

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDING 30 SEPTEMBER 2014

Highlights:

- Drilling program completed at Skardon Kaolin Project
- Option secured over highly prospective Riwaka Project, New Zealand
- Geotech Airborne appointed to conduct VTEM program
- Non-renounceable Rights Issue to raise up to \$580,966

SKARDON KALOIN PROJECT

During the quarter, the Company provided a number of updates on its activities in relation to the Skardon Kaolin Project in Cape York Peninsula, Queensland (**Skardon**).

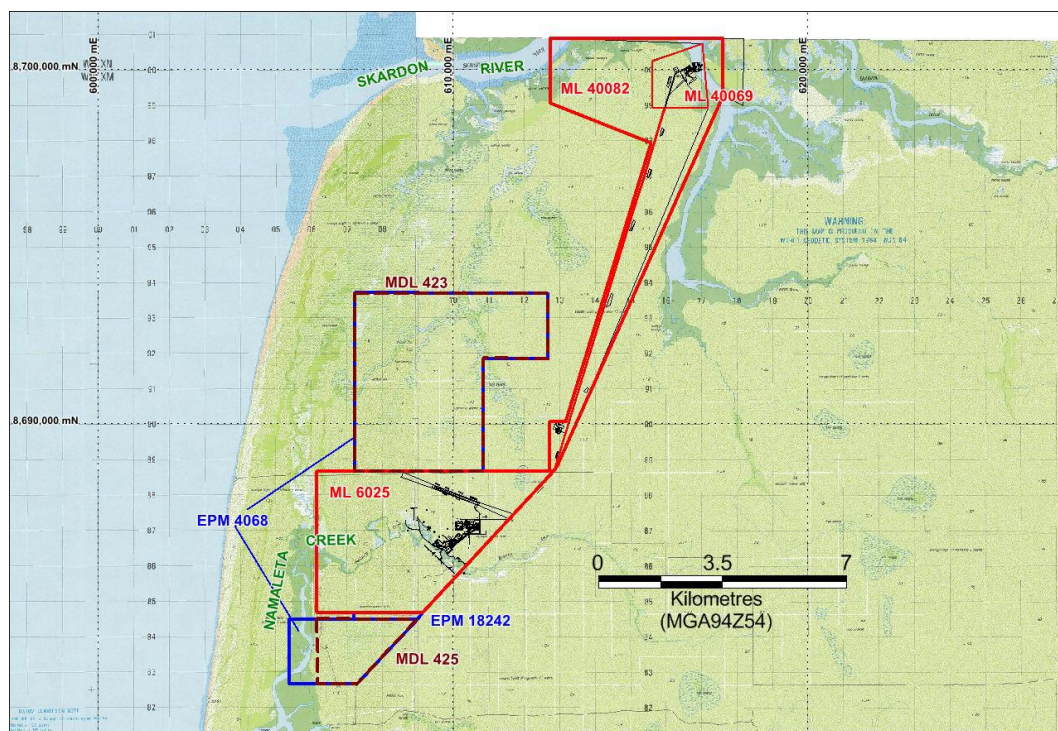


Figure 1: Skardon Project - Location Plan

The Company appointed geological consultants, Geos Mining, to assist the Company with a review of the historical exploration work at Skardon. The Principal of Geos Mining, Susan Border, has considerable experience with kaolin projects and was previously exploration manager at Skardon River back in 1994-97.

The Company engaged Geos Mining to oversee a drilling program at Skardon to follow up on the priority target areas determined by the 2012 drilling. The limited drilling was undertaken using a sonic rig which produces better, less contaminated samples than the air core rigs traditionally used for exploration in this environment. Due to timing constraints with access to the rig, the Company drilled a total of three holes at EPM4068 (see **Figure 1**) at the highest priority targets within Skardon. Based on visual interpretation, hole SKMC03 intercepted potentially good quality kaolin; the Company will undertake assaying of the samples to further determine the quality of the kaolin.

EPM 4068 has been the main focus of the Company's exploration within Skardon to date. Works previously undertaken include an air core drilling program, 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 program referred to above, please refer to MSC's ASX announcement dated 2 November 2012.



Photo 1: Photo of the sonic drill rig set up

Recent drilling

In August 2014 MSC completed three sonic drill holes on EPM 4068. This drilling was carried out in conjunction with Gulf Alumina's bauxite sonic drilling at Skardon between 5th and 28th August 2014. Geological supervision was provided by Geos Mining. The drilling aimed to provide samples of sufficient quality and quantity in areas where potential existed for the development of economic kaolin outside the known resource areas on the adjacent MLs.

