

ASX ANNOUNCEMENT

27 July 2016



Quarterly Activities Report for the Period Ended 30 June 2016

Riedel Resources Limited (**ASX: RIE**, “**Riedel**” or “**the Company**”) is pleased to present its 2016 June Quarter Activities Report:

HIGHLIGHTS

Millrose Project

- Divestment of Millrose Project exploration licence E53/1304 completed for total cash consideration of **\$950,000**.

Charteris Creek Project

- Government Co-funded drilling grant of **\$75,000** approved to test geophysical anomalies within 45/2763.

Marymia Joint Venture

Australian Mines Limited Earning Up to 80%

- Government Co-funded drilling grant of **\$105,000** approved to test Dixon Prospect with deep diamond core drilling.
- Drilling confirmed lithological control (dolerite - basalt contact) of primary gold mineralisation.
- Prospective dolerite - basalt contact can be traced for 6 kilometres in joint venture tenement area.

Corporate

Financial

- Cash at 30 June 2016 - **\$1.52M**

COMPANY DIRECTORS

Mr Jeffrey Moore
Executive Chairman

Mr Andrew Childs
Non-Executive Director

Mr Mark Skiffington
Non-Executive Director

Mr Luke Matthews
Non-Executive Director

COMPANY SECRETARY

Mr Leonard Math

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ASX CODE: RIE



Riedel's assets include a portfolio of gold, copper and nickel projects and significant land holdings in prospective Archaean- and Proterozoic-age terranes of Western Australia (see *Figure 1 for location of projects*).

The Company has a mixture of advanced and early stage prospects, including:

- Marymia – (*copper, gold, nickel and base metals*) Australian Mines earning up to 80% by project expenditure of up to \$3.3M; and
- Charteris Creek – (*copper, molybdenum, gold and base metals*).

Furthermore, the Western Australian Projects are augmented by a number of additional prospects, including royalty agreements and free carried interests.



Figure 1: Western Australia Project locations

MARYMIA PROJECT JOINT VENTURE

Australian Mines earning interests up to 80%

On 30 April 2014 Riedel announced the key terms and conditions of a farm-in and joint venture arrangement over exploration licences 52/2394 and 52/2395 (“the Marymia Project”) with Australian Mines Limited (ASX: AUZ, “Australian Mines”). A Heads of Agreement was signed by the parties and if the farm-in and joint venture arrangement proceeds to its full conclusion, the earn-in will be worth up to \$3.3M.

During the June 2015 Quarter Australian Mines earned a 51% interest in the Marymia Project by completing more than \$1,000,000 worth of expenditure on exploration during the “Stage 1 Earn-in”. Australian Mines has elected to proceed with the “Stage 2 Earn-in”.

By spending a further \$2,000,000 on exploration within a further 3 year period following the Stage 1 Earn-in, Australian Mines can earn an additional 29% interest (taking their total interest to 80%) in the Marymia Project.

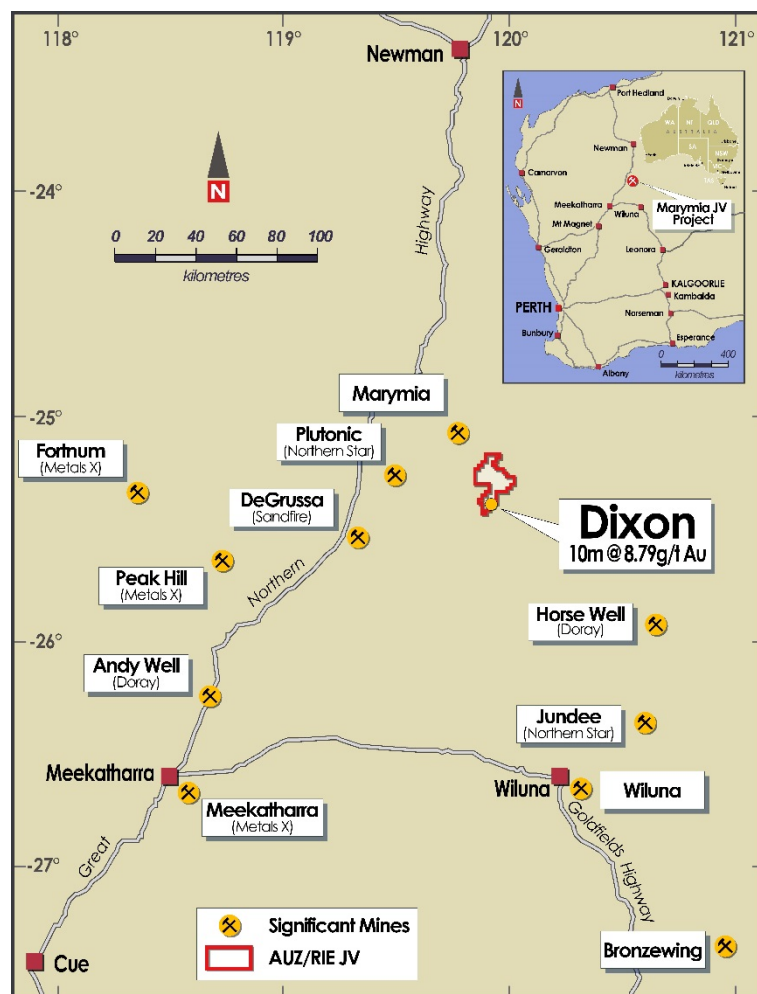


Figure 2: Marymia Project - Location Map

Marymia Project tenement location and geology

E52/2394 and E52/2395, which collectively form the Marymia Project, cover an area of 339 square kilometres in the highly prospective Doolgunna-Thaduna region of the Proterozoic volcano-sedimentary Bryah and Yerrida Basins and Archaean Baumgarten Greenstone Belt in the Marymia Inlier.

