



# September 2016

## QUARTERLY ACTIVITY REPORT

### Key Highlights

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#### Guanaco Production

- Guanaco mine production was 11,762 Au oz and 16,109 Ag oz in the September quarter 2016. It is estimated that gold production will be in the 45,000-50,000 Au oz range for four consecutive years.
- Average cash cost for the quarter was US\$673/AuEq oz along with AISC at US\$848/AuEq oz. Average realised gold selling price was US\$~1,330/Au oz for the quarter.

#### Casposo Recommences Full Operation

- The Casposo mine, 51% owned by Austral Gold and 49% owned by Troy Resources, was fully recommissioned during the period and commenced full commercial operations. Recommissioned production was 4,457 Au oz and 313,765 Ag oz for the quarter (100% basis).

#### Exploration and Mine Development

- Exploration activities continued at the Guanaco and Amancaya/San Guillermo properties. Positive results from Amancaya property mapping and grab sampling were obtained and follow-up trenching is proceeding. Infill drilling at Amancaya was also commenced.

#### Mergers & Acquisitions

- Final payment of US\$2 million for the acquisition of the US\$12 million Amancaya project was paid during the quarter.
- On 22 August 2016 the plan of arrangement between Austral Gold and Argentex was finalised with dual listing of Austral Gold on the Toronto Venture Exchange under code AAM.
- The Company has now sold all of its ~12% stake in Goldrock Mines Corp (TSX-V: GRM) with the remaining 2.6% shareholding sold for proceeds of US\$2.6 million in July 2016. Austral Gold continues to hold the GRM warrants now converted to 1.5 million Fortuna Silver warrants at C\$6.1 per share strike price (expiry date October 2018).

#### New Plant Construction

- The construction of the agitation leach plant at Guanaco is progressing well and completion is expected by the end of the year.

#### Sound Cash Balance

- Cash on hand at 30 September 2016 was US\$9.4 million.

# CHILE

## Guanaco Mine

### Background

The wholly-owned Guanaco mine remains the Company's flagship asset. Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is embedded in the Paleocene/Eocene belt, a geological structural system which runs north/south through the centre of Chile. Currently, the majority of the ore processed from the Guanaco operation comes from the Cachinalito underground system and nearby vein systems with higher average grades.

Gold mineralisation at Guanaco is controlled by pervasively silicified, sub-vertical east/northeast-west/southwest trending zones with related hydrothermal breccias. Silicification grades outward into advanced argillic alteration and further into zones with propylitic alteration. In the Cachinalito vein system, most of the gold mineralisation is concentrated between depths of 75m and 200m and is contained in elongated ore shoots. High grade ore shoots (up to 180 g/t Au), 0.5m to 12.0m wide, have been exploited, but the lower grade halos, below 3 g/t Au, can reach up to 20m in width. The alteration pattern and the mineralogical composition of the Guanaco ores have led to the classification as a high-sulfidation epithermal deposit.

### Production

Production from underground operations using the heap leach process generated 11,762 Au oz and 16,109 Ag oz during the quarter ended 30 September 2016. When measured in gold equivalent ounces<sup>1</sup> (AuEq oz) total production was 11,985 AuEq oz compared to 8,495 AuEq oz in the prior quarter.

Production for the quarter concentrated in the Dumbo and Cachinalito extensions. The Company expects to recover the current production short-fall of AuEq oz by the end of the year.

