at reaching agreement on terms which would be acceptable for development to proceed at Lake Mackay in the event feasibility analysis proved favourable.

While it is the understanding of Reward Minerals Ltd that the majority of the Native Title Holders are in favour of development of the Lake Mackay project, no satisfactory commercial agreement has been forthcoming to date. Negotiations are continuing.

**Figure 5: Tenement and Drill Hole Location Plan – Lake Mackay, WA**



► **Potash Exploration, Queensland**

Reward Minerals Ltd holds three Exploration Permits covering 790km<sup>2</sup> within the Adavale Basin in Queensland which were granted in December 2008.

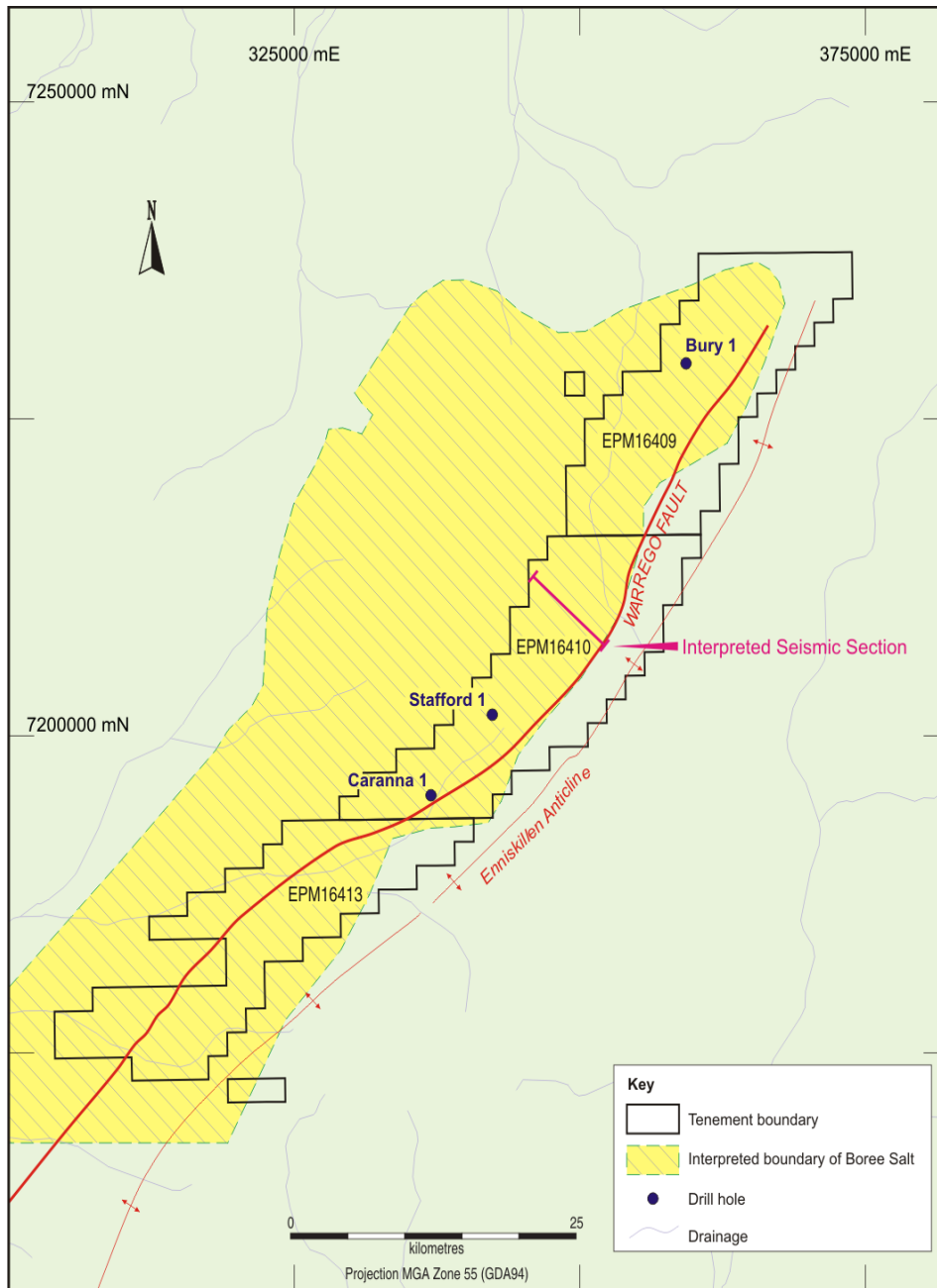
The area held by Reward Minerals Ltd covers an elongate northeast-trending structure west of the Warrego Fault and contains Bury 1 and Stafford 1 oil exploration wells (See Figure 6). In Bury 1, the salt horizon top was at a depth of 1,770m and salt thickness of 580m. Minor Potash mineralisation was encountered in Bury 1 between 1,810 – 1,811m and 1,968 – 1,971m depths. Potassium values up to 4% were observed in thin layers (15cm) within these intervals. However, much of the evaporite horizon was not analysed for potassium. Figure 6 displays a seismic interpretation between Stafford 1 and Bury 1 drill holes which outlines the Boree Salt Member at depth and rising until it hits the Warrego Fault.