The Marymia Project is located approximately 30 kilometres east of the 4.7M oz Plutonic gold mine, 55 kilometres north-east of Sandfire Resources NL's DeGrussa copper-gold mine (550,000 tonnes contained copper metal), and 12 kilometres east-north-east of Sandfire's Green Dragon and Thaduna copper deposits (100,000 tonnes contained copper metal) in Western Australia's Mid-West region (*see Figure 2*).

Significant regional structures identified in the project area include the Jenkin Fault and prospective, mineralised geology including the Archaean-aged Baumgarten Greenstone Belt and Proterozoic-aged sediments belonging to the Yerrida and Earraheedy Groups. The project is prospective for copper, gold and nickel mineralisation and Riedel has delineated numerous high priority targets for each of these commodities.

Activities for the Quarterly period ended 30 June 2016

During the quarter, Australian Mines focused on building its understanding of the main controls of mineralisation at its Dixon gold prospect. Further reverse circulation ("RC") drilling over the Dixon gold prospect comprising six holes (DXRC006-011) was completed for a total of 1,176 metres of drilling.

Significant gold intercepts (>1.0 g/t Au) returned from the drilling programme include:

- **2 metres @ 1.01 g/t Au** from 55 metres down hole in DXRC006;
- **1 metre @ 1.49 g/t Au** from 144 metres down hole in DXRC008;
- **2 metres @ 1.15 g/t Au** from 93 metres down hole in DXRC009;
- **1 metre @ 1.15 g/t Au** from 69 metres down hole in DXRC010;
- **1 metre @ 1.24 g/t Au** from 135 metres down hole in DXRC010;
- **3 metres @ 1.13 g/t Au** from 140 metres down hole in DXRC011; and
- **4 metres @ 1.31 g/t Au** from 170 metres down hole in DXRC011

Australian Mines was also successful with its application for the State Government sponsored Co-funded Drilling Programme, with **\$105,000** being made available for diamond core drilling at Dixon which will be used to test for depth extensions to significant gold mineralisation already identified at Dixon.

The reconnaissance drilling completed in March 2016 confirmed that the extensive sulphidic corridor at Dixon as mapped by a detailed induced polarisation (IP) geophysical survey is gold-

bearing and that this mineralised corridor extends for more than half a kilometreⁱ and remains open along strike (see Figure 3).

