

## SEPTEMBER 2014 QUARTERLY REPORT

Sovereign Metals Limited ("the Company" or "Sovereign") is pleased to present its quarterly report for the period ending 30 September 2014. The Company's primary focus during the period continued to be the advancement of its graphite prospects in Malawi, including the major Duwi Flake Graphite Project.

### Highlights:

- **Completion of RC and diamond resource drilling program at Duwi.**
  - 48 RC and diamond core holes totalling 5,285m completed and assayed at Duwi.
  - Wide zones of high-grade flake graphite mineralisation intersected from surface at Duwi Main Zone, Duwi Bend and Nyama, over a cumulative 2.2km strike length.
  - Mineralisation remains open down dip and along strike at all prospects. Approximately ~2.2km of strike length drilled of the known ~24km strike length of the Duwi Trend suggesting substantial potential to expand mineralised bodies with further drilling.
- **Maiden Mineral Resource Estimate for Duwi.**
  - Total Indicated and Inferred Mineral Resource estimate at Duwi of **86Mt at 7.1% TGC** (total graphitic carbon), containing **6.13Mt of graphite** (5% TGC cut-off).
- **Independent metallurgical testwork program confirms outstanding large flake properties.**
  - A bench-scale testwork program was conducted by SGS Canada Inc. to independently verify the results from 2013 testwork at MINTEK Johannesburg.
  - Results confirmed the outstanding large flake characteristics of Duwi fresh rock concentrates.
  - Definitive bench-scale variability testwork program has commenced.
  - Upscaling testwork has commenced to produce larger quantities of concentrates for testing by various graphite consumers and distributors.
- **Scoping Study to commence.**
  - To examine a production scenario of 30,000t of flake graphite per annum and expanded scenario of 65,000tpa, based on the Indicated Resource area and Duwi's world-class large flake metallurgical properties.

**Enquiries: Matthew Syme – Managing Director +618 9322 6322**

## Operations

Sovereign is exploring its large and highly prospective tenement holding located in Malawi, near the capital city, Lilongwe. Exploration and metallurgical test work activities during the Quarter have focussed on the major Duwi Flake Graphite Project, culminating in the release of the maiden Mineral Resource Estimate in October 2014.