On the down throw side of this fault, a series of minor horsts and grabens are developed sub paralleling the major trend direction. It has been interpreted from seismic surveys that the evaporite horizon is up to 900m thick, coming to within 900m of surface in places. Figure 8 displays the gravity low associated with the Boree Salt Member adjacent to the Warrego Fault. The exploration strategy is to drill several 1,500m to 2,000m holes to intersect the uplifted salt horizon to ascertain the concentration and extent of potash mineralisation within the unit.

The project area is near the coal mining site of Blackall 600km inland from Gladstone. In addition to their Potash potential the Adavale deposits could readily provide salt for the manufacture of caustic soda which is utilised in substantial quantities at the Gladstone Alumina operations of Comalco Ltd. Data available suggests that annual imports of caustic soda to Gladstone are of the order of 1.5 million tonnes at a cost in excess of \$500 million.

► **Potash Exploration, Queensland (continued)**

**Figure 6: Adavale Tenements Showing Interpreted Extent of Boree Salt and Cross Section Location**



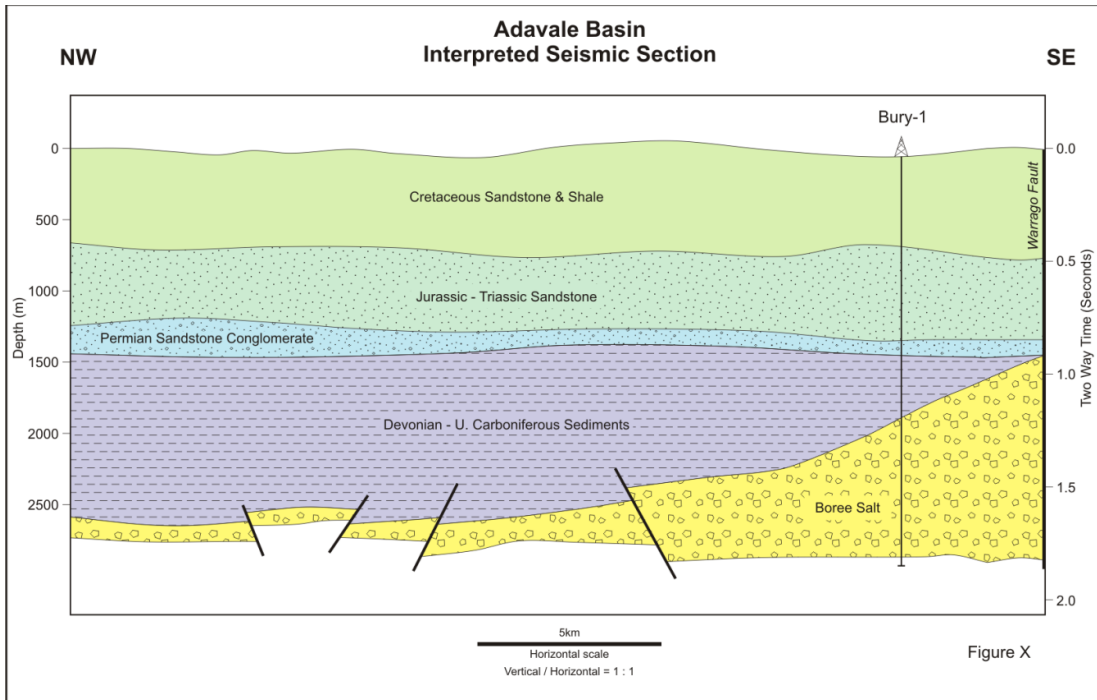
Reward's Adavale Potash Project tenements are over Freehold land. The Company had executed Access Agreements with holders of the two pastoral leases covering the Adavale prospect area and received clearance from the Queensland Department of Employment, Economic Development and Innovation. During the December 2010 quarter, in line with recent legislation, Reward Minerals Ltd sought Heritage clearance for the two drill sites from the relevant Traditional Owners of the area.