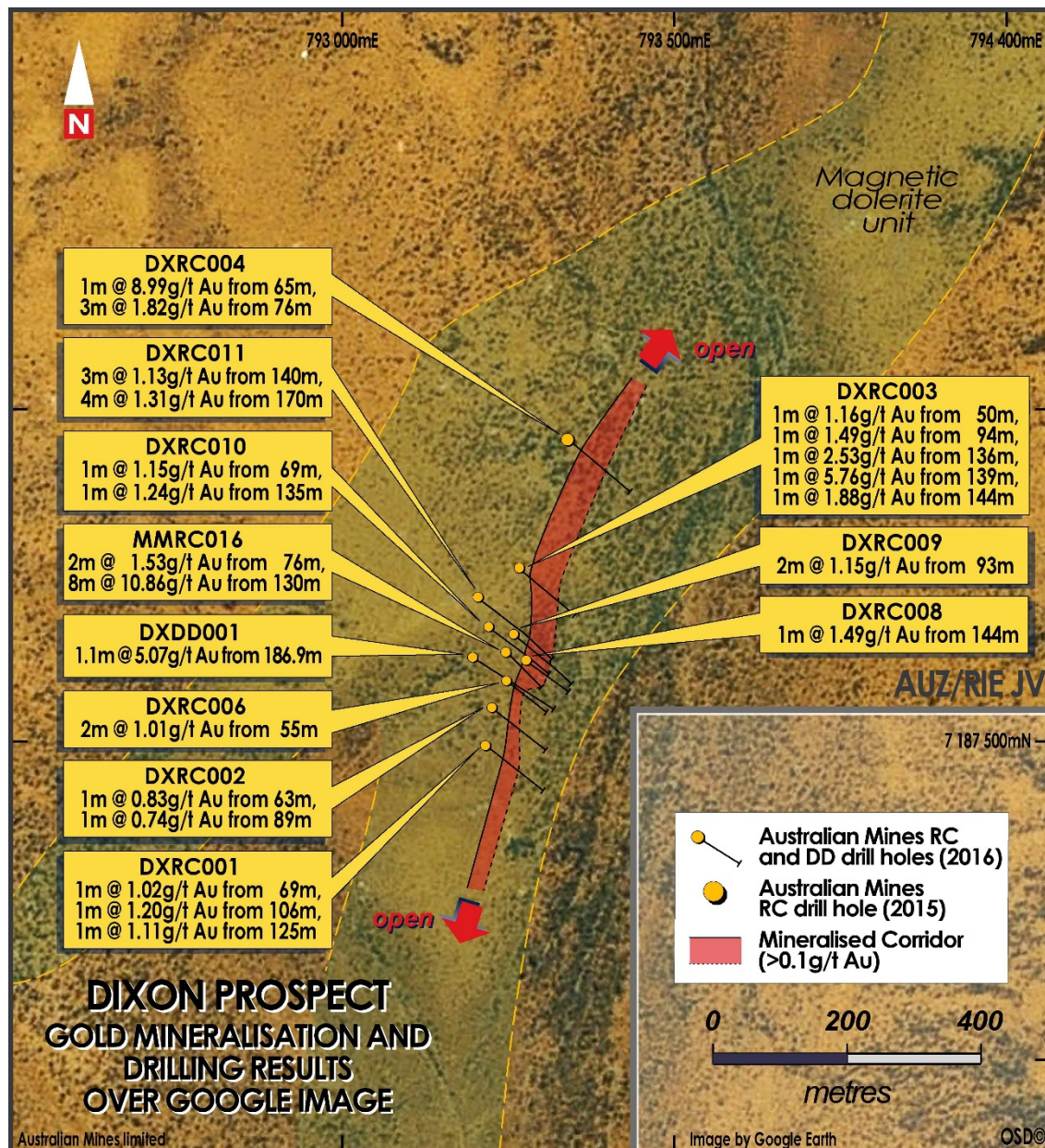


Figure 3: Marymia Project - Schematic image showing the interpreted gold mineralised corridor (>0.1 g/t Au) at Dixon as based on Australian Mines' reverse circulation (RC) and diamond core drill programmesⁱⁱⁱ.

ⁱ Australian Mines Limited, Quarterly Activities Report for the period ended 31 March 2016, released 29 April 2016

ⁱⁱ Australian Mines Limited, RC drill results received from Dixon gold prospect, released 18 April 2016

ⁱⁱⁱ Australian Mines Limited, RC drill results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released 28 June 2016

This strike length appears consistent with the gold lodes present within the neighbouring Plutonic Well Greenstone Belt, which are usually several hundred metres long^{iv}.

Motivated by its greater understanding of controls on gold mineralisation at Dixon, Australian Mines completed a detailed, three-dimensional geological and geophysical model of the prospect area, followed-up by drilling in May 2016.

This six-hole RC drilling campaign returned intersections that included 4 metres @ 1.31 g/t gold from 170 metres down hole (DXRC011) and 3 metres @ 1.13 g/t gold from 140 metres down hole (DXRC011)^v, indicating that the typical gold grades and widths of the mineralisation at Dixon appears to be approaching the tenor observed in many of the open pits across the Plutonic and Marymia operations^{vi vii}.

More importantly, this drilling pointed to the gold mineralisation at Dixon primarily occurring along the contact of a magnetic dolerite and a basalt unit.

This significantly increases the prospective corridor within the Company's project area as it suggests that multiple zones of mineralisation may exist along the length of the dolerite – basalt contact at Dixon, which can be traced for at least 6 kilometres within the tenement area.

Modelling of this prospective lithological contact zone immediately around the Dixon discovery hole of MMRC016, which returned 10 metres @ 8.79 g/t gold from 130 metres down hole in late 2015^{viii}, indicates that neither of the recent drilling programmes completed by Australian Mines have tested the depth continuity of the gold mineralisation at Dixon.

As the gold mineralisation at the Plutonic and Marymia ore bodies reportedly increase at depth^{ix}, Australian Mines has therefore **planned a 1,800 metre RC and 760 metre diamond core drilling programme that is scheduled to commence in the third quarter of 2016.**

This programme, which will be part-funded by the State Government sponsored Co-funded Drilling Grant^x, will seek to test the plunge component of the mineralisation as well as its lateral continuity.

^{iv} *Dampier Gold Limited, Prospectus, released 19 July 2010*

^v *Australian Mines Limited, RC drilling results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released 28 June 2016*

^{vi} *Dampier Gold Limited, Prospectus, released 19 July 2010*

^{vii} *Dampier Gold Limited considered mineralised material between 1.7 g/t Au and 2.4 g/t Au as having open pit mining potential*

^{viii} *Australian Mines Limited, High-grade gold zone extended at Dixon prospect, released 6 November 2015*

^{ix} *Dampier Gold Limited, Prospectus, released 19 July 2010*

^x *Australian Mines Limited, RC drilling results reveal controls of mineralisation at Dixon ahead of Government co-funded diamond drilling, released June 28*

CHARTERIS CREEK PROJECT

Tenement location and geology

The tenement is located approximately 45km north of Nullagine and 50km south-east of Marble Bar in the Pilbara Region of Western Australia (see Figures 1 and 4 for project location).