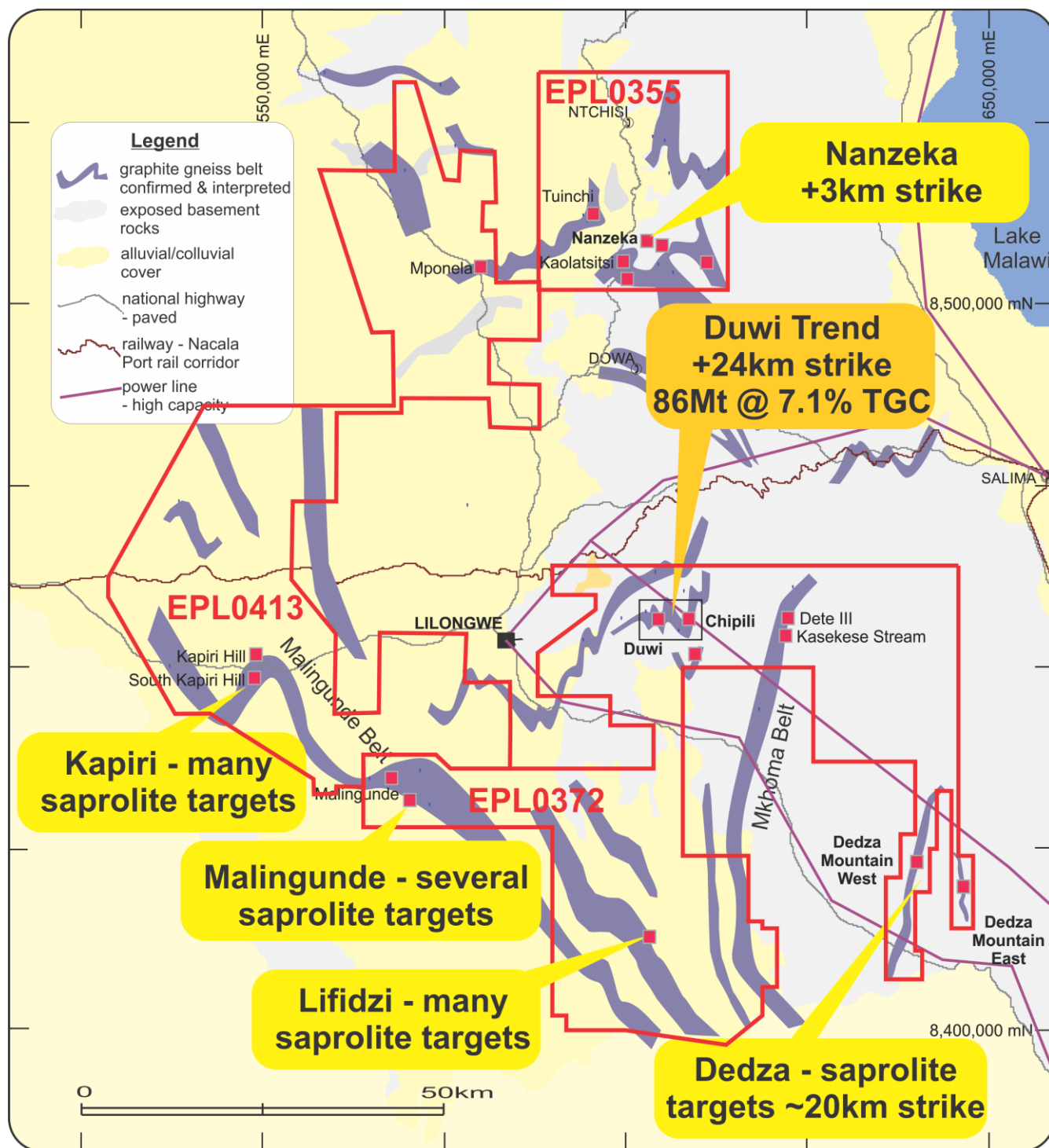
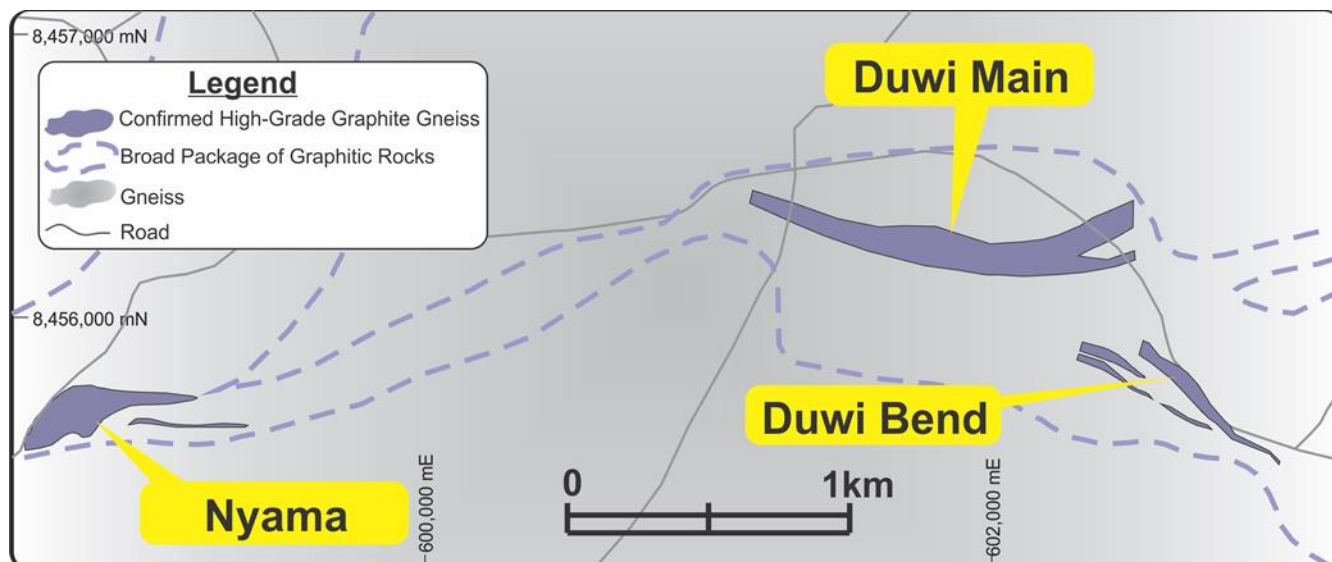


Figure 1. Simplified map showing major flake graphite prospects.

## Duwi Flake Graphite Project

The Company has identified three substantial proximal bodies of flake graphite mineralisation at Duwi – being Duwi Main, Duwi Bend and Nyama.



**Figure 2. Simplified map showing Duwi Main, Duwi Bend and Nyama Prospects.**

The Duwi Project is located within 20km of Lilongwe, the capital city of Malawi, and is well serviced by road, rail, electricity and other infrastructure. Metallurgical testwork to date demonstrates that the Duwi Project can produce a world class large flake graphite concentrate, with greater than 64% of concentrates +100mesh (see ASX announcement 21 January 2014).

### Geology

Graphite mineralisation at Duwi and Nyama occurs as multiple, high-grade, bands of flake graphite, hosted within Proterozoic gneissic rocks of felsic to intermediate composition. Mineralisation is open along strike and down dip in both Duwi and Nyama. Field mapping and trenching of the deposits in 2013 and 2014, has demonstrated geological continuity of the host gneisses. Weathering reaches a depth of 70m below surface.

