

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDING 30 JUNE 2014

Highlights:

- Review of Skardon Kaolin Project underway
- Historical samples submitted for further analysis

SKARDON KALOIN PROJECT

Subsequent to the quarter, the Company provided an update on its planned activities in relation to the Skardon Kaolin Project in Cape York Peninsula, Queensland (the **Project**).

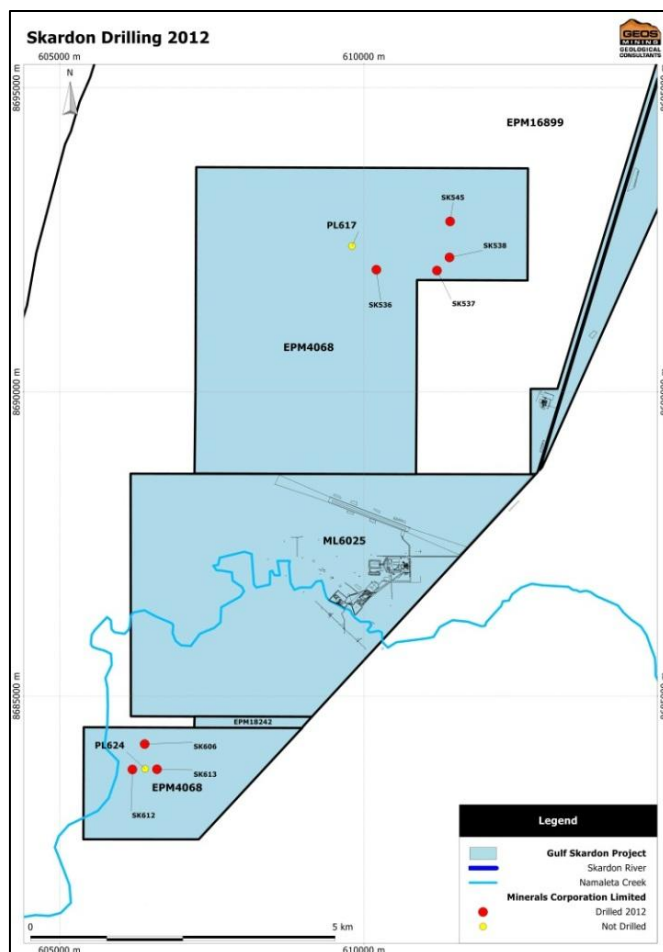


Figure 1 – Skardon Project Drilling Programme (as announced 2 November 2012)

EPM 4068 has been the main focus of the Company's exploration within the Project to date. Works previously undertaken include an air core drilling programme, which was designed to test the potential for further kaolin outside of the known resource areas. A total of seven holes for 116.5 metres were previously drilled at two areas within the tenement. For full results in relation to the drill programme referred to above, please refer to MSC's ASX announcement dated 2 November 2012.



Figure 2: Samples from 2012 drilling programme

Sample Number	Hole ID	Sample From	Depth (m) To	Priority
255508	SK537	3.5	4	1
255514	SK537	6.5	7	1
255526	SK537	12	12.5	2
255527	SK537	12.5	13	2
260891-2	SK612	8	9	1

Table 1 - Samples recommended for further analysis

The Company has begun the process of analysing the results obtained from this programme. Samples previously selected for assay were selected to represent the best quality kaolin. Of the fifteen samples that were previously selected for initial assay, including one composite sample, the Company has identified a number of samples which appear to be suitable for further brightness testing, mineralogy and further particle size testing based on their colour and chemistry. Some of these samples have a low estimated kaolin value and have a majority quartz value, indicating wet refining would be required to give an acceptable industrial product. The holes and depths that each sample is from can be found in Table 1.

The location of their corresponding holes can be found in Figure 3.