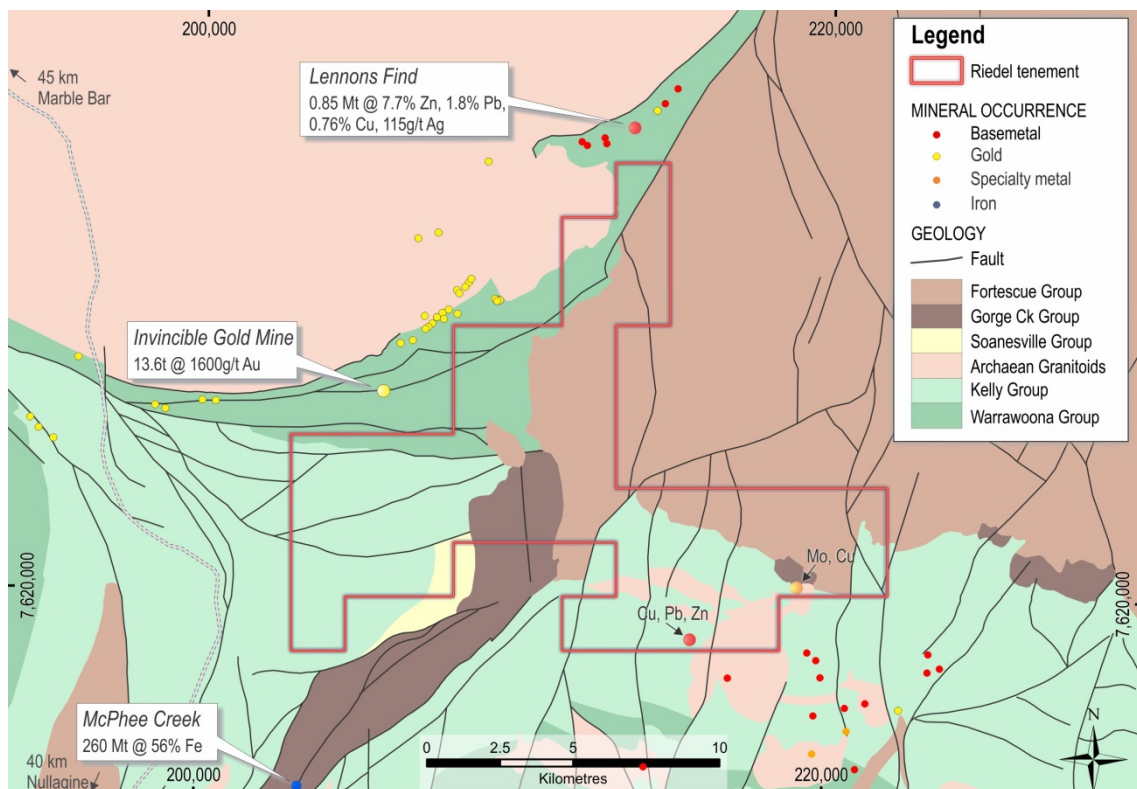


Figure 4: Charteris Creek Project – Geological Map highlighting known mineral occurrences and deposits

E45/2763 is located within the East Pilbara Granite Greenstone Terrain. The Project area has favourable geology for the discovery of mineral deposits, as highlighted by the presence of numerous gold, copper, base metals and specialty metals discoveries and deposits proximal to the Charteris Creek exploration licence and anomalous copper and molybdenum drill intersections within the licence (see Figure 4).

The Company's exploration focus is on Archaean intrusive rocks, which are intruding the greenstones overlying the McPhee Dome structure. These are described as Gobbos Granodiorite, a locally porphyritic biotite granodiorite and monzogranite. Various copper and copper-molybdenum occurrences are reported in association with these intrusive rocks. Indications for a porphyritic source of the minerals have been given in previous exploration reports and below.

Despite the strong similarities between the geological/structural setting at Charteris Creek to that which hosts nearby mineral deposits, only limited exploration has been previously carried out within the tenement.

Exploration potential

In the southeast of E45/2763 granodiorites and monzogranites of Gobbos Granodiorite, also porphyries of this composition, intrude the greenstones of the Yilgalong Greenstone Belt. They are hornblende bearing, indicating a fluid-rich parental melt. Copper and molybdenum mineralisation is associated with these intrusive rocks and has been targeted for exploration by a number of explorers since the 1960s. The known mineralisation is commonly associated with magnetic anomalies which are similar to the target anomalies identified by Riedel and which are further described below.

Along the east and through to the north of E45/2763, volcanic and sedimentary rocks of the Neoarchean Fortescue Group are dominant. The mainly mafic rocks of the Mt Roe Basalt unconformably overlay the Warrawoona and Gorge Creek Groups, and are overlain themselves by the sedimentary and felsic volcanic rocks of the Hardey Formation. To date, no drillholes have tested the intrusive granitic rocks that lie beneath the Fortescue Group.

Exploration work carried during 2014-2015 has confirmed that there are structural and porphyritic elements interacting to control the zones of anomalous copper and molybdenum seen within the Project area. The observed alteration systems around, what has historically been believed to be the core of an Archaean copper porphyry system, show typical alteration assemblages, however, they are less prominent than those seen in younger known porphyries of the Phanerozoic.

Within E45/2763, the Lightning Ridge area is considered to have the highest potential for porphyry-style Cu-Mo mineralization. Several ^{xi}historic percussion drillholes returned anomalous assay results for copper and molybdenum, including drillhole RS1 (58m) which returned **25m at 1.1% Cu** and **3m at 0.1-0.2% Mo**. In 1969 exploration highlighted potential for the presence of a copper deposit of about 100,000t @ 0.125% Mo and 66,000t @ 1.1% Cu within a lenticular molybdenum-body lying below surface copper mineralisation at Lightning Ridge.

Riedel considers this mineralisation to be distal and not in the centre of a larger porphyry body.

Mineralisation has also been previously defined at other prospects to the south of E45/2763, including Gobbos. At Gobbos surface samples up to 41% Cu have been recorded as well as 13 metres @ 4.28% Cu from a costean. Historic shallow drilling has also intersected numerous significant intersections of +1% Cu. The mineralisation is interpreted as being part of the same large intrusive body of rocks that extend into Riedel's drilling target area, under Fortescue Group cover.