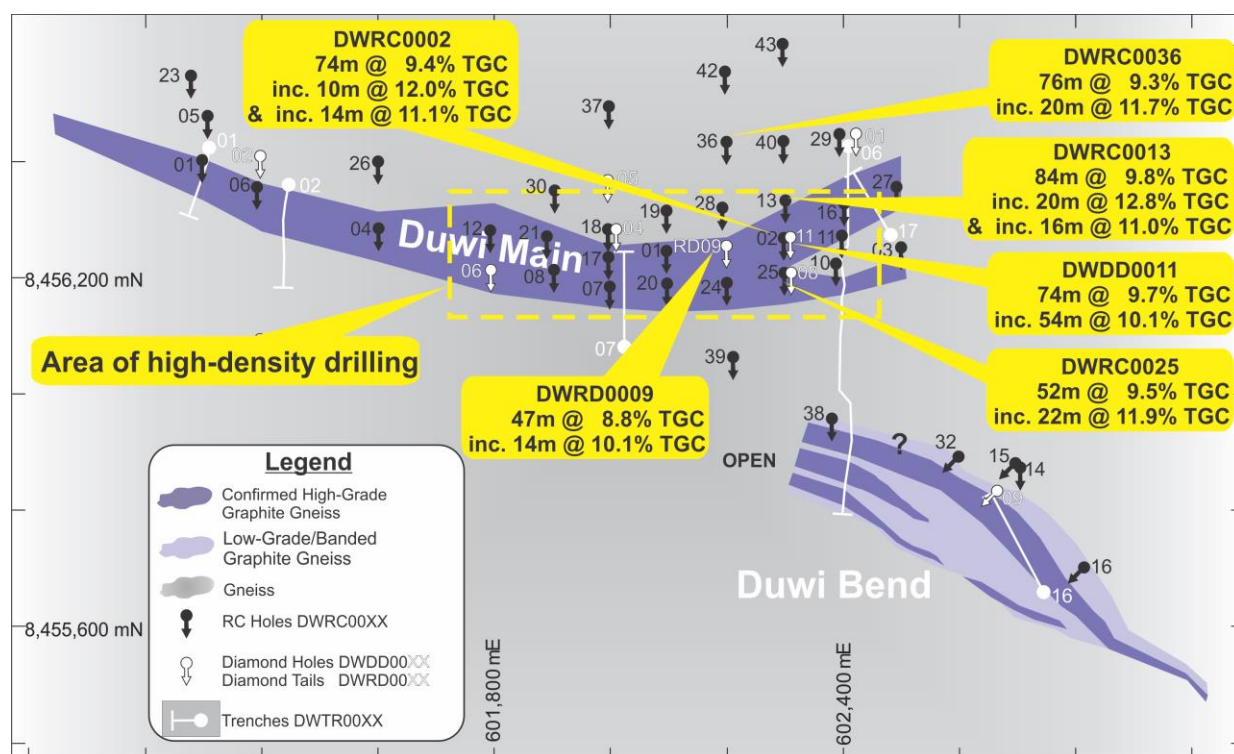
Duwi Main has an east-west strike, dipping 45° to the north. It is currently modelled as two lenses of mineralisation, with a depth extent of 280m, a strike-length of 1,300m and a plan width varying between 25m and 180m. Duwi Bend has a strike of 125°, with a vertical dip. It is currently modelled as two parallel lenses, with a combined strike extent of 420m, down dip extent of 175m and plan width of 20m. Nyama, located approximately 2km west-south-west of Duwi Main, has an approximate east-west strike, and dips 40° to the north. It is currently modelled as three parallel lenses, striking approximately 400m, with a down dip extent of 230m and plan width of 40m.

### Drilling

The 2014 drilling program at the Duwi Project was completed during the quarter. A total of 5,285 metres of combined RC and diamond drilling was undertaken in 48 drill-holes.

The Duwi Main, Duwi Bend and Nyama prospects have thick zones of graphite mineralisation over a cumulative drilled strike length of ~2.2km (see Figure 3).