### Gold Equivalent Production

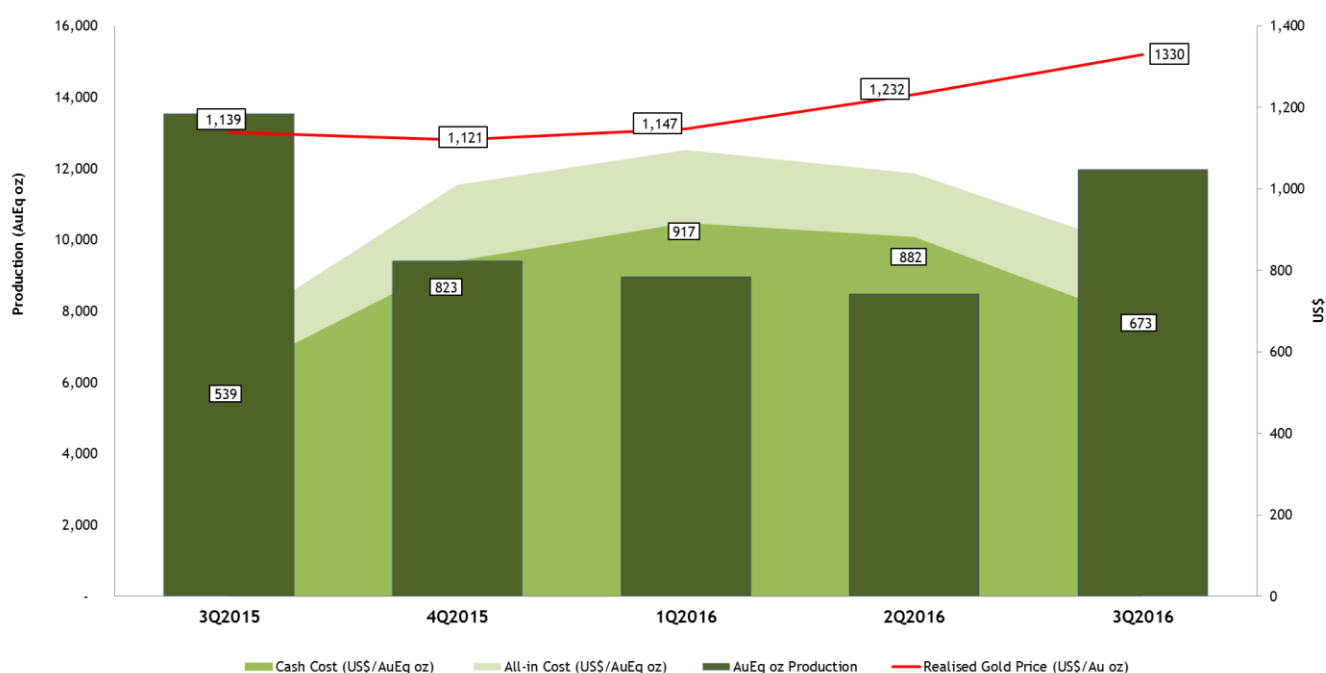
Production	2013 Actual Calendar Year	2014 Actual Calendar Year	2015 Actual Calendar Year	2016 Actual 9-months <sup>2</sup>	2016 Budget Range Calendar Year
Gold (AuEq oz)	51,331	51,068	46,869	29,457	45,500 – 50,500

<sup>1</sup> AuEq ratio is calculated at 77:1 Ag:Au

<sup>2</sup> Nine-month period ended 30 September 2016

The September 2016 quarter operating cash cost<sup>3</sup> (C1) was US\$673/AuEq oz while the all-in sustaining cost<sup>4</sup> (AISC) was US\$848/AuEq oz (US\$882/AuEq oz and US\$1,038/AuEq oz respectively for the quarter ended 30 June 2016).

## AuEq oz Production per Quarter (Calendar Year)



## Mining

During the September 2016 quarter, mining continued at the Cachinalito underground operations with a total of 163,027 tonnes mined. The crushed and leached ore totalled 140,460 tonnes for the quarter at an average grade of 5.47 g/t Au and 8.23 g/t Ag.

During the quarter, a total of 2,359 metres of underground mine development was advanced, of which 722 metres related to developments and accesses and 1,637 metres to advances in production.

### Production Summary

Key Indicators	Sept Quarter 2016	June Quarter 2016
Total Ore processed (t)	140,460	135,921
Average Plant grade (g/t Au)	5.47	2.20
Average Plant grade (g/t Ag)	8.23	8.95
Gold produced (oz)	11,762	8,322
Silver produced (oz)	16,109	13,310
C1 Cash Cost (US\$/ AuEq oz)	673	882
All-in Sustaining Cost (US\$/ AuEq oz)	848	1,038
Realised gold price (US\$/ Au oz)	1,330	1,244

<sup>3</sup> The operating cash cost (C1) for the Guanaco Mine includes: Mine, Plant, On-Site G&A, Smelting, Refining, and 3% ENAMI Royalty.