^{xi} Conwest/Mining Advisors, 1969 - MASTER, A. R., 1969. *Lightning Ridge Area (W2/3)*. Wamex report no. 9621, 26p

Activities for the period ended 30 June 2016

Riedel has been successful with its State Government 2016-2017 co-funded drilling application. A grant of **\$75,000** from the State Government has been approved for the drilling of geophysical anomalies at Charteris Creek. The grant is awarded for innovative drilling programmes in previously untested locations and is designed to test for buried porphyry copper-molybdenum-(gold) mineralisation.

Drilling is being considered to test two large magnetic anomalies for porphyry Cu-Mo-(+/- Au) mineralisation hidden beneath the cover of the younger Fortescue Group. These magnetic peaks are within a circular feature approximately 1.5km in diameter (see Figure 5).

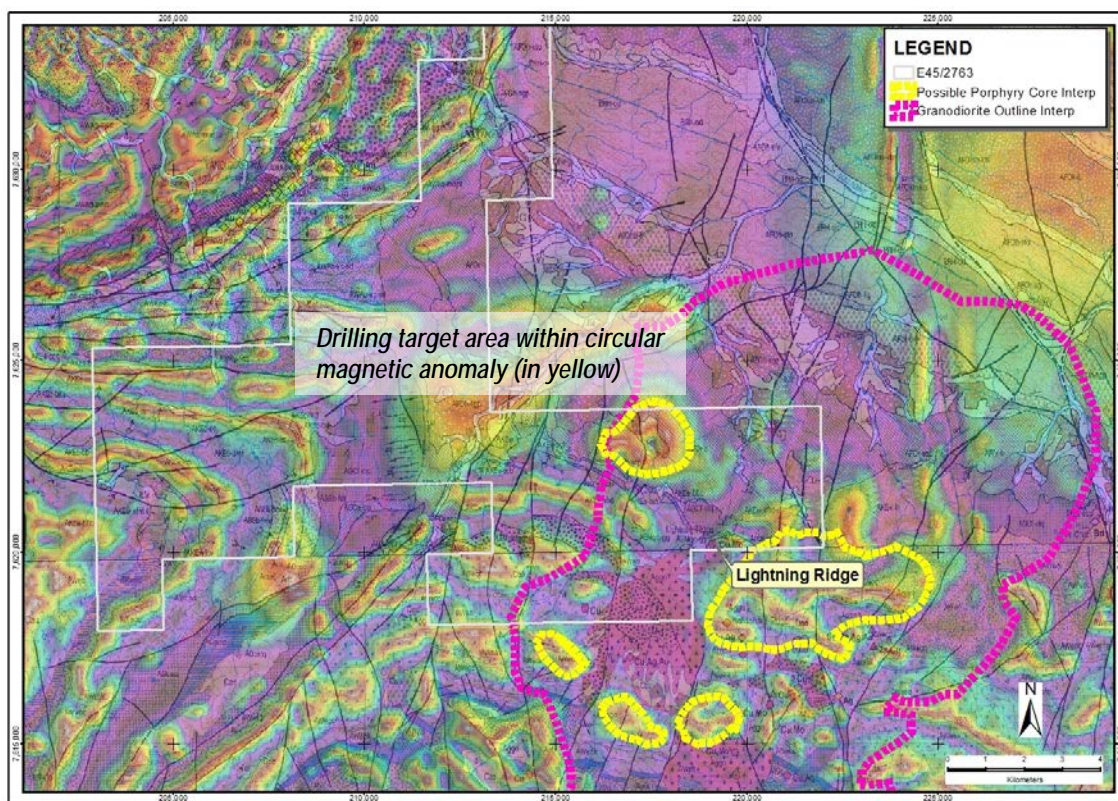


Figure 5: Circular magnetic anomaly interpreted as possible porphyry core within granodiorite intrusive

Two diamond drill holes for a total of 800 metres are considered adequate to test the two magnetic peaks closest to surface. The magnetic target was modelled using unconstrained 3D inversion modelling and polygonal forward modelling. The profile data along 5 airborne magnetic survey flight lines were modelled during this polygonal forward modelling exercise. Three alternative forward models were created using different magnetic susceptibility values of 0.01SI, 0.02SI and 0.03SI. Figure 6 shows the proposed drill hole traces and the 3D Inversion and Polygonal Magnetic Model Targets (looking west).