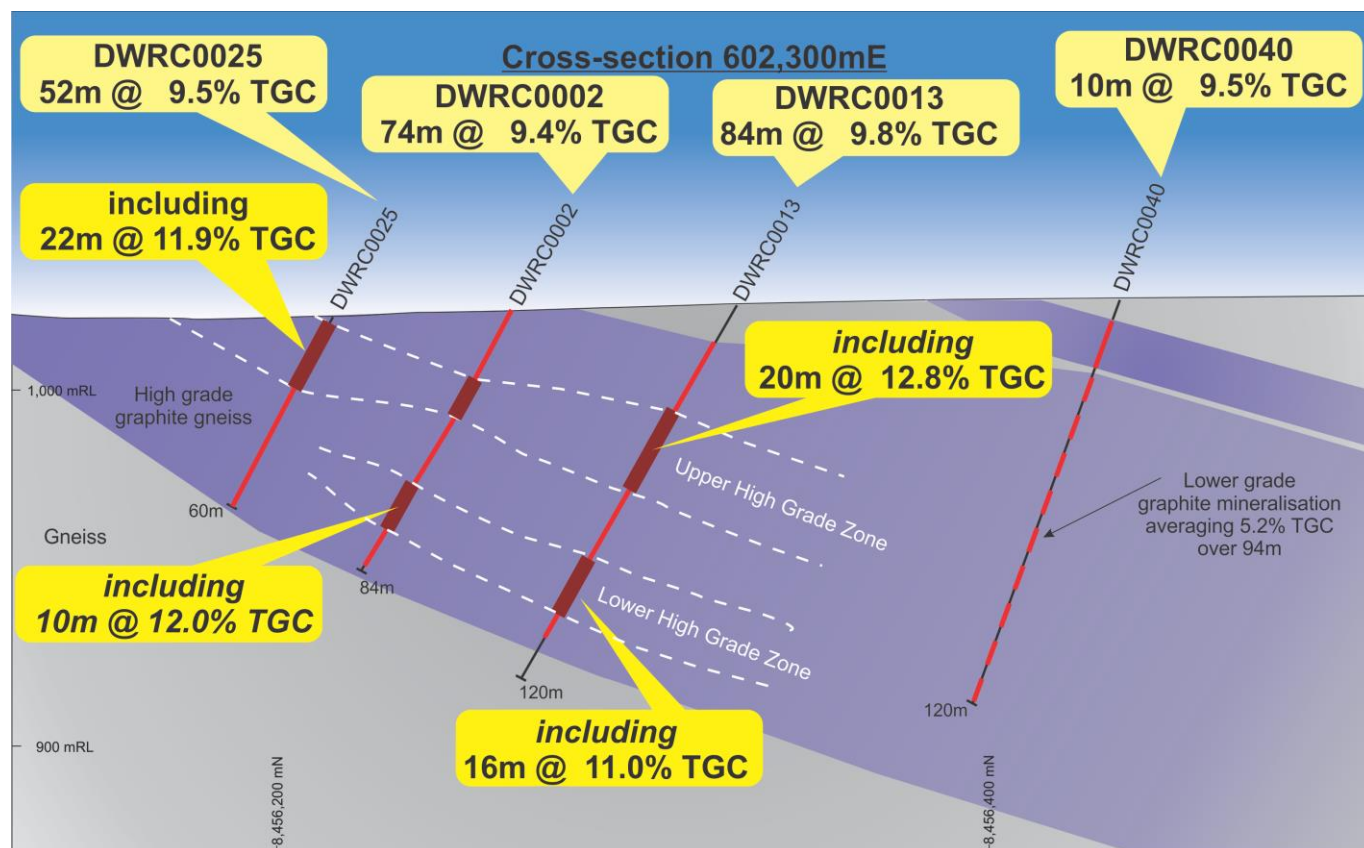


**Figure 3. Simplified map of Duwi Main and Duwi Bend showing selected 2014 RC drilling results reported to date.**

In particular, the Duwi Main zone has shown a number of thick, high grade graphite intercepts that begin at surface (Figures 3-5). This area was drilled at a higher density, nominally 50m by 100m, in order to provide more comprehensive data for the likely initial area of focus for a mining study.

Results from the 2014 drilling program include:

- DWRC0013:** 84m @ 9.8 %TGC (from 24m)  
inc. 20m @ 12.8% TGC & 16m @ 11.0% TGC
- DWRC0002:** 74m @ 9.4 % TGC (from 8m)  
inc. 10m @ 12.0% TGC & 14m @ 11.1% TGC
- DWRC0036:** 76m @ 9.3%TGC (from 138m)  
inc. 20m @ 11.7% TGC
- DWRC0025:** 52m @ 9.5% TGC (from 2m)  
inc. 22m @ 11.9% TGC
- DWRD0009:** 47m @ 8.8% TGC (from 66m)  
inc. 14m @ 10.1% TGC
- DWDD0011:** 74m @ 9.7% TGC (from 6m)  
inc. 54m @ 10.1% TGC



**Figure 4. 602,300mE cross-section at Duwi Main Zone**

All three deposits drilled to date within the Duwi Trend remain open down dip and along strike, suggesting that further drilling should be able to substantially expand the Mineral Resource.

#### Mineral Resource Estimate

Following completion of the 2014 resource drilling program, CSA Global Pty Ltd ("CSA Global") was engaged to complete the maiden Mineral Resource Estimate ("MRE") for the Duwi Project in Malawi. MRE's were determined for three zones of mineralisation, being Duwi Main, Duwi Bend and Nyama (Figure 2). The MRE's were reported in October 2014, in accordance with the JORC Code (2012 Edition) (refer ASX Announcement dated 17 October 2014).

The MRE's show a large body of flake graphite mineralisation at the Duwi Main Deposit (Figure 5), with smaller deposits at Duwi Bend and Nyama, all totalling 86Mt at 7.1% TGC (Indicated + Inferred), using a 5% TGC lower cut-off grade, as presented in Table 1.

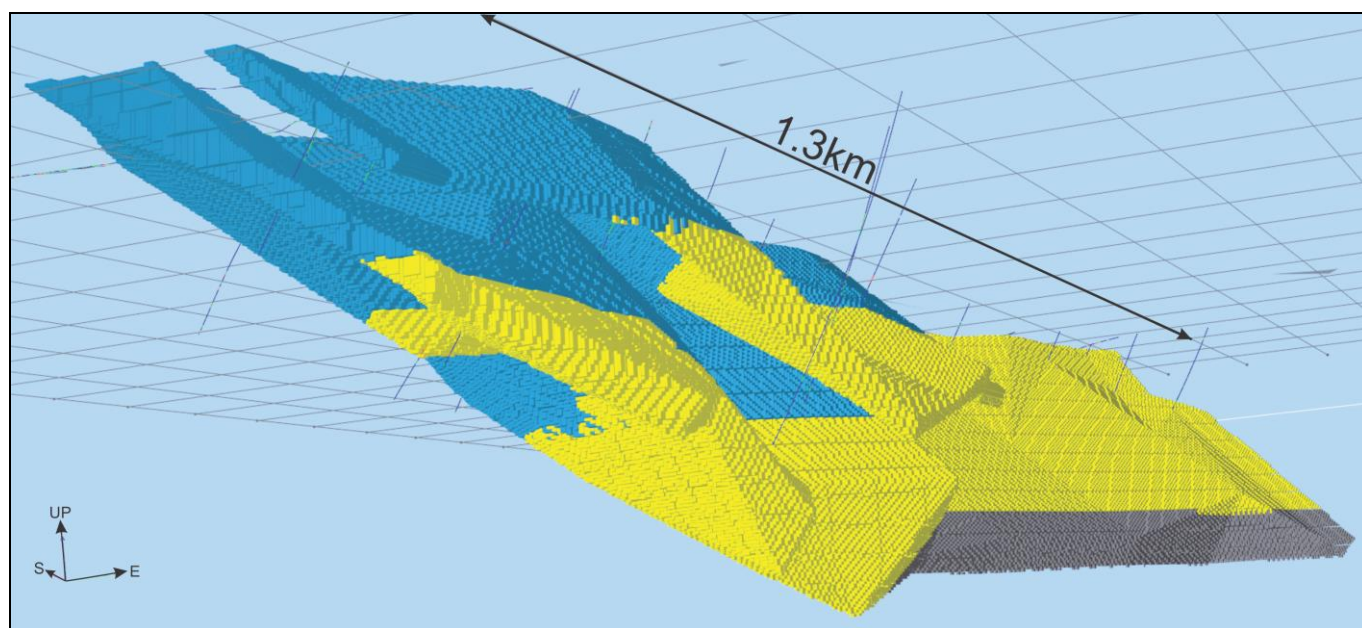
Greater than 40% of the total MRE's are in the Indicated category (above a 5% TGC cut-off grade). All of the Indicated material occurs in a coherent zone within 150m of surface in the central and eastern parts of the Duwi Main Deposit, where drilling is generally on 100m x 50m spacing (see Figure 3). At a 5% TGC lower cut-off the Indicated portion of the resource is 35Mt at 7.2% TGC. Using a higher cut-off grade at 7% TGC, the Indicated Resource component is 17Mt at 8.1% TGC.