Since reaching agreement with the Martu people on development of the Lake Disappointment project, the Company has elected to farm out the Adavale Potash project. Several companies have expressed interest in earning an interest in the project and negotiations on this front are in progress.

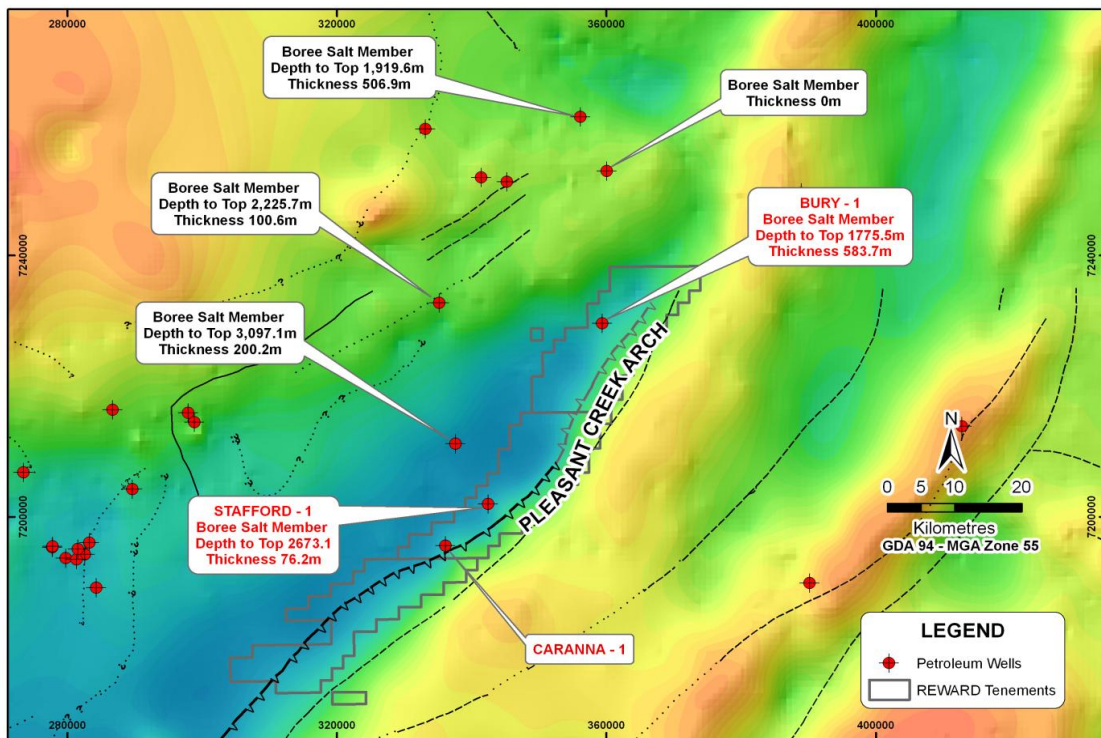


► **Potash Exploration, Queensland (continued)**

**Figure 7: Showing Interpreted Stratigraphic Location of Boree Salt Member**



**Figure 8: Gravity Image**



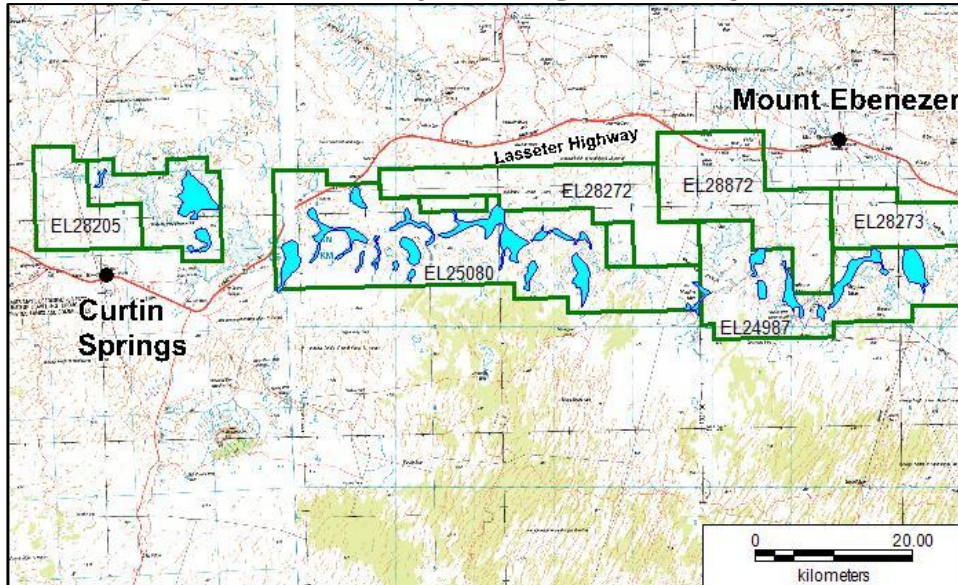
► **Karinga Lakes, NT Potash Project**

**Rum Jungle Resources Ltd (RUM) | Reward Minerals Ltd (RWD) Joint Venture. (RUM 85% – RWD 15%)**

The Karinga Lakes Potash Joint Venture between Rum Jungle Resources Ltd and Reward Minerals Ltd includes six granted exploration licences for 2,310 km<sup>2</sup> along the Lasseter Highway between Alice Springs and Uluru. The companies are exploring for SOP and potassium magnesium sulfate (Schoenite) in sub-surface lake brine in up to 26 dry salt lakes on pastoral leases adjacent to the Lasseter Highway.

Rum Jungle Resources Ltd is the operator, sole risk funding and increasing equity. The Karinga Lakes Project has had exploration expenditure of approximately \$1.5 million in 2013.

**Figure 9: Location map of Karinga Lakes Project**



Works on the Karinga Lakes Project for the December 2013 quarter included a 17 hole sonic core drilling program for 259 metres. 71 core intervals were sampled and forwarded to independent laboratories for geotechnical and chemical analysis. Rum also continued brine pumping and evaporation trials during the quarter. For full details refer to Rum's December 2013 Quarterly Report lodged with the ASX on 8 January 2014.