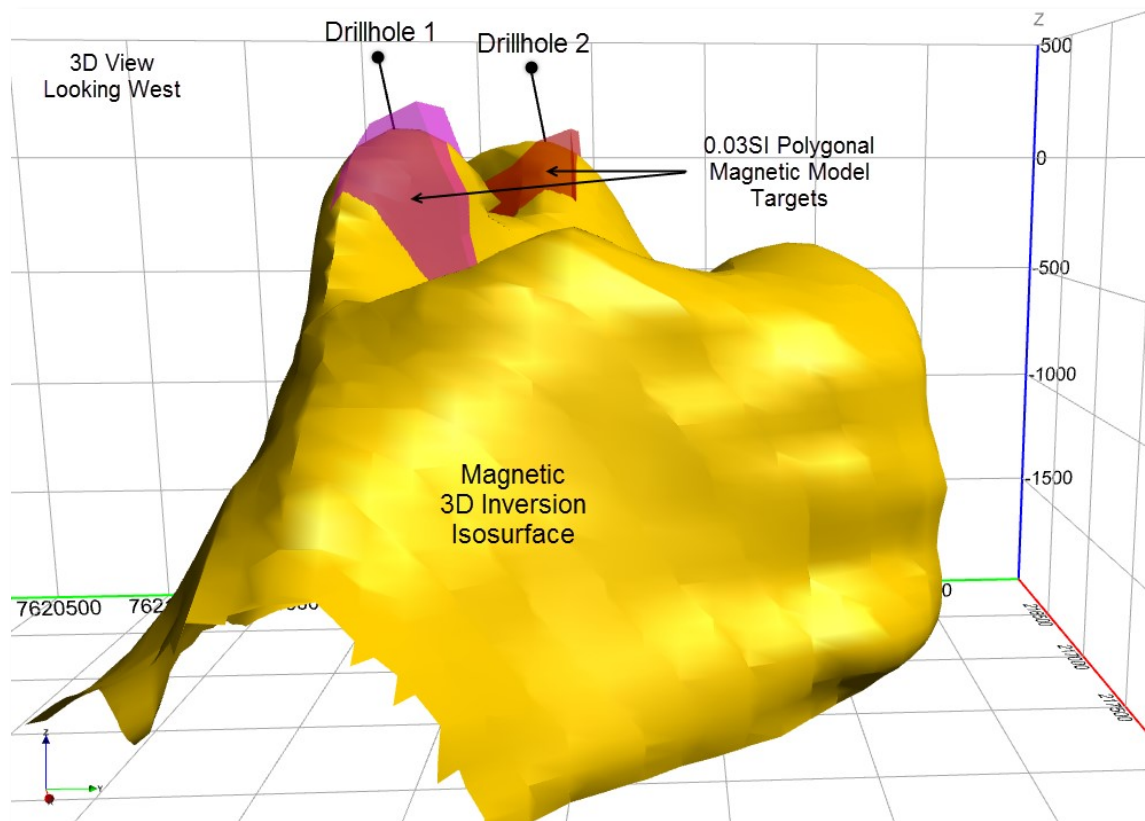


Figure 6: Proposed drill hole traces and the 3D Inversion and Polygonal Magnetic Model Targets (looking west).

MILLROSE PROJECT

During the quarter the divestment of E53/1304 was completed for total cash consideration of \$950,000.

CORPORATE

The Company held Cash Reserves at 30 June 2016 of **\$1.52M**.

TENEMENT SCHEDULE

Following is the schedule of Riedel Resources minerals tenements as at 30 June 2016.

Area of Interest	Tenement reference	Nature of interest	Interest
Charteris Creek	E45/2763	Direct	100%
Bronzewing South	E36/623	Indirect	80%
Marymia	E52/2394	Direct	49%
Marymia	E52/2395	Direct	49%
West Yandal	M36/615	Royalty	0%
Porphyry	M31/157	Royalty	0%

For further information please contact:

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About Riedel Resources Limited

Riedel Resources Limited listed on ASX on 31 January 2011 and is an Australian-based exploration company established to explore for and develop mineral deposits.

Further information can be found at the Company's website www.riedelresources.com.au

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ed Turner, who is a Member of The Australian Institute of Geoscientists. Mr Turner is a consulting geologist to Riedel Resources Limited. Mr Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken 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 Turner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1: JORC Code, 2012 Edition

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<p><u>Marymia Project</u></p> <p>Samples from the May 2016 reverse circulation (RC) drill program at Dixon were collected at one-metre intervals using a cone splitter to produce an approximate three kilogram sample, which is considered representative of the full drill metre.</p> <p>Sampling is guided by Australian Mines' protocols and QA/QC procedures, which were designed in consultation with SRK Consulting, Perth.</p> <p>All samples are submitted to the Intertek Genalysis laboratory in Perth for Fire Assay and Four Acid ICP-OES analysis.</p> <p>Australian Mines analyse for the following elements: Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn.</p> <p><u>Charteris Creek Project</u></p> <p>No samples taken during the quarter.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.) 	<p><u>Marymia Project</u></p> <p>The May 2016 Dixon drill program comprised six RC drill holes (DXRC006 – 011) that was completed by Ausdrill Northwest Pty Ltd.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<p><u>Marymia Project</u></p> <p>The RC sampling was very good with minimal wet sampling reported. Overall recoveries were high and no sampling recovery</p>

	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<p>problems encountered.</p> <p>Insufficient drilling and geochemical data is presently available to evaluate any potential sample bias. Australian Mines protocols, however, were followed, which seek to preclude any issues of sample bias due to material loss or gain.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged. 	<p><u>Marymia Project</u></p> <p>Geological logging of the drill chips was recorded for all six RC drill holes, including lithology, mineralogy, grainsize, texture, weathering, oxidation, colour and other features of the samples.</p> <p>Drill chips were not logged to any geotechnical standard and the data is insufficient to support Mineral Resource estimation at this stage.</p> <p>Logging of RC drill chips is considered to be semi-quantitative given the nature of rock chip fragments and the inability to obtain detailed geological information.</p> <p>The drill holes were logged in full to the end of the hole.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during the quarter.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for 	<p><u>Marymia Project</u></p> <p>All one-metre splits from the Dixon RC drill holes were passed through a cone splitter to produce a 12% split for assaying. The 78% off-split was collected in green bags for future testing as required.</p> <p>Samples are dried and pulverised using industry standard methods by Intertek Genalysis at their Perth assay laboratory.</p> <p>All samples are pulverised to produce a 50-gram charge, which is analysed by Fire Assay and Four Acid ICP-OES.</p> <p>The sample sizes are considered to be appropriate to correctly represent the sought after mineralisation style.</p>