Importantly, the Duwi Main, Duwi Bend and Nyama Deposits make up only ~2.2km strike length of the total Duwi Trend, which has known graphite mineralisation over ~24km of strike, indicating substantial potential for expansion and additions to the current resource.



**Table 1. Duwi Main, Duwi Bend and Nyama Resources at 5% TGC lower cut-off grade.**

Deposit	Category	Tonnage (MT)	Grade (% TGC)	Contained Graphite (MT)
Duwi Main	Indicated	35.2	7.2	2.52
	Inferred	34.3	7.3	2.49
	Total	69.5	7.2	5.01
Duwi Bend	Indicated	-	-	-
	Inferred	7.8	7.2	0.56
	Total	7.8	7.2	0.56
Nyama	Indicated	-	-	-
	Inferred	8.6	6.5	0.56
	Total	8.6	6.5	0.56
Total	Indicated	35.2	7.2	2.52
	Inferred	50.7	7.1	3.61
	Total	85.9	7.1	6.13



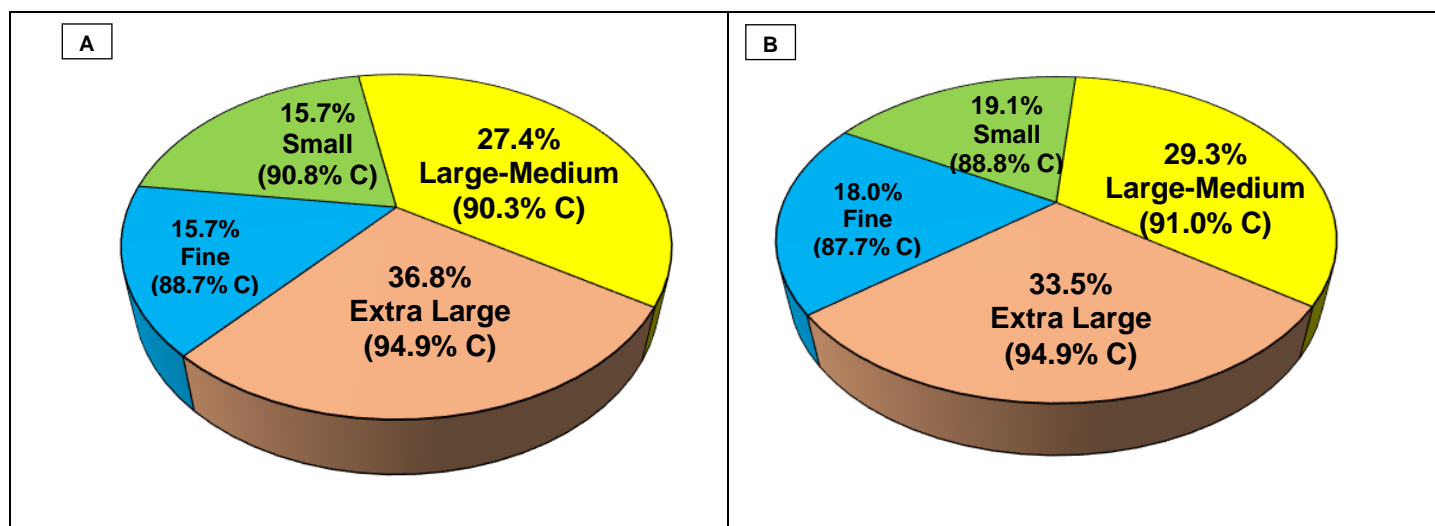
**Figure 5. 3D view from north east of Duwi Main Deposit, showing Indicated (blue), Inferred (yellow) and Unclassified (grey) volumes.**

### Metallurgy

During the Quarter, an independent bench-scale metallurgical testwork program for the Duwi Project commenced. The testwork was performed by SGS Canada Inc. under the supervision of Mr Oliver Peters (MSc, P.Eng, MBA).

