

## Quarterly Activities Report For the Three Months Ended 31 December 2014

### 1 Report for Quarter Ended 31 December 2014

#### 1.1 Highlights

- Fifth Element Resources (FTH) is pleased to announce the successful completion of two airborne magnetic and radiometric surveys over EL 8026 and 8027. The surveys were both flown by Thompson Aviation and completed in November 2014.
- The survey data has been processed and also an additional suite of enhancements has been prepared for interpretation.
  - Preliminary interpretation of these datasets is planned for early in the next quarter.
- Acquisition of the planned surveys over EL 8140 and EL 8141 has been scheduled for January.
- Renewal Applications for 100% renewal of both EL 8026 and EL 8027 have been lodged for a further 2 year term.

#### 1.2 Fifth Element Resources Tenement Summary

##### 1.2.1 Tenements Held

Fifth Element Exploration Pty Ltd 100% Held Title						
Title Name	Status	Licence No	Area (km <sup>2</sup> )	Grant Date	Expiry	Location
Fairholme	Granted	EL 8026	109	30 Nov 2012	30 Nov 2016*	20 km South-East of Condobolin, New South Wales
Pine Hill	Granted	EL 8027	160.28	30 Nov 2012	30 Nov 2016*	40 km South-East of Condobolin, New South Wales
Trangie	Granted	EL 8140	221.16	23 Jul 2013	23 Jul 2015	40 km North-West of Narromine, New South Wales
Mendooran	Granted	EL 8141	215.65	23 Jul 2013	23 Jul 2015	35 km East of Gilgandra, New South Wales

\*Renewal application submitted

##### 1.2.2 Mining Tenements acquired/or disposed

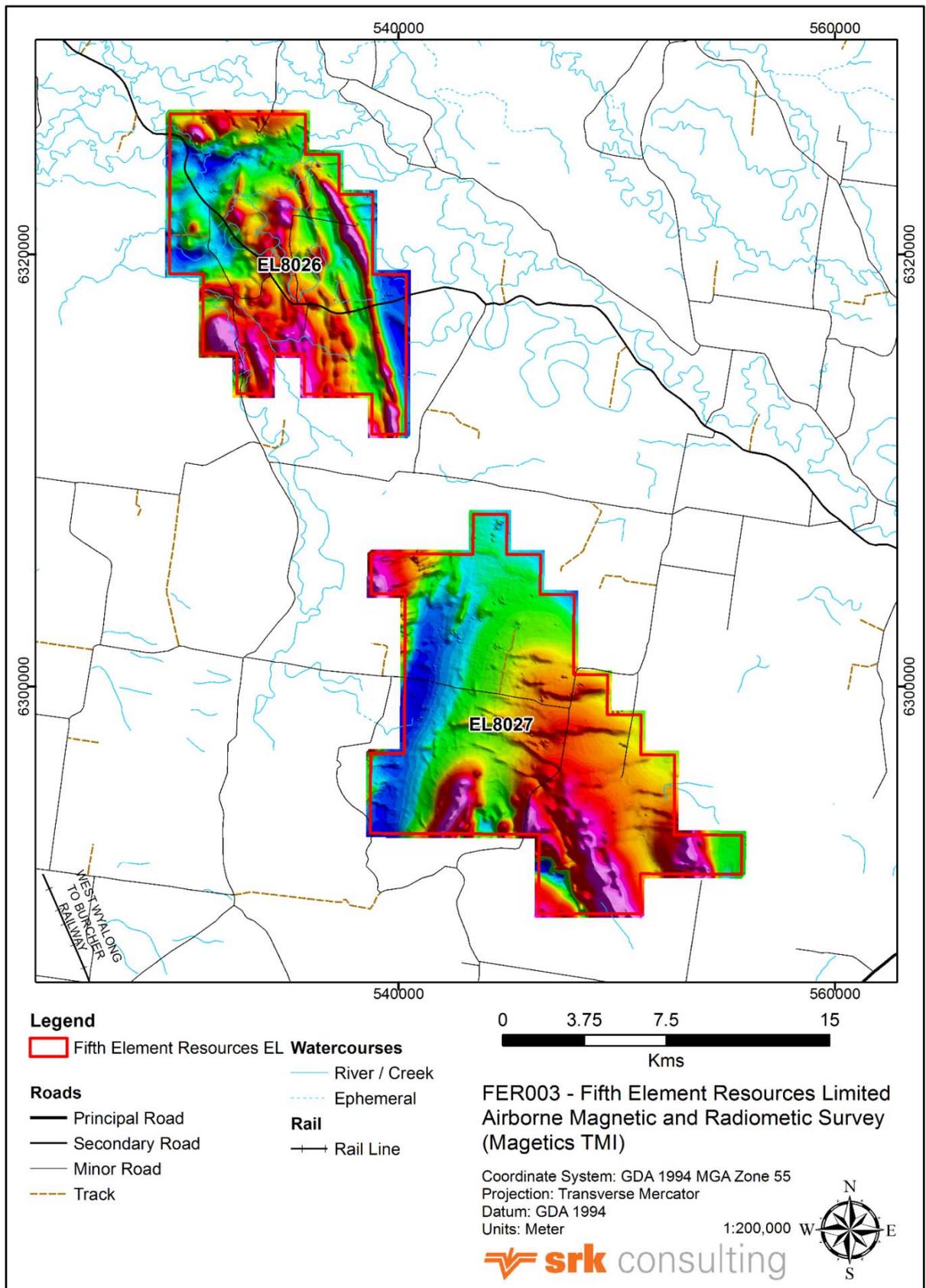
- EL 8026 renewal application lodged; and
- EL 8027 renewal application lodged.