Field exploration consisted of three holes for 32.15m completed along a north to south seismic line in the north portion of EPM 4068 (approx. 609500E – AGD84). The three holes sampled both bauxite and kaolin intervals. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Several thin intervals (<1m) of kaolin bearing clays were intersected in SK761 and SK763 while SK762 was dominated by clay rich sands.



Photo 2: Photo of the rig in operation

Drilling results

Drilling of the three holes took place on the 22nd and 23rd of August 2014. The three holes totalled 32.15m and sampled both bauxite and potential kaolin material (Table 1). Bauxitic material from the upper 3 - 4 metres of each hole was sampled for later analysis by Gulf Alumina. Below the bauxite/laterite a total of 27 samples were taken from kaolin bearing and non-kaolin lithologies.

Hole ID	Easting (AGD84_Z54)	Northing (AGD84_Z54)	RL (m)	Total Depth (m)	Dip	Azi-muth	Comments
SK761	609492	8691684	8.102	11.25	-90°	0°	Minor bauxite intersected; Interbedded ferruginous clays and potential kaolin beds 5.15 - 8.5m (up to 0.5m thick). Water at 2.8m.
SK762	609483	8690502	8.335	10.25	-90°	0°	Intersected mostly clayey sands. Potential kaolin in the clay fraction however. Water at 4.8m depth. Converted to water monitoring bore G-MB01
SK763	609474	8689430	10.058	10.65	-90°	0°	Minor bauxite intersected; Few potential kaolin units; best at 5.05 -5.6m (0.55m).

Table 1 Summary of drilling on EPM 4068 in 2014

Contamination by iron stained material on the surface of the core and in drilling induced fractures were noted on several occasions. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Kaolin bearing clays were encountered in SK761 and SK763 while SK762 was dominated by clay rich sands. The level of cementation within the bauxite layers was generally weak with some moderately cemented clay matrix encountered in SK762. Bauxitic laterite was variably cemented between 1.25 – 2.75m in SK761. Full lithological logs were provided in the announcement dated 23 September 2014.

Follow up work

All 27 samples from the kaolin holes were brought back to Sydney by plane with the site geologist. Further inspection of the quality and potential for good kaolin in the samples took place. Fifteen of the 27 samples were considered suitable for further analysis (Table 2). The best sample from each hole has been denoted as priority 1 with the remaining prospective samples as priority 2.

Geos Mining has recommended sample test work as follows:

- 1) Wet screening, plus/minus 45 µm, retain minus 45 µm.
- 2) XRF chemistry on minus 45 µm
- 3) XRD mineralogy on minus 45 µm
- 4) Particle size distribution, 1 – 45 µm