<sup>4</sup> The All-in Sustaining Cost (AISC) for the Guanaco Mine includes: C1, Sustaining Capex, Exploration, and Mine Closure Amortisation.

## Safety

During this quarter, one lost-time accident (LTA) and three nil-lost-time accidents (NLTA) were reported involving Guanaco employees and third party contractors. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

## Mine Exploration Program

During the period, works were performed focussing on analysis and selection of exploration targets that were determined from the detailed mapping and interpretation of sections of the district. Mapping of the district has been undertaken since October 2015 and is planned to end in October 2016. A review of all sectors was conducted to define the mineralised structures, their relationships with grades, various lithologies, faults, mineralised levels, etc., defining the mineral potential of each sector.

In addition, detailed sampling for ICP multi-element assaying was performed on the main ledges of Dumbo and Cachinalito, with a total of 77 samples, which were sent to the ALS laboratory.

## Other Projects

### ***Amancaya and San Guillermo Properties***

During September, an infill drilling program was commenced on the Amancaya project. The program currently has scheduled 94 combined reverse circulation (RC) and diamond drill holes (DDH), for approximately 13,300m. To date, 3,941m have been drilled (3,620m RC and 321m DDH), distributed in 29 holes. This represents an advance of 29% of the program. In general, all the holes have intercepted the structure, with equal or greater width than expected at similar depths.

As per ASX announcement from 6 October 2016, exploration results from grab float samples indicate that the property hosts an extensive, mostly covered, vein field. The interpretation of these structures has doubled the strike length of the vein field at Amancaya to at least 40 kilometres of known and inferred veins. Trenches have been prepared in areas of anomalous grab samples and these are expected to be mapped and sampled in the next quarter. The current high grade gold and silver Mineral Resource estimate for the advanced Amancaya project is based on just two veins<sup>5</sup>.

### ***Guanaco Agitation Leach Plant Progress***

Construction of a new agitation leach plant (Merrill-Crowe circuit) at Guanaco is well advanced and is expected to be completed by the end of the year.

The Company budgeted US\$16.5 million for the construction of the plant, which is being funded by local banks and free cash flow from Guanaco operations. So far the actual spend on the project is ~70% complete while a further 20% was already secured with local banks by way of lease finance.

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<sup>5</sup> See "Guanaco Gold Project, Antofagasta Province, Region II, Chile, NI 43-101 Technical Report, 30 June 2016 on SEDAR profile. CIM definitions were followed for Mineral Resources. Open pit Mineral Resources are reported at a cut-off grade of 1.2 g/t Au. Preliminary pit optimisation shells were used to constrain the resources. Underground Mineral Resources are estimated at a cut-off grade of 2.5 g/t Au beneath the open pit shells. Mineral Resources are estimated using a long-term gold price of US\$1,200 per ounce, and a silver price of US\$20 per ounce. Minimum width for the open pit resource is 2.0m. A minimum mining width was not used for the estimation of the underground resource. Bulk density is 2.50 t/m<sup>3</sup>. Numbers may not add due to rounding.

*It is noted that these estimates are foreign estimates and not reported in accordance with the JORC Code 2012 Edition (JORC Code). A competent person has not done sufficient work to classify the foreign estimates as inferred mineral resources in accordance with the JORC Code and it is uncertain that, following evaluation and/or further exploration work, the foreign estimates will be able to be reported as mineral resources in accordance with the JORC Code.*



The decision to build this plant was based on internal studies focused on treating Amancaya production at the Guanaco plant. Construction began in May of 2016 but no economic analysis has been completed to date and the Company expects to complete and test the plant by the end of the year. Internal bottle roll studies have indicated that recoveries of gold could be improved relative to recovery from the current heap leach.

### ***Pre-Feasibility Study***

Austral is planning to undertake a Pre-Feasibility Study (PFS) and Technical Report on operating the Guanaco mine and Amancaya project as one operation. The Company is advancing with the development of the Amancaya project to allow for completion of the PFS during calendar year 2017. As mentioned above, infill drilling commenced in early September with an initial plan for 94 drill holes (approximately 13,300m), which is expected to be completed before the end of the year.