##### 1.2.3 Beneficial percentage interests held in farm-in or farm-out agreements

Nil.

##### 1.2.4 Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed

Nil.



**Figure 1-1: Fifth Element Resources Limited - Exploration Licences and Airborne Survey Results (Magnetic TMI)**

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### 1.3 Current Projects

FTH's current exploration portfolio consists of four early stage copper and gold exploration projects in established mining areas of Mid-western New South Wales focussing on the Ordovician porphyry copper-gold systems of the Lachlan Fold Belt.

#### 1.3.1 Fairholme (EL 8026)

##### Background

The Fairholme project is an underexplored area of the Macquarie Arc volcanic belt and is centred on the Late Ordovician Fairholme Igneous Complex. It is considered prospective for porphyry copper-gold mineralisation and is located near Barrick's Cowal Gold Mine and porphyry copper-gold mineralisation at Clancy Exploration's Dungarvan and Gateway prospects.

The Fairholme Igneous Complex has similar geophysical characteristics to the Cowal Igneous Complex and Newcrest's Marsden copper-gold deposit. A zone of enhanced magnetics coincident with a gravity low, with cross cutting northwest structure, is an interpreted and untested concealed volcanic centre.

EL 8026 was due to expire on the 30 November 2014 however in accordance with the conditions of the Licence and renewal guidelines FTH has lodged a renewal request for 100% of the licence area for a further 2 year term.

FTH has no reason to expect that this licence will not be renewed in full at this stage.

##### Geophysical Survey

Thompson Aviation completed the acquisition and processing of the airborne survey in late November.

An additional suite of enhancements has been produced by SRK Consulting to support follow-up interpretive work. Interpretation of the dataset is expected to begin in January.

#### 1.3.2 Pine Hill (EL 8027)

##### Background

The Pine Hill project is located at the northern end of the Cowal Igneous Complex, which forms part of the Junee-Narromine Volcanic Belt and is prospective for large scale porphyry copper-gold deposits. The target Ordovician volcanic and intrusive sequence comprises the majority of the license area with the contact between the Ordovician and Devonian sediments in the east being the Marsden Thrust.

To date there has been limited effective exploration across the license; though an area of enhanced magnetics associated with the Cowal Igneous Complex will be the focus of exploration.

EL 8027 was due to expire on the 30 November 2014 however in accordance with the conditions of the Licence and renewal guidelines FTH has lodged a renewal request for 100% of the licence area for a further 2 year term.

FTH has no reason to expect that this licence will not be renewed in full at this stage.

##### Geophysical Survey

Thompson Aviation completed the acquisition and processing of the airborne survey in late November.

An additional suite of enhancements has been produced by SRK Consulting to support follow-up interpretive work. Interpretation of the dataset is expected to begin in January.

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### 1.3.3 Trangie (EL 8140)

#### Background

The Trangie project is located along the northwest trending Narromine Igneous Complex, which forms the northern section of the productive Junee-Narromine Volcanic Belt and is prospective for volcanic and structural settings for copper-gold and gold mineralisation.

A prominent northwest trending linear magnetic low runs the length of the license and is the principle target. This feature is considered to represent a demagnetised shear zone within argillic altered volcanics/volcaniclastics and possibly represents an along strike extension of the Parkes Shear, which hosts the Tomingley and Peak Hill Mine deposits.

