



ASX ANNOUNCEMENT

28 April 2016

QUARTERLY ACTIVITY REPORT

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Development Group Limited
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During the March 2016 Quarter, Living Cities Development Group Limited ("the Company") undertook the following activities:

The majority of the Company's activities during the Quarter was centred on raising capital under the public offer by way of a Prospectus and on advancing matters related to the restructure of the Company's business into property and infrastructure development.

Following the end of the exposure period for the Prospectus lodged on 22 December 2015 ("the Prospectus"), on 6 January 2016 the Company wrote to shareholders that were entitled to participate in the Priority Offer advising them of the terms of their priority entitlement. The Priority Offer forms part of the \$3,000,000 Public Offer under the Prospectus.

On 14 January 2016, the Company advised that it had received an interim stop order from ASIC in relation the Prospectus. Following negotiations with ASIC, a slightly altered replacement prospectus was lodged with ASIC on 24 February 2016 (the Replacement Prospectus).

The Replacement Prospectus addressed the following matters of concern to ASIC:

- (a) It extended the indicative Closing Date to 5PM WST on 30 March 2016;
- (b) It clarified statements made in the Prospectus in respect to average construction times in China, including for the Project;
- (c) It provided additional information in respect to the proposed minority shareholder in SFP, Mr Jingda Song;
- (d) It provided additional information in the event that either the Company or Mr Jingda Song defaulted on any requirement for additional construction capital for the Project;
- (e) It clarified the nature and purpose of the audited accounts of SFP as set out at Table 10 of the Prospectus;
- (f) It deleted the 'Project Development and Cost Estimates' and 'Sales Forecasts' from the Independent Technical Specialist Report (ITSR);
- (g) It provided updated information in respect to the Project Technical Specifications Table 6 of the ITSR; and
- (h) It updated other minor matters related to the Project which had altered since the date of the Prospectus.

The Company was also granted a modification to the Corporations Act ("the Act") by way of a declaration by ASIC made on 22 February 2016 (ASIC Declaration) pursuant to Section 741(1) of the Act. The effect of the ASIC Declaration is to permit the extension of the period for the Company to:

- (a) raise the Minimum Subscription under the Offer to four (4) months from the date of the Replacement Prospectus; and
- (b) be admitted to the Official List of the ASX and obtain quotation of the Shares to three (3) months from the date of the Replacement Prospectus.

Upon the lodgement of the Replacement Prospectus, the Company contacted the Applicants who had applied for securities prior to the date of the Replacement Prospectus (pursuant to the Prospectus) to advise them of their withdrawal rights but no Applications were withdrawn in the prescribed period.

The Closing Date for the Offers under the Replacement Prospectus was 30 March 2016.

In response to the lodgement of the Replacement Prospectus, ASIC lifted the interim stop order on 25 February 2016.

On 23 March 2016, the Company announced that it had extended the closing date for the capital raising until 27 April 2016.

YOGI TENEMENT PACKAGE – UP FOR SALE

With the rise in the iron ore price, the Company received interest from three parties about the potential of acquiring the Yogi Mine Project (magnetite iron ore) during the Quarter. Discussions remained substantially preliminary in nature but some progress is being made.

OTHER MINERAL TENEMENTS

The Company completed divesting its remaining non-core mineral tenements in accordance with the shareholder resolution at the General Meeting held on 30 December 2015. The Company divested the last of the Marvel Loch tenements (E77/2018) and a Prospecting Licence at Yalgoo (P59/2028). A General Purpose Lease, G59/53, was granted during the Quarter at the Yogi Tenement Package over the ore sample storage facility.

EVENTS SUBSEQUENT

UPDATE ON ZIGONG GUOFENG FARMERS MARKET PROJECT

While the capital raising was continuing during the quarter, the current owners of the Zigong Guofeng Farmers Market project, which the Company intends to acquire a 51% interest in, continued to progress project matters. On 19 April 2016 the Company advised the market that the detailed designs had been completed and submitted to the Government for the Construction Drawing Approval (see Section 3.2.3 of the Prospectus for details) and the review of the application remains ongoing.