The Company intends to truck production initially from the open pits, then from underground operations at Amancaya to the new agitation leach plant at Guanaco. The new plant will process future production from the Guanaco operations, possibly retreatment of some of the heap leach pads and from Amancaya production. The decision to advance with these plans will need to be validated by a positive outcome of the PFS.



**Figure 1**



**Figure 2**

**Figures 1 and 2: Views of the agitation leach plant being constructed at Guanaco mine site**

## Guanaco and Other Mining Properties in Chile - Tenements Status

A complete list of the Guanaco Mine and Amancaya Project mining tenements in which the Company has an interest is presented in **Appendix A**, attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

**Appendix D** lists the San Guillermo mining properties acquired as part of the purchase agreement with Revelo Resources (TSX-V: RVL).

# ARGENTINA

## 8 de Julio

No significant activity for the period.

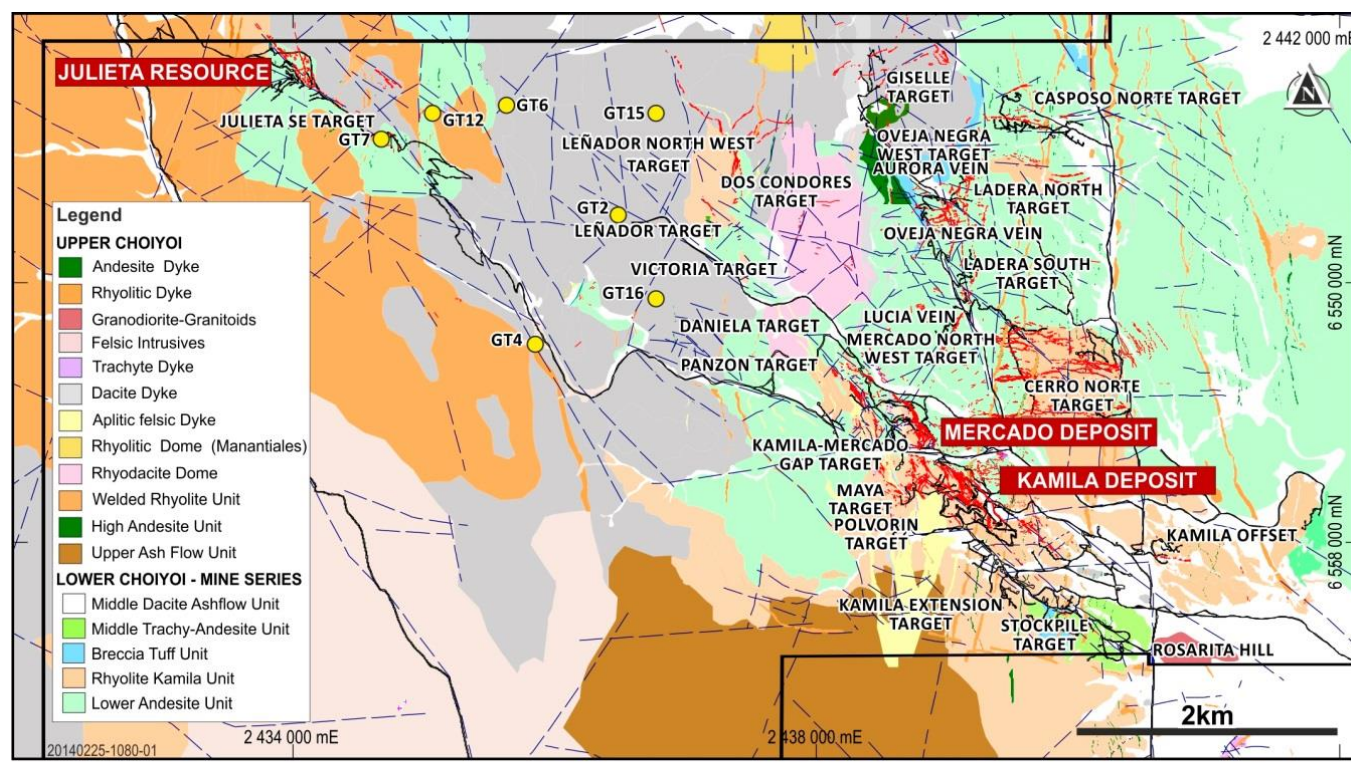
### 8 de Julio Area - Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix B**, attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