	field duplicate/second-half sampling.	<u>Charteris Creek Project</u>
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	No sampling completed during the quarter.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<u>Marymia Project</u> Samples were submitted to Intertek Genalysis in Perth for analysis via Fire Assay and mixed four acid digest. The samples were digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and analysis conducted for multi-elements including; Au, Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, Zn. This method approaches a total digest for many elements although some refractory minerals may not be completely attacked. The quality of the analytical results is monitored through the use of internal laboratory procedures and the insertion of Certificated Reference Material (CRM or 'standards') within the sample run to ensure the results are representative and within acceptable ranges of accuracy and precision. <u>Charteris Creek Project</u> No samples submitted for assay or laboratory testing during quarter.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<u>Marymia Project</u> Any materially significant intersections are initially verified by Australian Mines' Managing Director, and are then independently verified by the external consulting company, Expedito. The original Analytical Report supplied by Intertek Genalysis Perth are also provided to Australian Mines' board of directors for independent verification of the assay results. Primary data was collected using a set of standard Excel templates using lookup tables. The information was sent to the Company's external database consultant, Expedito, for validation and compilation into Australian Mines' database.

No twinned hole drilling is proposed by Australian Mines at this stage and no adjustments or calibrations were made to any assay values.

Charteris Creek Project

No additional assay data collected or reviewed during the quarter.

Location of data points

- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
- Specification of the grid system used.
- Quality and adequacy of topographic control.

Marymia Project

Collar locations of the RC and diamond core drill holes were recorded using handheld Garmin GPS.

The expected accuracy is +/- 5 metres for easting and northings.

The grid system used is Map Grid of Australia (MGA) GDA94 Zone 50.

Charteris Creek Project

No samples collected during the quarter.

Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
- Whether sample compositing has been applied.

Marymia Project

Australian Mines' May drill program at Dixon involved six single RC holes and one diamond core drill hole.

The spacing between these holes varied as indicated by the drill location imaged included in the body of the accompanying report.

This drill data is not being used for estimating a Mineral Resource or modelling of grade at this stage in exploration.

No sample compositing was applied to the exploration results.

Charteris Creek Project

No samples were taken during the quarter.

Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
- If the relationship between the drilling orientation and the orientation of key

Marymia Project

The orientation of the Company's drilling was designed to intersect the target zone at right angles in an attempt to minimise the risk of biased sampling.

	<p>mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</p>	<p>The orientation of the drilling is deemed sufficient at this stage of exploration.</p> <p><u>Charteris Creek Project</u></p> <p>No sample data collected during the quarter.</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<p><u>Marymia Project</u></p> <p>The chain of custody is managed by Australian Mines.</p> <p>The RC samples were stored on site and are delivered in tamper-proof/evident bags via Toll IPEC directly to the assay laboratory.</p> <p><u>Charteris Creek Project</u></p> <p>No samples collected during the quarter.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<p><u>Marymia Project</u></p> <p>Australian Mines' sampling techniques and data collection processes are of industry standard and have been subjected to internal reviews.</p> <p>Any data received from the assay laboratories are independently verified by Expedio in Perth, Australia.</p> <p><u>Charteris Creek Project</u></p> <p>No sample data available during the quarter for audit or review.</p>

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<p><u>Marymia Project</u></p> <p>The Marymia Project is located within the Western Australian exploration licences of E52/2394 and E52/2395.</p> <p>Australian Mines announced on 30 April 2014 that it had signed a Heads of Agreement with Riedel Resources (ASX code: RIE) in relation to licences E52/2394 (which hosts the Dixon gold prospect) and E52/2395.</p> <p>Further, on 29 May 2015, Australian Mines reported that the Company had earned a 51% interest in these tenements and that the Company has elected to acquire an additional 29% interest in the project (taking the total to 80%) by spending a further \$2 million on exploration by May 2018.</p> <p>In August 2015, Australian Mines was notified by the Western Australian Department of Mines and Petroleum (DMP) that the Company's Extension of Term for E52/2394 and E52/2395 was successful, with these tenements now expiring in June 2020 and August 2020 respectively.</p> <p>The Company's Marymia exploration licences are within the Marymia and Ned's Creek Pastoral Leases and contained within the Native Title Claim boundaries of the <i>Gingirana</i> (WAD6002/03) and <i>Yugunga-Nya</i> (WAD6132/98) Traditional Owners.</p> <p>Exploration activities on E52/2394 and E52/2395 are permitted under agreements dated; 7 October 2010 between Audax Resources Ltd (a subsidiary of Riedel Resources) and the Yamatji Marlpa Aboriginal Corporation as agent for the <i>Yugunga-Nya</i> people; and 23 October 2010 between Audax Resources and Gingirana Pty Ltd. Australian Mines is permitted to operate under these agreements as the Company is joint venturing with Riedel Resources on this project</p> <p>Both tenements are currently in good standing with no impediments to exploration known to exist at the time of writing.</p>

Charteris Creek Project

The Charteris Creek Project comprises E45/2763. The Licence is held by Riedel Resources Ltd ('Reidel') and registered in the name of Audax Minerals Pty Ltd.