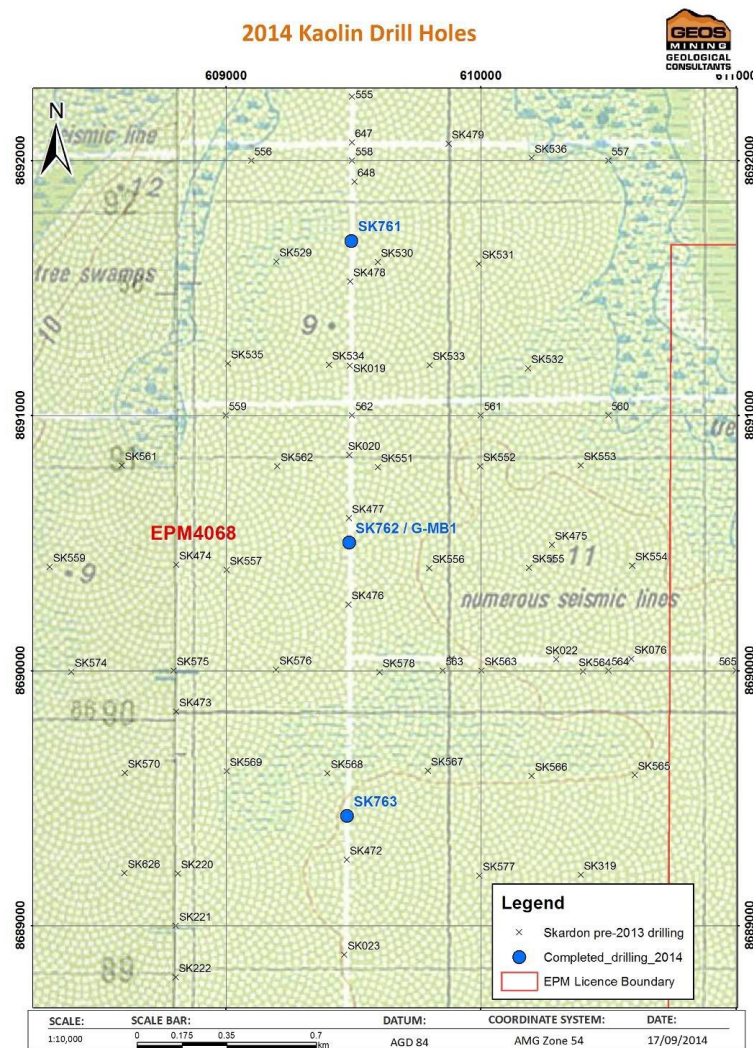


Figure 2 – Drillhole locations

Hole ID	From (m)	To (m)	Int	Lith Major	Lith Minor	Minor%	Colour	Sample ID	Sand		Munsell	Priority for Testing
									Grainsize	%		
SK761	5.15	5.7	0.55	CY	KL	30	WH	MC03-03	VF	5	5YR 8/1	2
SK761	6.5	7.4	0.9	CY	KL	15	RD	MC03-05			10YR 8/1	2
SK761	7.6	8	0.4	KL	CY	40	WH	MC03-07			5Y 8.5/1	1
SK761	8	8.4	0.4	CY	KL	20	WH	MC03-08	VF	10	5Y 8/1	2
SK761	9.15	9.75	0.6	CY	KL	10	WH	MC03-10	VF	5	10YR 8/1	2
SK761	10.9	11.25	0.35	CY			WH	MC03-12	VF	5	2.5Y 8/2	2
SK762	4.6	5.15	0.55	CY	SL	20	WH	MC02-01	VF	25	2.5Y 8.5/1	2
SK762	5.55	7.15	1.6	SN	CY	20	WH	MC02-03	M-F	80	10YR 8/1	2
SK762	7.15	9.9	2.75	SN	CY	30	WH	MC02-04	M	70	2.5Y 8.5/1	1
SK762	9.9	10.25	0.35	CY			WH	MC02-05	F	15	7.5YR 8/1	2
SK763	2.5	3.65	1.15	CY	IR	15	RD	MC04-01			2.5YR 8/2	2
SK763	3.65	4.5	0.25	CY	IR	5	WH	MC04-02	VF	10	2.5Y 8.5/2	1
SK763	4.5	5.05	0.55	CY			GY	MC04-03	VF	20	2.5Y 8/1	2
SK763	5.05	5.6	0.55	KL	CY		WH	MC04-04	VF	5	5YR 8/1	2
SK763	6.45	7.1	0.65	CY	SN	2	WH	MC04-06	VF	25	2.5Y 8/1	2

Table 2: Summary of the 15 samples with kaolin potential recommended for further test work

RIWAKA NI-CU-PGE PROJECT

Subsequent to the quarter, the Company announced that it had entered into an option agreement with NZA Commodities Pty Ltd (**NZA**) which grants MSC the option to acquire 100% of the highly prospective Riwaka Ni-Cu-PGE project near Nelson, New Zealand (**Riwaka**). Riwaka comprises three leases (two granted, one application) covering ~95km² of the mineralised Riwaka Complex, an elongate mafic-ultramafic intrusive body.

The Riwaka Ni-Cu-PGE Project comprises 3 leases (PP 55350, EP55544 and PPA 57025) targeting massive sulphide Nickel-Copper-PGE mineralisation in New Zealand. The project is well serviced by proximity to power, port and a residential local workforce. New Zealand has also recently (2013) amended its Mining Legislation to become more “mining friendly”, resulting in the 2013 Fraser Institute Mining Survey ranking of 14th in the world (above Queensland, NSW, British Columbia and Ontario, as well as a number of other established mining jurisdictions).

The Riwaka Project provides an opportunity to explore a large mineralised layered intrusion which was last drilled in the mid 1970’s and has never had modern techniques applied in the exploration for massive Nickel-Copper-PGE mineralisation.