### 1.3.4 Mendooran (EL 8141)

#### Background

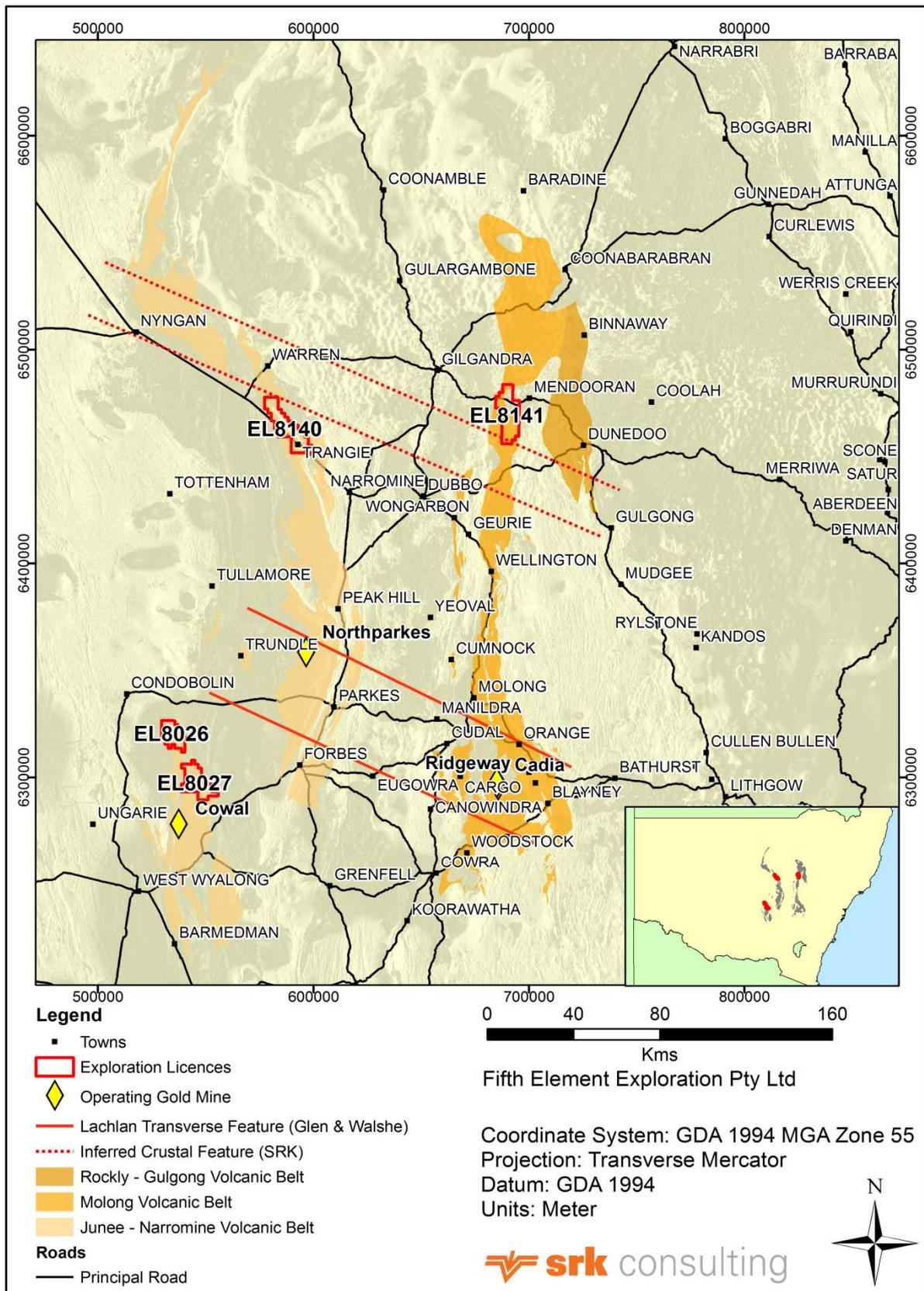
The Mendooran project is located at the concealed northern section of the Molong Volcanic Belt, which is also prospective for porphyry copper-gold deposits. A large-scale feature analogous to the Lachlan Transverse Zone (LTZ) has been interpreted in the available regional magnetic and gravity data. The LTZ has been interpreted to have a controlling influence on the location of the major copper-gold mineralised Ordovician intrusives including Cadia and Northparkes.

Within the license, the main target area is where an inferred cross structure intersects the point at which the Molong Volcanic Belt appears to thicken and be offset by a major deep seated intrusive. The combination of features is considered prospective for porphyry related mineralisation, which has not been effectively evaluated to date.

## 1.4 Planned Exploration 2015

FTH are planning the following exploration programme in the first quarter of 2015:

- Continuing landholder discussions for the principal landholders across each of the licenses for the purpose of introducing FTH to the landholder and discussing the geophysical surveys and flagging possible future land-based exploration activities.
- The acquisition of the planned airborne surveys for EL 8140 and EL 8141 has been scheduled for late January.
- Undertake a preliminary structure and lithological interpretation and preliminary modelling of the high resolution magnetic and radiometric data to identify potential target areas for follow up ground-based exploration (e.g., geophysics surveys and/or drilling).
- Initiate regional and local scale mapping to ground truth airborne survey results and begin exploring identified target areas.



**Figure 1-2: Fifth Element Resources Limited - Exploration Licences and Macquarie Arc Volcanic Belts with major porphyry-related systems**

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**For further information contact:**

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