Approval was also received to commence site preparation and excavation. The excavations and soil and rock removal for the foundations and basement areas have commenced (see below). These works are being funded by the current owners as part of their initial additional financial commitment agreed with the Company and detailed at Section 3.2.4 of the Prospectus.



< The Guofeng Farmers Market site with almost completed apartments to the right and rear of the site and new construction to the left.



Excavation for the foundations of the Guofeng Farmers Market (foreground) is underway.

CAPITAL RAISING CLOSING DATE EXTENDED

Also subsequent to the end of the Quarter, on 27 April 2016, the Company announced that it had extended the capital raising Closing Date until **25 May 2016**.

ONGOING FUNDING

The operations of the Company are currently being funded in accordance with the reconstruction Proposal through debt funding provided by the Proponents until the capital raising and reconstruction is complete. Since the end of the March Quarter, the Company has received a further A\$70,000 in loan funding to fund operations and pay reconstruction related costs.

MINERAL TENEMENT INTERESTS AS AT 31 DECEMBER 2015

In accordance with ASX Listing Rule 5.3.3, the Company advises that it relinquished E77/2108 and P59/2028 during the Quarter. The Company was also granted General Purpose Lease 59/53 at Yogi 14Km east of Yalgoo. G59/53 covers the ore sample storage facility for the Yogi Mine Project.

No other farm-in or farm-out agreements in respect of any mining tenement interests changed during the Quarter. No other tenement interests were acquired or disposed of during the Quarter.

The complete Tenement Schedule for the Company as at 30 March 2016 is:

Living Cities Development Group Limited - Tenement Schedule - 30 March 2016

Name	Tenement	Tenure Type	Status	Living Cities Development Group Interest
YOGI MINE PROJECT - 14Km East of Yalgoo in WA				
YOGI	M59/740	Mining Lease	Granted	100%
YOGI	M59/637	Mining Lease	Granted	100%
YOGI	G59/53	General Purpose Lease	Granted	100%

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

Living Cities Development Group Limited

ABN

14 074 009 091

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for
 - (a) exploration & evaluation
 - (b) development
 - (c) production
 - (d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other

Net Operating Cash Flows

Current quarter \$A'000	Year to date (9 months) \$A'000
-	-
(23)	(79)
-	-
-	-
(158)	(537)
-	-
-	-
(5)	(14)
-	-
-	-
(186)	(630)
Cash flows related to investing activities	
1.8 Payment for purchases of:	
(a) prospects	-
(b) equity investments	-
(c) other fixed assets	-
1.9 Proceeds from sale of:	
(a) prospects	-
(b) equity investments	-
(c) other fixed assets	21
1.10 Loans to other entities	-
1.11 Loans repaid by other entities	-
1.12 Other – Bond refund	27
Net investing cash flows	48
1.13 Total operating and investing cash flows (carried forward)	(582)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(153)	(582)
	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	125	586
1.17	Repayment of borrowings	-	(16)
1.18	Dividends paid	-	-
1.19	Other (Share subscription monies)	38	38
	Net financing cash flows	163	608
	Net increase (decrease) in cash held	10	26
1.20	Cash at beginning of quarter/year to date	64	48
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter #	74	74

Includes \$38,000 of subscription monies held in trust

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	90
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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	35
4.2 Development	-
4.3 Production	-
4.4 Administration	155
Total	190

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	36	64
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Held in trust)	38	-
Total: cash at end of quarter (item 1.22)	74	64

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	P59/2028 E77/2108	Relinquished Relinquished	100% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased	G59/53	Granted	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining 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	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	5,620,647	5,620,647		
7.4	Changes during quarter (a) Increases through issues (b) Share consolidation				
7.5	+Convertible debt securities 2 year 10% convertible at 80% VWAP				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ 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:



Date: 28 April 2016

Print name: Brett Manning
 Managing Director

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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