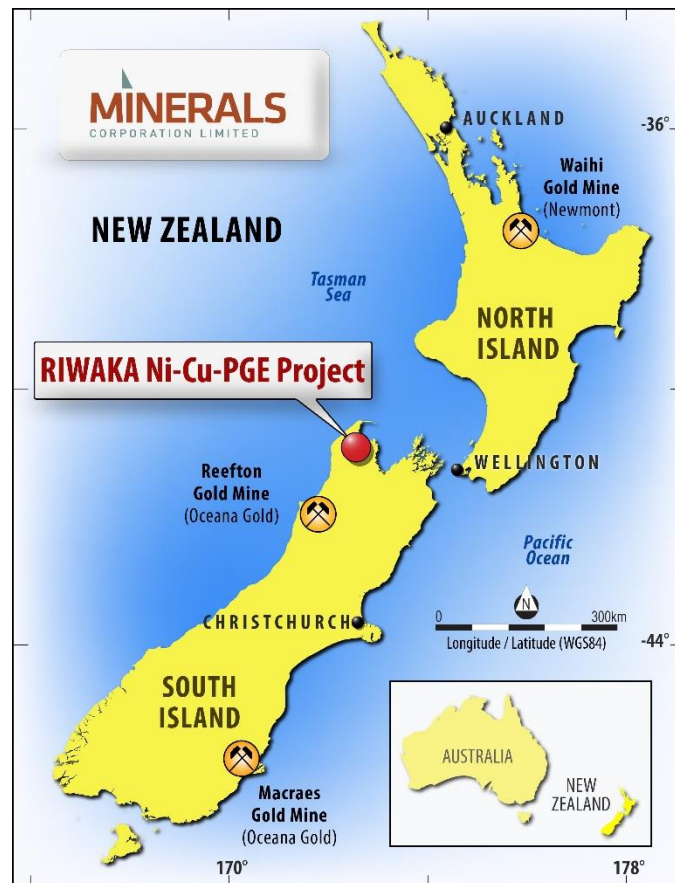


Figure 3 - Project Location

Proposed Heli-Borne Electromagnetic (VTEM) Survey

Due to the presence of massive sulphides in the mineralisation discovered previously, and the limited and shallow nature of existing drilling, a Heliborne EM survey (596 line km) is planned to test the most prospective units at the Project for electrical conductors (possible massive sulphides) (see Figure 4 below).

Subsequent to the quarter, the Company advised that Geotech Airborne (**Geotech**) has been contracted to carry out the upcoming VTEM Survey at the highly prospective Riwaka Ni-Cu-PGE project near Nelson, New Zealand (the **Project**).

Geotech has recently been engaged extensively throughout the Western Australian Fraser Range belt with VTEM assisting in the identification of Ni-Cu sulphide bodies. Geotech's proprietary VTEM is the leading time-domain electromagnetic system and has flown over 2 million kilometres worldwide. The VTEM Survey will commence in early November, with interpretation carried out shortly after.

In addition to the engagement of Geotech, MSC has secured the services of Newexco. The team at Newexco, led by Bill Amann and Adrian Black, are specialists at nickel exploration and were behind the major nickel discoveries of Spotted Quoll, Flying Fox and Nova-Bollinger.