The primary objective of the testwork was to independently verify the results from 2013 testwork at MINTEK Johannesburg (see ASX Announcement 22 January 2014), by employing similar test work equipment and conditions prior to proceeding to the next phase of testwork.

The overall size distribution and grade of the MINTEK and SGS test were very similar (Figure 6 and Table 2). Concentrate grades of the three coarsest size fractions were all within 0.7% carbon content between the two laboratories, indicating excellent concentrate grade repeatability.



**Figure 6: (A) Flake Size Distribution and Carbon<sup>1</sup> (“C”) Purity of MINTEK 2013 test (B) Flake Size Distribution and Carbon<sup>2</sup> Purity of SGS 2014 test**

**Table 2: Duwi – Concentrate Flake Size and Carbon Content**

Particle size		MINTEK 2013		SGS 2014		Flake Category
		Distribution (wt. %)	C <sup>1</sup> (%)	Distribution (wt. %)	C <sup>2</sup> (%)	
Tyler Mesh	(µm)					
+35	+425	19.7	96.3	17.5	95.8	Extra Large (Jumbo)
-35 + 48	- 425 + 300	17.1	93.3	16.0	93.8	
-50 + 100	- 300 + 150	27.4	90.3	29.3	91.0	Large-Medium
-100 + 200	- 150 + 75	15.7	90.8	19.1	88.8	Small
-200	- 75	20.1	88.7	18.0	87.7	Amorphous
Total		100.0	91.8	100.0	91.3	

<sup>1</sup> The graphitic carbon content of the samples was determined using a thermo gravimetric analyser. The graphitic carbon equivalent content shown in the table is the difference between the loss on ignition at 375°C and 1,000°C.

<sup>2</sup> The chemical analysis used to determine the total carbon content employs combustion of a sample followed by infrared detection on a LECO SC-632 instrument. All reported analytical results have an associated measurement uncertainty based on the expected precision and accuracy relating to the method and sample concentration. Values at 100% should not be treated as pure products without additional impurity testing. The estimated measurement uncertainty for total carbon values greater than 90% C is 1.7% (relative) with a resolution of 1 significant figure.

SGS also completed a number of additional batch flotation tests on the master composite sample to assess the impact of a range of processing alternatives, principally grinding and polishing times and reagent variations. These tests provided further information on the effect of different potential process flowsheets on concentrate grade, flake size distribution and recovery. The results set out above represent a base case flowsheet to date and further work is required to optimise a process flowsheet prior to establishing process design criteria.

The MINTEK 2013 testwork results have been independently verified. The results of the SGS testwork confirm that commercial grades of sought-after and valuable Extra Large ('Jumbo') and Large Flake make up close to two-thirds of the final concentrate. The proportion of Extra Large and Large Flake is at the higher end of reported graphite projects worldwide and significantly enhances the Project's commercial appeal.

The results of the testwork provide Sovereign with the required level of confidence to proceed to the next stage of testwork. A comprehensive testwork program involving variability and up-scaling work has now commenced.

### Scoping Study

The Company plans to begin a scoping study immediately to examine a production scenario of 30,000t of flake graphite per annum and an expanded scenario of 65,000t per annum.

The Indicated portion of the MRE will provide the base tonnage input for the Scoping Study. The Company notes that all of the Indicated material occurs in two wide, coherent zones from surface dipping at approximately 45° to the North (see Figure 5). This should facilitate low stripping ratios and low mining costs.

The Duwi Project is located within 20km of Lilongwe, the capital city of Malawi, and is well serviced by road, rail, electricity and other infrastructure. Metallurgical testwork to date demonstrates that the Duwi Project can produce a world class large flake graphite concentrate, with greater than 64% of concentrates +150µm.

The Scoping Study is expected to be complete in early 2015.



## Dedza Mountain Prospect

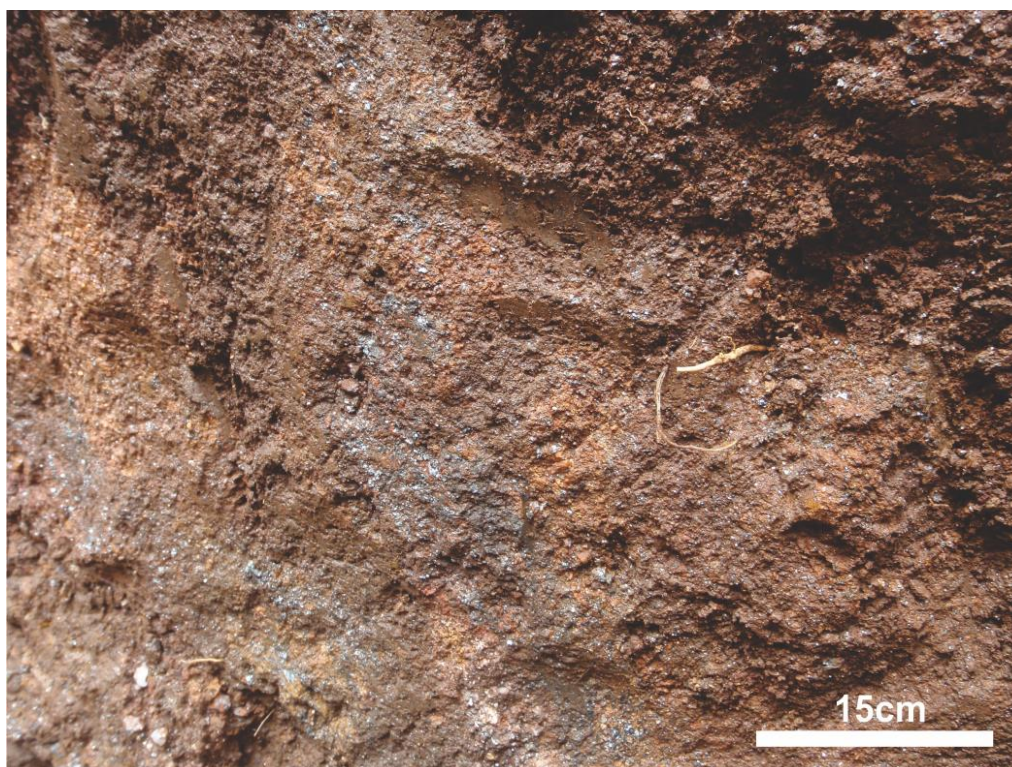
The Company recognised significant potential for flake graphite mineralisation at Dedza Mountain through the discovery of approximately twenty trenches excavated for base metals exploration by a previous explorer. Subsequent field reconnaissance mapping defined two very discrete zones of graphite mineralisation with ~4km and ~20km strike lengths at Dedza Mountain East ('DME') and Dedza Mountain West ('DMW') respectively (Figure 1).