## Casposo Project

The Casposo project is located in the department of Calingasta, San Juan Province, Argentina, approximately 150km from the city of San Juan, and covers an area of 100.21km<sup>2</sup>. Casposo is a low sulphidation epithermal deposit of gold and silver.

The Cordillera Principal runs along the Chile-Argentine border for approximately 1,500km. It is a volcanically and seismically active zone formed by subduction of the Nazca plate beneath the South American continent. The Casposo gold-silver mineralisation occurs in both the rhyolite and underlying andesite, where it is associated with banded quartz-chalcedony veins, typical of low sulphidation epithermal environments. Post-mineralisation dykes of rhyolitic (Kamila), aphanitic-felsic, and trachytic (Mercado) composition often cut the vein systems. These dykes, sometimes reaching up to 30m thickness, are usually steeply dipping and north-south oriented. Mineralisation at Casposo occurs along a 10km long west-northwest to east-southeast trending regional structural corridor, with the main Kamila Vein system forming a 500m long sigmoidal set near the centre. The Mercado Vein system is the northwest continuation of Kamila and is separated by an east-west fault from the Kamila deposit. The Julieta Zone is located 5km along strike to the northwest of the Kamila and Mercado deposits and is situated within the same regional structural corridor. The Casposo Norte deposit is located on a parallel structure, approximately 2km north of Kamila.





As per ASX announcement on 7 March 2016, Austral acquired 51% of this project from Troy Resources Limited (ASX: TRY) and entered into a Management Agreement whereby Austral was appointed manager of Casposo with immediate effect. A further 19% will be acquired for US\$1m within 12 months with options to acquire the remaining 30% of the project on agreed terms within 5 years.

## New Technical Report and Recommissioning

Roscoe Postle Associated (RPA) was engaged to update the Mineral Resource and Ore Reserve estimates for Casposo and as a result of this technical report, announced on 27 September 2016, full operations at Casposo gold-silver mine were recommenced. During this initial start-up period, production was 4,457 Au oz and 313,765 Ag oz for the quarter.

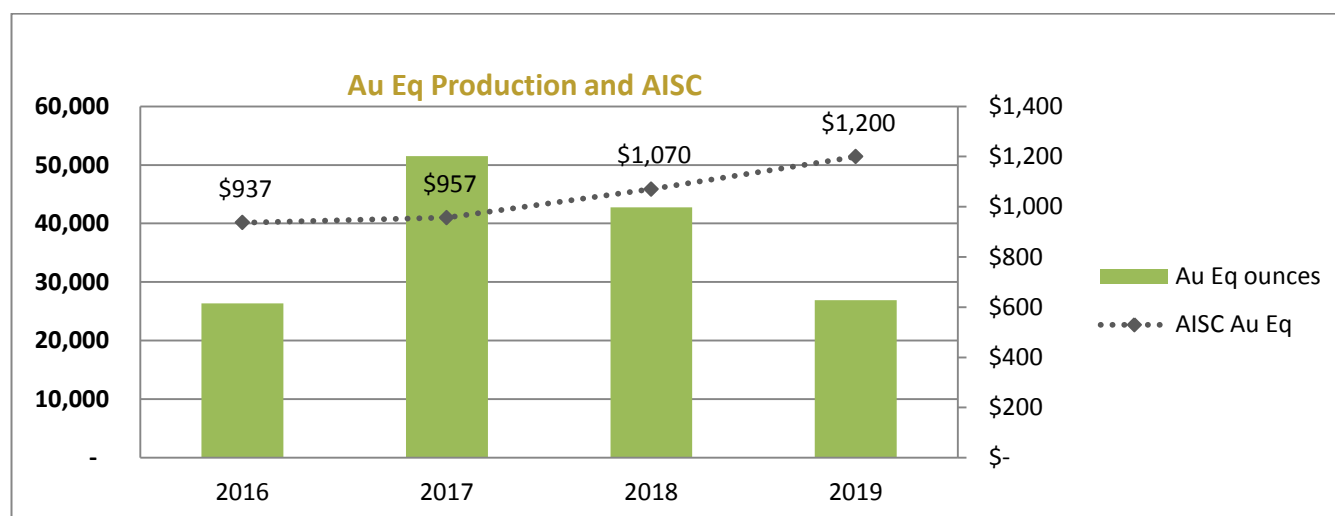
The table aside summarises the recommissioning during the 3-month period ended 30 September 2016.