The Licence was granted on 8 November 2011 and is due to expire on 8 November 2016.

The Licence is in good standing with minimum expenditure commitments being made during the last reporting year.

Exploration done by other parties

- Acknowledgment and appraisal of exploration by other parties.

Marymia Project

Limited exploration and drilling programs have previously been undertaken across the Dixon gold prospect by other companies.

A summary of the historic exploration is outlined in the Prospectus released by Riedel Resources Limited on 23 November 2010.

Cyprus Gold Australia's Annual Report - Combined Reporting Group C153/1996, which was submitted to the Western Australian Department of Mines and Petroleum in December 1997, and covers tenements E52/592 and E52/594 (now tenement E52/2394) similarly summarises the historic exploration undertaken across the greater Doolgunna - Marymia project area.

Galtrad Pty Ltd's Annual Technical Report for tenement E52/594 (now tenement E52/2394), which was received by the Western Australian Department of Mines and Petroleum (DMP) on 16 September 1996, describes five reverse circulation (RC) drilled by Galtrad immediately north of the Dixon gold prospect.

Charteris Creek Project

Exploration around the Gobbos Granodiorite intrusion started in the mid-1960s. Five main project areas were identified, namely the Bridget, Gobbos, Lightning Ridge, Otways and Wallabirdee Ridge prospects by previous explorers.

Geology

- Deposit type, geological setting and style of mineralisation.

Marymia Project

Australian Mines are targeting three types of mineral deposits at Marymia;

- Archaean gold,
- volcanogenic massive sulphide (VMS)

		<p>copper-gold, and (iii) komatiite-hosted nickel sulphide.</p> <p>The Dixon prospect is situated within the Baumgarten Greenstone Belt (part of the Marymia Inlier) which is interpreted as being the northern extension of the Norseman – Wiluna Greenstone Belt.</p> <p>The geology of the Dixon prospect comprises an Archaean greenstone sequence of dolerites, basalts and metasediment rocks.</p> <p><u>Charteris Creek Project</u></p> <p>Copper porphyry target. Porphyry systems within or marginal to the intrusions. Granodiorite and tonalite intrusives rocks of Archean age are situated within the McPhee Dome and have intruded volcanic and sedimentary rocks of the also Archean Yilgalong (or: McPhee) Greenstone Belt.</p> <p>Copper-molybdenum-silver-zinc-gold mineralization proximal and distal to porphyry systems has been reported.</p>
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<p><u>Marymia Project</u></p> <p>Refer to Table 1 AUZ announcement to the ASX dated 28 June 2016.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken during this quarter.</p>

Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p><u>Marymia Project</u></p> <p>Any reported intersections of Australian Mines' drilling results are based on a regular sample interval of one metre.</p> <p>Where quoted, gold intersections are based on a minimum gold threshold of 1.0 g/t gold.</p> <p>No upper cuts are applied and no internal dilution has been used for any intersection calculations.</p> <p>No metal equivalents have been used in this report.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken.</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<p><u>Marymia Project</u></p> <p>There is insufficient understanding of the bedrock geology at present to determine the true thickness of any reported drill intersections.</p> <p>Any intersections included in the accompanying report are down hole lengths. The true widths of these intersections are not known.</p> <p><u>Charteris Creek Project</u></p> <p>No drilling undertaken.</p>
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<p><u>Marymia Project</u></p> <p>Appropriate maps are included in the body of the accompanying report.</p> <p><u>Charteris Creek Project</u></p> <p>Appropriate maps are included in the body of the accompanying report.</p>
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading 	<p><u>Marymia Project</u></p> <p>The accompanying document is considered to represent a balanced report.</p> <p><u>Charteris Creek Project</u></p> <p>Geological mapping and geochemical sampling</p>

	reporting of Exploration Results.	<p>have been the primary exploration tools used to date.</p> <p>Interpretation of the acquired data is preliminary and by no means comprehensive.</p>
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<p><u>Marymia Project</u></p> <p>The results of exploration programs previously undertaken by the Australian Mines over the Dixon Prospect are detailed in ASX announcements dated 26 October 2015, 6 November 2015, 17 November 2015, 27 January 2016, 29 March 2016 and 29 April 2016.</p> <p>Other exploration data collected by the Company is not considered as material to this report at this stage.</p> <p>Further data collection will be reviewed and reported when considered material.</p> <p><u>Charteris Creek Project</u></p> <p>Nothing to report for this quarter.</p>
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<p><u>Marymia Project</u></p> <p>Further work at Dixon may include a diamond core drill program, which will be co-funded by the Government of Western Australia via their Exploration Incentive Scheme (EIS).</p> <p>The specifications of this proposed drill program, including the location and targeted depth of these holes, will be announced by the Company prior to the commencement of drilling.</p> <p><u>Charteris Creek Project</u></p> <p>A stream sediment sampling programme to test for gold and base metals has been planned for the north west section of the tenement. This area has not been systematically explored by either Riedel or FMG to date.</p> <p>Further work may also include a diamond core drill program, which will be co-funded by the Government of Western Australia via their Exploration Incentive Scheme (EIS).</p>