ACN 166 025 047

ASX CODE: FTH **9 February 2015**

Revised 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 Exploration Licence (EL) 8026 and 8027. The surveys were both flown by Thomson 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^2)**	**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.

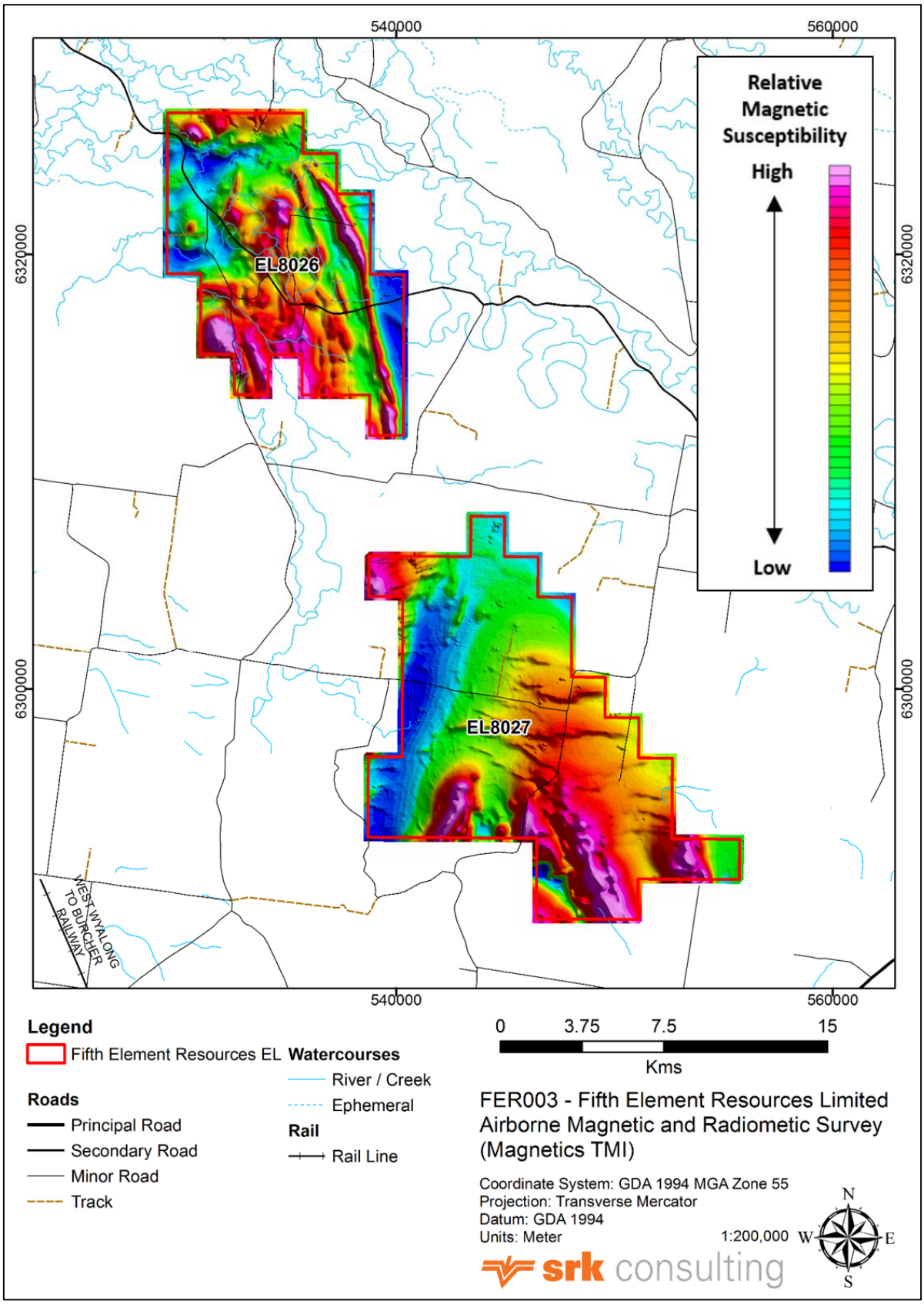

Figure 1-1: Fifth Element Resources Limited - Exploration Licences and Airborne Survey Results (Magnetic TMI)

1.3 Current Projects

FTHs 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. A zone of enhanced magnetics coincident with a gravity low, with cross cutting northwest structure, is interpreted to form part of a volcanic centre which is concealed and untested.

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

Thomson 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 sequences 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

Thomson 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.

1.3.3 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 licence, 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.