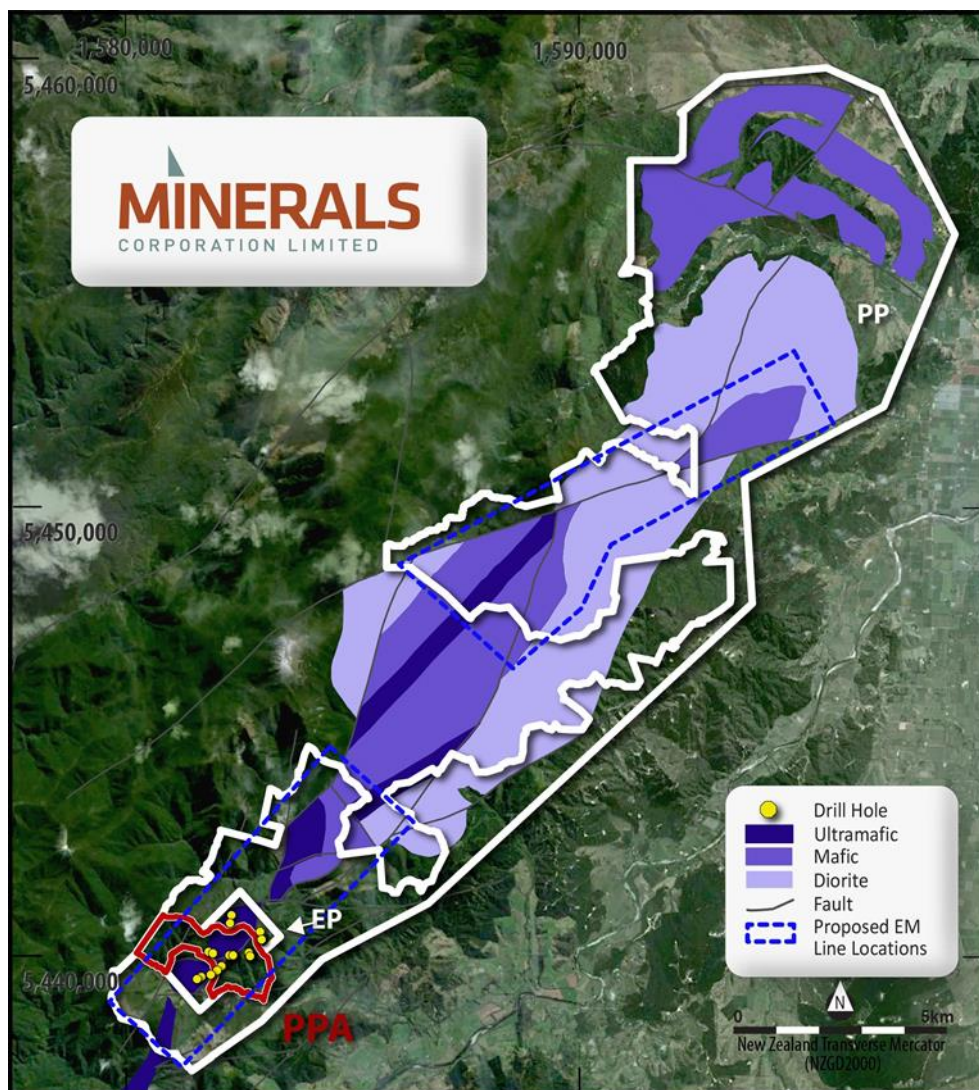


Figure 4 – Proposed VTEM survey over simplified geology

Commercial Terms

The material terms and conditions of the Riwaka option are as follows:

1. MSC has an option over 100% of the issued capital of NZA;
2. As part of a technical due diligence, MSC agrees to fund up to \$250,000 towards an airborne geophysical survey over the prospective areas;
3. Within 60 days of completion of the survey, MSC must elect to exercise the option or not;
4. If MSC elects to exercise the option it will issue 4.5M MSC shares to the vendors (Consideration shares); and
5. If MSC incurs more than \$2,000,000 at the Riwaka Project it will issue the vendors an additional 1.5M MSC shares.

Appointment of Peter Smith as Consultant

Peter is a geophysicist with 25 years' experience in mineral exploration, and was the Managing Director of Pilbara Commodities which was acquired by Volta in January 2014. Peter has previously worked for Normandy, Pasminco, BHP Billiton, and Cliffs Natural Resources as well as being a founder of Intierra. Peter has held exploration management positions in MM Mining, NGM Resources and Cliffs Natural Resources.

CORPORATE AND FINANCIAL

Rights Issue

Subsequent to the quarter, MSC announced its intention to raise up to \$580,966 (before costs) via a 1 for 1 non-renounceable entitlement issue at \$0.04 with a free attaching 10c option (**Rights Issue**), to coincide with the Riwaka transaction, and to continue to fund exploration activities at Skardon and to fund the planned geophysical survey at Riwaka (capped at \$250,000). The Company has lodged a rights entitlement prospectus with ASIC and ASX in respect of this offer.

The Rights Issue is partially underwritten in the amount of \$250,000, however holders of shares who exercise all of their rights may also apply for additional securities in the Rights Issue if and to the extent that other shareholders do not exercise their rights.

Further information in relation to the Rights Issue (including the timetable) is set out in the prospectus, which is available from www.asx.com.au.

Termination of PRM Transaction

Early in the quarter, the Company advised that the proposed vendors of PRM Cloud Solutions Ltd 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.

Ends.

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Competent Person Statements

Information in this report relating to exploration results at Skardon 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.

The information in this Announcement that relates to exploration results at Rowaka is based on information compiled by Peter Smith, who is a Member of The Australian Institute of Geoscientists (AIG). Mr Smith is a consultant to Minerals Corporation. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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'. Mr Smith consents to the inclusion in the Announcement of matters based on his information in the form and context it appears

Schedule 1

Mining Tenements held as at 30 September 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 September 2014

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