From a safety perspective, there were two lost-time accidents (LTA) and three nil-lost-time accidents (NLTA) involving employees of Casposo and third party contractors during the September quarter.

The RPA technical report provides a very solid basis for advancing to commissioning the full operation. It supports the viability of moving to small scale underground mining and optimisation of the processing plant. As such, the Company is able to continue with the operations of Casposo and to work with the local communities to the benefit of all stakeholders.

Based on the current Ore Reserves, operations are expected to continue for the next 4 years. Estimated annual production and AISC<sup>6</sup> are shown below:

	Sept Quarter 2016
Total Ore processed (t)	<b>68,055</b>
Gold recovery (%)	<b>90%</b>
Silver recovery (%)	<b>78%</b>
Average Plant Grade (g/t Au)	<b>2.98</b>
Average Plant Grade (g/t Ag)	<b>180.92</b>
Gold produced (oz)	<b>4,457</b>
Silver produced (oz)	<b>313,765</b>



Gold equivalents (AuEq) in the above graph are calculated using a factor of 1g Au = 81g Ag, based on metal prices, and metallurgical recoveries (92% for gold, 87% for silver). Production figures above are reported on a 100% basis. Austral Gold currently owns 51% of Casposo mine. Following the further payment of US\$1 million in March 2017, Austral will increase its ownership to 70%.

## Casposo Project Properties - Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix C**, attached to this report. There was no change to the Company's interests in these mining tenements during the quarter. All mining properties are 51% owned by the Company through its subsidiaries.

<sup>6</sup> The All-in Sustaining Cost (AISC) for the Casposo Mine includes: Casposo Mine cash costs (Mine, Plant, On-Site G&A, Smelting, Refining and Royalties), Sustaining Capex, Exploration, and Mine Closure Amortisation.



## Pinguino Project

The Company completed the acquisition of Toronto Venture Exchange listed company, Argentex Mining Corporation ('Argentex') on 22 August 2016. Currently, Argentex owns 100% mineral rights of more than 20 properties with over 67,000 hectares of land. These properties are located within two prominent geographical features, the Deseado and Somuncura Massifs, both of which have proven to host significant epithermal precious metal deposits. The large epithermal vein swarm at Pinguino contains Argentex's discovery of indium-enriched vein-hosted base metal mineralisations which represented a new deposit type for the region, as well as low sulphidation precious metal vein mineralisation. The combination of these two types of mineralisation within the same property is unique for the province of Santa Cruz and a significant asset for the Company.

### Pinguino Project (and surrounds) Properties - Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix E**, attached to this report. The Company acquired its interest in these mining tenements during the quarter. All mining properties are 100% owned by the Company through its subsidiaries.

## CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Austral Gold's total cash position was US\$9.4 million as of 30 September 2016.

Cash proceeds for gold and silver sales for the quarter were US\$12.4 million from Guanaco mine (average realised gold price was US\$~1,330/Au oz) and US\$8.4 million from gold and silver sales from the newly re-commissioned Casposo mine. Recuperation of VAT contributed US\$1.5 million in cash proceeds less payment of US\$1 million relating to VAT made to Troy Resources Limited as part of the agreement to acquire the Caposo mine.

Austral Gold continues to make payments relating to past acquisitions. During the period US\$125k was paid in relation to the 51% acquisition of the underground mining contractor Humberto Reyes and the last of the monthly payments relating to this acquisition will be paid on 10 January 2017. The final instalment of US\$2m deferred consideration on the Amancaya acquisition was paid to Yamana Gold Inc. in July 2016.