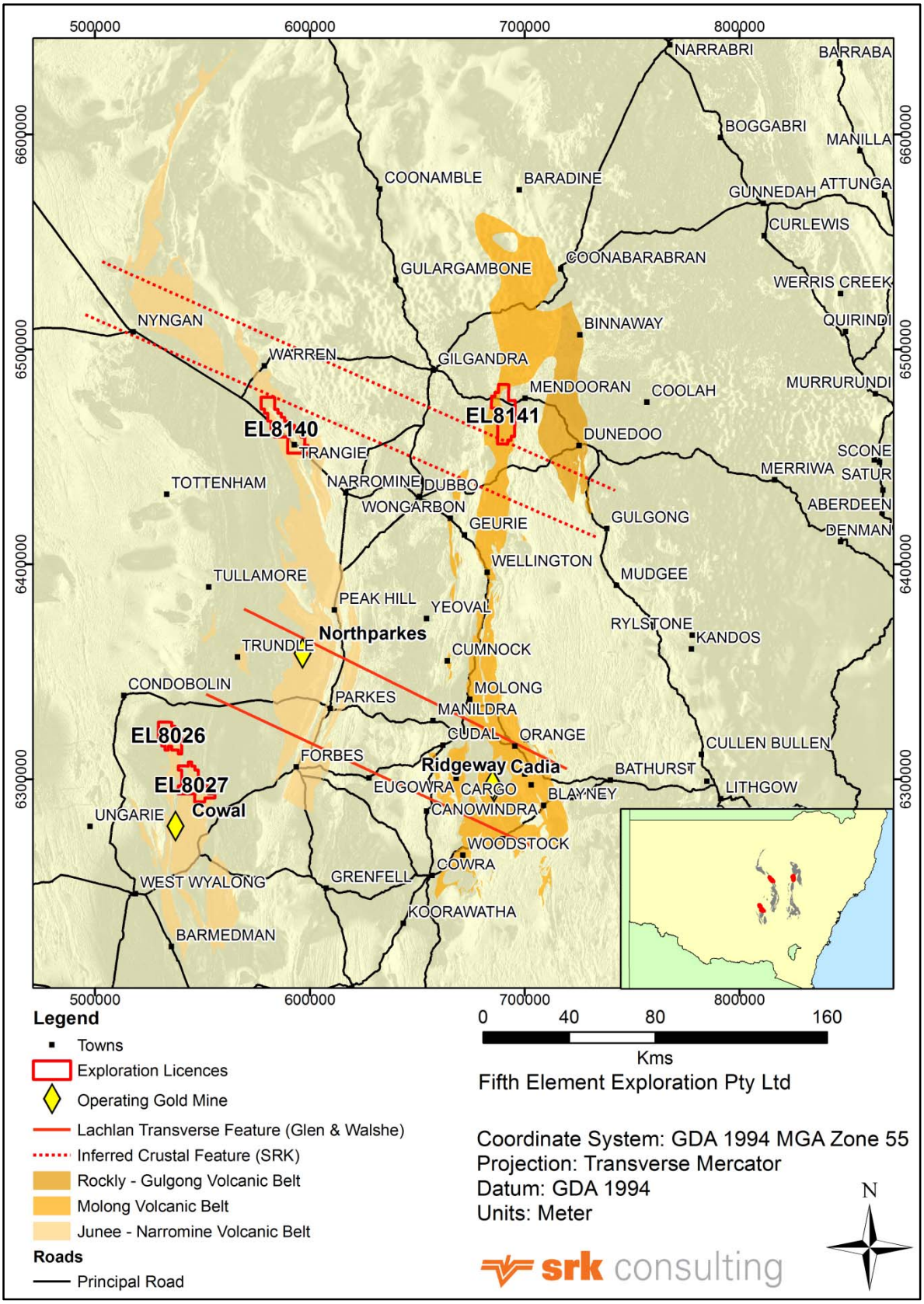

Figure 1-2: Fifth Element Resources Limited - Exploration Licences and Macquarie Arc Volcanic Belts with major porphyry-related systems

The information in this report that relates to Exploration Results is based on information compiled by Mr Chris Woodfull. Mr Woodfull is an employee of SRK Consulting (Australasia) Pty Ltd and the nominated Exploration Manager for Fifth Element Resources. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, is a member of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and, as such, is a Competent Person for the reporting of Exploration Results, Mineral Resources and Ore Reserves under the JORC Code (2012).

Mr Woodfull consents to the inclusion in the report of the matters based on this information in the form and context in which they occur.