Field examination of the existing trenches at DME showed significant and visually consistent zones of coarse flake graphite mineralisation. A total of 8 trenches for 502m were sampled and showed graphite mineralisation to be hosted within very soft and highly weathered saprolite (Figure 7), including:

- **DZTR0001: 14m @ 10.8% TGC incl. 6m @ 12.1% TGC; and**
- **DZTR0003: 20m @ 10.3% TGC incl. 10m @ 11.3% TGC.**

A ~500m trenching program at the DMW and DME prospects was completed during quarter with results pending. In addition, Sovereign also completed a 1,150 metre reconnaissance air-core and RC drilling program at DMW designed to test targets identified by VTEM and trenching/augering. Results are pending.

Subsequent to the drilling program, a ground EM survey was completed at DMW to further enhance the Company's understanding of the mineralisation. Technical assessment of the ground EM results is currently being undertaken.



**Figure 7: Coarse Flake Graphite Hosted in Soft Saprolite at DME**

A large number of highly prospective saprolite targets at Lifidzi, west of Dedza Mountain, have been identified by VTEM and further refined by ground EM survey. Reconnaissance exploration, including hand auger drilling, on these targets has commenced during the December 2014 quarter.

## **Carpentaria Joint Venture**

Mount Isa Mines, a Glencore Company, continues to manage and sole fund exploration on all tenements comprising the Carpentaria Joint Venture ("CJV").

Mount Isa Mines completed drill programs at Mt Marathon EPM 8586, Mt Avarice EPM 8588, Corella River EPM 12597 and St Andrews Extended EPM 12180 in the September Quarter.

Drilling at Mt Marathon consisted of a single RC hole for 180m and a single diamond hole for 257m. It is expected that assay results will be available in early 2015 once all QA/QC procedures have been completed.

Drilling at Mount Avarice consisted of a single diamond hole for 406m at the Mongoose Prospect which is located on the eastern boundary of EPM 8588 along strike north west of the historic Paddock open pit (not in EPM 8588) south of the township of Cloncurry. It is expected that assay results will be available in early 2015 once all QA/QC procedures have been completed.

Five RC holes for 797m were completed at the Callisto Prospect in the Corella River EPM. It is expected that assay results will be available in early 2015 once all QA/QC procedures have been completed.

Drilling at St Andrews consisted of 5 RC and 1 diamond hole at the Beauty Prospect. It is expected that assay results will be available in early 2015 once all QA/QC procedures have been completed.

## **Tate River**

No work was conducted during the Quarter.



**Competent Person Statement**

The information in this report that relates to Exploration Results is extracted from the reports entitled 'Strong Final Results from Duwi Project Drilling' dated 3 October 2014 and 'Significant New Zone of Flake Graphite Identified at Dedza, Malawi' dated 27 March 2014. These reports are available to view on [www.sovereignmetals.com.au](http://www.sovereignmetals.com.au). The information in the original ASX Announcements that related to Exploration Results was based on, and fairly represents, information compiled by Mr Peter Woodman, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Woodman is a director of Sovereign Metals Limited. Mr Woodman has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information including in the original market announcement. 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.

The information in this report that relates to Metallurgical Testwork Results is extracted from the report entitled 'Further Metallurgical Testwork Confirms Exceptional Large Flake Characteristics' dated 21 October 2014. This report is available to view on [www.sovereignmetals.com.au](http://www.sovereignmetals.com.au). The information in the original ASX Announcement that related to Metallurgical Testwork Results was based on, and fairly represents, information compiled by Mr Oliver Peters, M.Sc., P.Eng., MBA, who is a Member of the Professional Engineers of Ontario ('PEO'), a 'Recognised Professional Organisation' ('RPO'). Mr Peters is a consultant of SGS Canada Inc. ('SGS'). SGS is engaged as a consultant by Sovereign Metals Limited. Mr Peters has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information including in the original market announcement. 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.