**Reward Minerals Ltd**  
**Quarterly Report for the Period Ending 31 December 2013**

► **Changes in Tenement Holdings**

Table 4

<b>Tenement</b>	<b>Status</b>	<b>RWD Ownership at Quarter End</b>	<b>% Interest Acquired During the Quarter</b>	<b>% Interest Disposed During the Quarter</b>
<b>Officer Basin</b>				
E69/1928	Granted	100%	-	-
E45/2599	Granted	100%	-	-
E45/2600	Granted	100%	-	-
EL(A)69/3244	Application	100%	100%	-
<b>Lake Disappointment</b>				
E45/2801	Granted	100%	-	-
E45/2802	Granted	100%	-	-
E45/2803	Granted	100%	-	-
E45/2804	Granted	100%	-	-
E69/2156	Granted	100%	-	-
E69/2157	Granted	100%	-	-
E69/2158	Granted	100%	-	-
E69/2159	Granted	100%	-	-
E45/3285	Granted	100%	-	-
E45/3286	Granted	100%	-	-
E45/4090	Granted	100%	-	-
E45/4121	Granted	100%	-	-
L45/302	Granted	100%	-	-
M45/1227	Granted	100%	-	-
EL(A)45/4257	Application	100%	-	-
EL(A)45/4258	Application	100%	-	-
EL(A)45/4259	Application	100%	-	-
EL(A)45/4272	Application	100%	-	-
EL(A)69/2902	Application	100%	-	-
<b>Lake Waukarlyarly</b>				
E45/3246	Granted	100%	-	-
EL(A)45/4273	Application	100%	-	-
EL(A)45/4274	Application	100%	-	-
EL(A)45/4291	Application	100%	100%	-
EL(A)45/4292	Application	100%	100%	-
EL(A)45/4293	Application	100%	100%	-
EL(A)45/4294	Application	100%	100%	-
EL(A)45/4299	Application	100%	100%	-
EL(A)45/4321	Application	100%	100%	-
EL(A)45/4324	Application	100%	100%	-
<b>Lake Mackay</b>				
E80/3748	Granted	100%	-	-
E80/3749	Granted	100%	-	-
E80/3750	Granted	100%	-	-
E80/3751	Granted	100%	-	-
<b>Tamala</b>				
EL(A)09/1185	Application	100%	-	-
<b>Karinga Lakes</b>				
EL24987	Granted	15%	-	-
EL25080	Granted	15%	-	-
EL28205	Granted	15%	-	-
EL28272	Granted	15%	-	-
EL28273	Granted	15%	-	-
ELA25081	Application	15%	-	-
<b>Adavale</b>				
EPM16409	Granted	100%	-	-
EPM16410	Granted	100%	-	-
EPM16413	Granted	100%	-	-

► **Competent Persons Statement**

**Previously stated estimates of Mineral Resources and Exploration Results**

The information is extracted from the report entitled "Potash Resource Estimate for Lake Mackay, WA" created on 16 November 2009 and the report titled "Highly Encouraging Potash Brine Analyses received from Sampling on Recently Acquired Tenements in North West, Western Australia" created on 10 December 2013 and are available to view on [www.rewardminerals.com](http://www.rewardminerals.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## 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

Reward Minerals Limited

ABN

50 009 173 602

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(818) - - (219)	(2,174) (1,523) - (902)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	86
1.5 Interest and other costs of finance paid	(25)	(25)
1.6 Income taxes paid	-	-
1.7 Other - GST	53	(22)
<b>Net Operating Cash Flows</b>	<b>(991)</b>	<b>(4,560)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (53)	- - (239)
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>(53)</b>	<b>(239)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,044)</b>	<b>(4,799)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,044)	(4,799)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,792	4,937
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,212
1.17	Repayment of borrowings	(193)	(193)
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(155)	(187)
	<b>Net financing cash flows</b>	<b>1,444</b>	<b>5,769</b>
	<b>Net increase (decrease) in cash held</b>	<b>400</b>	<b>970</b>
1.20	Cash at beginning of quarter/year to date	3,455	2,885
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,855</b>	<b>3,855</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	74
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid at commercial rates.

**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

--

+ 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	500
4.2 Development	100
4.3 Production	
4.4 Administration	100
<b>Total</b>	<b>700</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,751	3,351
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	104	104
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,855</b>	<b>3,455</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E69/1928 E45/2599-2600 E69/3244 E45/4291-4294 E45/4299 E45/4321 E45/4324	0% 0% 0% 0% 0% 0% 0%	100% 100% 0% 0% 0% 0% 0%

+ See chapter 19 for defined terms.

## Appendix 5B

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

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

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <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>	98,492,189	98,492,189	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,908,998	10,908,998	Share placement via rights issue at \$0.20 per share.	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.



**Appendix 5B**

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

---

	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.7	Unlisted Directors Options 2,150,000			\$0.50	31 August 2014
	Unlisted Azure Options 3,000,000			\$0.45	5 January 2016
	Unlisted Azure Options 2,000,000			\$0.45	10 October 2016
	Employee Options 500,000			\$1.09	8 October 2015
	Unlisted Martu Options 4,500,000			\$0.50	28 February 2017
	Listed Options 14,341,548	Listed Options 14,341,548		Free attaching options exercisable at \$0.25	30 June 2016
7.8	Issued during quarter	Listed Options 7,454,499	Listed Options 7,454,499	Free attaching options exercisable at \$0.25	30 June 2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....

Bianca Taveira  
Company Secretary

Date: 30 January 2014

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.