The merger between Austral Gold and Argentex was concluded on 22 August 2016. Austral Gold issued 40,221,186 shares to Argentex shareholders and these are now being traded on the Toronto Venture Exchange under the ticker code, AAM.

The Company has sold its entire equity stake in Goldrock Mines Corp (TSX-V: GRM) after the acquisition of Goldrock Mines Corp by Fortuna Silver. In July, Austral Gold sold its remaining 2,312,000 shares for an average price of C\$1.48/share and proceeds of approximately C\$3.4 million (US\$2.6 million). As of 30 September 2016 the Company still held 1.5 million warrants of Fortuna Silver exercisable at C\$6.01 each until 24 October 2018.

There have been a number of recent announcements by the Company regarding personnel. Stabro Kasaneva has been appointed Chief Executive Officer, José Bordogna has been appointed Chief Financial Officer, Mike Brown has been appointed VP of Corporate Development and Diego Guido appointed VP of Exploration. These appointments are key to facilitating and supporting the current and future growth trajectory of the Company.

By order of the Board.

Andrew Bursill  
Company Secretary

### Competent Person's Statement

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Masters in International Project Management and has over 20 years professional experience in mineral exploration, project management and research and development. Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Trzebski consents to the inclusion of the resources noted in this report.

The numbers presented in this report are unaudited figures and may be subject to minor variation.

**Appendices: List of Tenements in which the Company currently has an interest**

**Appendix A: Guanaco Mine and Amancaya Project (Chile) Tenements**

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	42,814
Loreto I, Loreto II, Loreto III and Loreto IV	Mining claims in process	1,000
Barbara and Flora concessions	Constituted Mining Claims	3,200
<b>Total</b>		<b>47,014</b>

**Appendix B: 8 de Julio Site (Argentina) Tenements**

Property Name	Claim Type	Size (hectares)
8 de Julio IX	Cateo	7,002
8 de Julio X	Cateo	3,497
Cerro Contreras Norte	Cateo	10,000
Juanguí II	Manifestation of discovery	4,200
Juanguí VII-B	Manifestation of discovery	4,000
Juanguí VI-D	Manifestation of discovery	4,000
Juanguí I	Manifestation of discovery	3,970
Juanguí IV	Manifestation of discovery	3,226
Juanguí I-B	Manifestation of discovery	3,936
Juanguí II-D	Manifestation of discovery	3,740
Juanguí VIII-A	Manifestation of discovery	840
Juanguí VI-C	Manifestation of discovery	3,148
Juanguí III	Manifestation of discovery	4,081
Juanguí IV-F	Manifestation of discovery	2,286
Juanguí I-A	Manifestation of discovery	2,008
Juanguí V	Manifestation of discovery	1,920
Juanguí II-A	Manifestation of discovery	840
Juanguí VI-A	Manifestation of discovery	840
Juanguí VII-A	Manifestation of discovery	840
Juanguí VI	Manifestation of discovery	840
Juanguí IV-A	Manifestation of discovery	840
Juanguí IV-B	Manifestation of discovery	840
Juanguí IV-C	Manifestation of discovery	840
Juanguí IV-D	Manifestation of discovery	840
Juanguí IV- E 1	Manifestation of discovery	840
Juanguí IV- E 2	Manifestation of discovery	840
Juanguí IV- E 3	Manifestation of discovery	840
Juanguí IV- E 4	Manifestation of discovery	840
Juanguí IV- E 5	Manifestation of discovery	840
Juanguí V-A	Manifestation of discovery	840
Juanguí V-B	Manifestation of discovery	840
Juanguí II-C	Manifestation of discovery	638
Juanguí II-B	Manifestation of discovery	615
Barroso Chico I	Manifestation of discovery	840
Barroso Chico II	Manifestation of discovery	840
<b>Total</b>		<b>77,387</b>



## Appendix C: Casposo Project (Argentina) Tenements

Property Name	Claim Type	Size (Hectares)
Kamila	Constituted Mining claim	3,497
Julieta	Constituted Mining claim	2,625
Alicia -I	Constituted Mining claim	16
Various	Mining claims in process	16,420
<b>Total</b>		<b>22,558</b>