The information in this Report that relates to Mineral Resources is extracted from the report entitled 'Maiden JORC Resource Confirms Duwi as one the World's Largest Graphite Deposits' dated 17 October 2014. The announcement is available to view on [www.sovereignmetals.com.au](http://www.sovereignmetals.com.au). The information in the original ASX Announcement that related to Mineral Resources was based on, and fairly represents, information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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. 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.

**Forward Looking Statement**

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.



## Appendix A: Summary of Mining Tenements

As at 30 September 2014, the Company had an interest in the following tenements:

Project Name	Permit Number	Percentage Interest	Joint Venture Partner	Status
<b><u>Malawi</u></b>				
Central Malawi Graphite Project	EPL 0413	100%	-	Granted
	EPL 0372	100%	-	Granted
	EPL 0355	100%	-	Granted
<b><u>Queensland, Australia:</u></b>				
Nine Mile	EPMA 17305	100%	-	Application
Mt Marathon	EPM 8586	35.79%	Mount Isa Mines	Granted
Mt Avarice	EPM 8588	35.79%	Mount Isa Mines	Granted
Fountain Range	EPM 12561	35.79%	Mount Isa Mines	Granted
Corella River	EPM 12597	35.79%	Mount Isa Mines	Granted
Saint Andrews Extended	EPM 12180	35.79%	Mount Isa Mines	Granted
Dargalong	EPM 17103	100%	Fusion	Granted

No mining tenements were acquired or disposed of during the Quarter. A large portion of RL 0146 was converted into EPL 0413 during the Quarter.

Beneficial percentage interests in Farm-out agreements disposed during the quarter ending 30 September 2014:

Project Name	Permit Number	Type of change	Interest at beginning of quarter	Interest disposed of during quarter	Interest at end of quarter
<b><u>Carpentaria JV:</u></b>					
Mt Marathon	EPM 8586	Farm out	37.48%	1.69%	35.79%
Mt Avarice	EPM 8588	Farm out	37.48%	1.69%	35.79%
Fountain Range	EPM 12561	Farm out	37.48%	1.69%	35.79%
Corella River	EPM 12597	Farm out	37.48%	1.69%	35.79%
Saint Andrews Ext.	EPM 12180	Farm out	37.48%	1.69%	35.79%

# 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

SOVEREIGN METALS LIMITED

ABN

71 120 833 427

Quarter ended ("current quarter")

30 SEPTEMBER 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(584)	(584)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(279)	(279)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	21	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	- Business development	(24)	(24)
	- Project Marketing	(29)	(29)
<b>Net Operating Cash Flows</b>		(895)	(895)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(5)	(5)
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>		(5)	(5)
1.13	<b>Total operating and investing cash flows (carried forward)</b>	(900)	(900)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(900)	(900)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(900)</b>	<b>(900)</b>
1.20	Cash at beginning of quarter/year to date	3,031	3,031
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,131</b>	<b>2,131</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	119
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include executive remuneration, directors fees, superannuation and provision of a fully serviced office.

**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

Not Applicable

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

Not Applicable

**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	-

+ See chapter 19 for defined terms.



### Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	(1,000)
4.2 Development	-
4.3 Production	-
4.4 Administration	(160)
<b>Total</b>	<b>(1,160)</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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	8	31
5.2 Deposits at call	2,123	3,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,131</b>	<b>3,031</b>

### 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	EPM 8586 EPM 8588 EPM 12561 EPM 12597 EPM 12180	Reduction of interest in accordance with terms of joint venture agreement.	37.48%	35.79%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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

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**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>	94,340,328	94,340,328	Not applicable	Not applicable
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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				

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+ See chapter 19 for defined terms.

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

7.7	<b>Options/ Rights</b>				
		<u>Options</u>		<i>Exercise price</i>	<i>Expiry date</i>
	- Unlisted options	500,000	-	\$0.35	31 March 2015
	- Unlisted options	250,000	-	\$0.22	30 September 2015
	- Unlisted options	1,500,000	-	\$0.33	15 May 2016
	- Unlisted options	1,500,000	-	\$0.40	15 May 2017
	- Unlisted options	1,500,000	-	\$0.47	15 May 2018
		<u>Rights</u>			
	- Perform. Rights	750,000	-	-	31 December 2015
	- Perform. Rights	750,000	-	-	31 December 2016
	- Perform. Rights	1,100,000	-	-	31 December 2017
	- Perform. Rights	1,100,000	-	-	31 December 2018
7.8	Issued during quarter				
		<u>Rights</u>			
	- Perform. Rights	750,000	-	-	31 December 2015
	- Perform. Rights	750,000	-	-	31 December 2016
	- Perform. Rights	1,100,000	-	-	31 December 2017
	- Perform. Rights	1,100,000	-	-	31 December 2018
7.9	Exercised during quarter				
7.10	Expired during quarter				
	- Unlisted options	1,000,000	-	\$0.30	30 September 2014
7.11	<b>Performance Shares</b>				<i>Conversion date</i>
	- Class A	8,750,000	-	Not Applicable	7 November 2015
	- Class B	8,750,000	-	Not Applicable	7 November 2016
7.12	Changes during quarter				
7.13	<b>Debentures (totals only)</b>				
7.14	<b>Unsecured notes (totals only)</b>				

## Compliance statement

- 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 \(see note 5\)](#).
- This statement does ~~/does not~~\* ([delete one](#)) give a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company secretary)

Date: 31 October 2014

Print name: Clint McGhie

+ See chapter 19 for defined terms.



## 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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