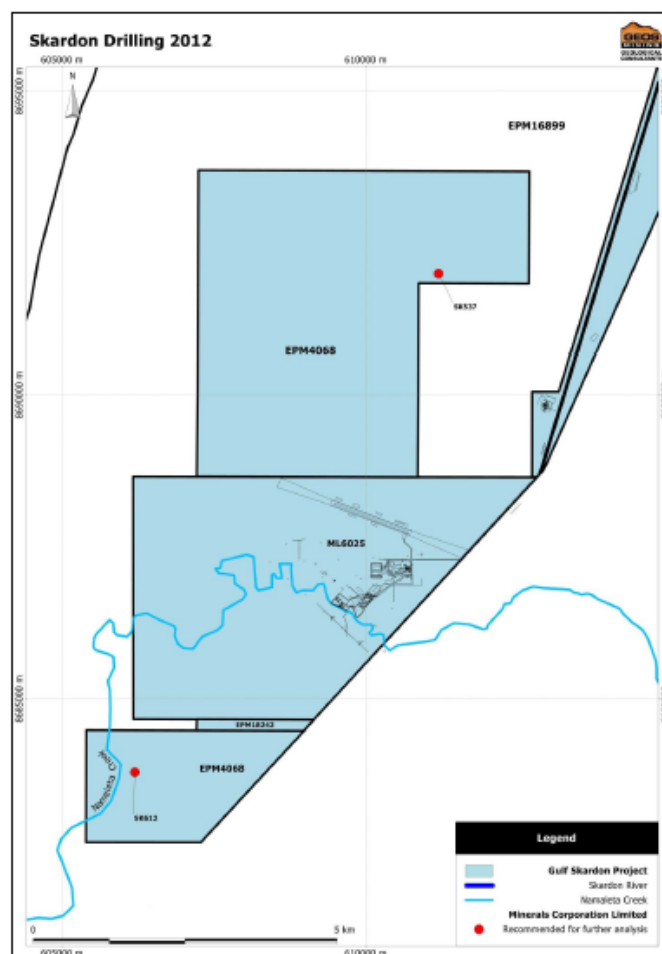


Figure 3 - Location of samples recommended for further analysis

Together with the activities being undertaken on the Project, the Company is also reviewing a number of investment opportunities. Should MSC identify a suitable transaction with the potential to create value for the Company and its shareholders then it will present the opportunity for the approval of the Company's shareholders as and when appropriate.

CORPORATE AND FINANCIAL

Termination of PRM Transaction

Subsequent to the quarter, the Company advised that the proposed vendors of PRM Cloud Solutions Ltd (**PRM**) had issued a notice of termination to the Company in relation to the share sale agreements (**SSA**). The SSA consequently terminated and the Directors withdrew the public offer made under the prospectus issued during the quarter. All application money received in relation to the public offer has been returned to applicants.

During the quarter, the Company was suspended from trading on ASX pending compliance with Chapters 1 & 2 of the Listing Rules, as a result of shareholders approving the transaction to acquire PRM. Given that the SSA has been terminated, the Company is engaged in ongoing discussions with the ASX regarding satisfaction of certain reinstatement conditions and expects that its securities will be reinstated

for quotation on the ASX early on in the next quarter.

Board Changes

During the quarter, the Company announced the appointment of Mr Nicholas Ong as a Non-executive Director of the Company. Mr Ong spent seven years as a Principal Adviser at the ASX overseeing the listings of over a hundred companies. Mr Ong has acted as Company Secretary of MSC since October 2011 and the Directors are pleased to welcome him to the Board.

The Company also advised of the resignation of Mr Murray Ward as a Director and Executive of the Company during the quarter.

Ends.

Contact

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Competent Person Statement

Information in this report relating to exploration results is based on information compiled by Sue Border, who is a Fellow of the AusIMM and of AIG and is a consultant employed by Geos Mining. She has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code). Sue Border consents to the inclusion in this report of this information in the form and context in which it appears.

Schedule 1

Mining Tenements held as at 30 June 2014

	% Interest	Tenement	Location
	20%	EPM 4068	
Held at end of quarter	5%	EPM 18 242	Skardon River, QLD
	5%	MDL 423	
	5%	MDL 425	
Acquired during the quarter	-	-	-
Disposed during the quarter	-	-	-

Interests in Farm-in or Farm-out Agreements as at 30 June 2014

	Farm-in / Farm-out	% Change in Interest	Project
Held at end of quarter	-	-	-
Acquired during the quarter	-	-	-
Disposed during the quarter	-	-	-