## Appendix D: San Guillermo (Chile) Tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	8,375
Cepillo Rojo 7D	Mining claims in process	200
Cepillo Rojo 8D	Mining claims in process	100
Cepillo Rojo 11C	Mining claims in process	200
Cepillo Rojo A	Mining claims in process	100
Cepillo Rojo 1D	Mining claims in process	300
Cepillo Rojo 2D	Mining claims in process	300
Cepillo Rojo 3D	Mining claims in process	300
Cepillo Rojo 4D	Mining claims in process	300
Cepillo Rojo 5D	Mining claims in process	300
Cepillo Rojo 6D	Mining claims in process	300
Cepillo Rojo 9D	Mining claims in process	200
Cepillo Rojo 10D	Mining claims in process	200
Cepillo Rojo 12D	Mining claims in process	200
Cabello 11D	Mining claims in process	300
Cabello 12D	Mining claims in process	300
Cabello 13D	Mining claims in process	200
<b>Total</b>		<b>12,175</b>

## Appendix E: Pingüino Project (and surrounds) (Argentina) Tenements

Property Name	Claim Type	Size (hectares)
<b>Pingüino</b>		
Tranquilo 1	Manifestation of discovery	3,484
Tranquilo 2	Manifestation of discovery	3,182
Cañadon	Manifestation of discovery	1,827
Pingüino	Manifestation of discovery	1,493
Plata Leon	Cateo	7,500
<b>Other Santa Cruz properties</b>		
Alto Condor	Manifestation of discovery	5,014
Condor Manifestacion de Descubrimiento	Manifestation of discovery	1,500
Diamante 1	Manifestation of discovery	2,906
Diamante 2	Manifestation of discovery	2,862
Contreras Oeste	Manifestation of discovery	2,938
Contreras Este	Manifestation of discovery	1,622
Nuevo Oro 2	Manifestation of discovery	840
<b>Rio Negro</b>		
Mochas 2	Cateo	9,960
Menucos 6	Manifestation of discovery	2,999
Menucos 7	Manifestation of discovery	2,880
Menucos 8	Manifestation of discovery	2,959
Menucos 9	Manifestation of discovery	2,999
Menucos 10	Manifestation of discovery	2,730
Menucos 11	Manifestation of discovery	1,840
Menucos 12	Manifestation of discovery	2,920
Menucos 13	Manifestation of discovery	2,965
<b>Total</b>		<b>67,420</b>

## Appendix 5B

# Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

### Name of entity

AUSTRAL GOLD LIMITED

### ABN

30 075 860 472

### Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter US\$'000	Year to date US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers/tax credits	24,205	24,205
1.2 Payments for		
(a) exploration & evaluation	(472)	(472)
(b) development	(2,685)	(2,685)
(c) production	(9,791)	(9,791)
(d) staff costs	(4,599)	(4,599)
(e) royalties paid	(192)	(192)
(f) administration and corporate costs	(4,708)	(4,708)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(353)	(353)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	(18)	(18)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,389</b>	<b>1,389</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,685)	(1,685)
(b) tenements (see item 10)	-	-
(c) investments	(2,101)	(2,101)
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date US\$'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,786)</b>	<b>(3,786)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(13)	(13)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(13)</b>	<b>(13)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	11,827	11,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,389	1,389
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,786)	(3,786)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(13)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,417</b>	<b>9,417</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	9,417	11,827
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,417</b>	<b>11,827</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
193
-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

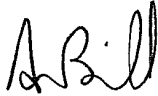
Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000

9.	Estimated cash outflows for next quarter	US\$'000
9.1	Exploration and evaluation	225
9.2	Development	3,831
9.3	Production	7,999
9.4	Staff costs	6,436
9.5	Royalties	501
9.6	Administration and corporate costs	3,282
9.7	Investments	3,810
9.8	Income tax	547
9.9	<b>Total estimated cash outflows</b>	<b>26,631</b>

[illegible]

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



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

Date: 31 October 2016

Print Name: Andrew Bursill

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.