Appendices

Appendix A: Table 1 – JORC Code 2012

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Sampling techniques</td><td>
Fifth Element Resources Limited (FTH) is reporting results from a newly acquired airborne magnetic and radiometric geophysical survey undertaken in November 2014. FTH contracted Thomson Aviation Pty Ltd to acquire the survey data. A total of 6204.97 line km have been acquired across Fairholme (EL 8026) and Pine Hill (EL 8027). The equipment and sampling technique employed in the survey are listed as follows:
Summary of key Flight Specifications
<table>
<tr><td>Aircraft</td><td>Cessna, 210 (VH-THS)</td></tr>
<tr><td>Magnetometer</td><td>Geometrics G822A</td></tr>
<tr><td>Spectrometer</td><td>Radiation Solutions RS 500</td></tr>
<tr><td>Sensor Height</td><td>35 m</td></tr>
<tr><td>Data Acquisition System</td><td>GeOZ-DAS Digital Data Acquisition System</td></tr>
<tr><td colspan="2">Fairholme</td></tr>
<tr><td>Traverse line direction (degrees)</td><td>045 / 225</td></tr>
<tr><td>Traverse line spacing</td><td>50 m</td></tr>
<tr><td>Tie line direction (degrees)</td><td>135 / 315</td></tr>
<tr><td>Tie line spacing</td><td>500 m</td></tr>
<tr><td>Block Traverse Kilometers</td><td>2,432</td></tr>
<tr><td>Block Tie Kilometers</td><td>302</td></tr>
<tr><td>Block Total Line Kilometers</td><td>2,734.34</td></tr>
<tr><td colspan="2">Pine Hill</td></tr>
<tr><td>Traverse line direction (degrees)</td><td>045 / 225</td></tr>
<tr><td>Traverse line spacing</td><td>50 m</td></tr>
<tr><td>Tie line direction (degrees)</td><td>135 / 315</td></tr>
<tr><td>Tie line spacing</td><td>500 m</td></tr>
<tr><td>Block Traverse Kilometers</td><td>3,065</td></tr>
<tr><td>Block Tie Kilometers</td><td>408</td></tr>
<tr><td>Block Total Line Kilometers</td><td>3,470.63</td></tr>
</table>
</td></tr>
<tr><td>Drilling techniques</td><td>No drilling undertaken during this quarter.</td></tr>
<tr><td>Drill sample recovery</td><td>None undertaken in this quarter</td></tr>
<tr><td>Logging</td><td>None undertaken in this quarter</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>None undertaken in this quarter</td></tr>
<tr><td>Quality of assay data and laboratory tests</td><td>None undertaken in this quarter</td></tr>
<tr><td>Verification of sampling and assaying</td><td>Verification of airborne magnetics data had been initially conducted by Thomson Aviation Pty Ltd. SRK Consulting (Australasia) Pty Ltd carried out independent data QA/QC process (in line with contract specifications) periodically during the data acquisition and at completion of the survey.</td></tr>
</table>

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Location of data points</td><td>• All data used in this report are in:
Datum: Geodetic Datum of Australia 94 (GDA94) Projection: Map Grid of Australia (MGA) Zone: Zone 55.
Airborne magnetic and radiometric survey was located with GPS navigational system: mobile Novatel OEMV-1 VBS Receiver.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Airborne magnetic and radiometric survey had been conducted as follows:
<table>
<tr><td colspan="2">Fairholme</td></tr>
<tr><td>Traverse line direction (degrees)</td><td>045 / 225</td></tr>
<tr><td>Traverse line spacing</td><td>50 m</td></tr>
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</table></td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Airborne magnetic and radiometric survey was flown perpendicular to the regional structure and stratigraphy with flight line direction: 045– 225 degrees and tie line direction: 135–315 degrees.</td></tr>
<tr><td>Sample security</td><td>• No physical samples were taken during this quarter.</td></tr>
<tr><td>Audits or reviews</td><td>• None undertaken in this quarter</td></tr>
</table>

Section 2 Reporting of Exploration Results

(Criteria listed in section 1 also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	• Tenements included in the report are all NSW granted mineral Exploration Licences (ELs) held 100% by FTH (EL 8026, EL 8027, EL 8140 and EL 8141). None of the licences are subject to joint venture agreements. • Each EL is granted for a two year period, renewable on application, subject to the NSW Department of Industry & Investment's assessment of FTHs compliance with licence conditions. • In addition to the Township of Trangie, the project contains two known sensitive areas, which are likely to require further approvals with stipulated conditions prior to conducting on-ground exploration. These are: - The Trangie Agricultural Research Station within EL 8140 (classified as a Nature Conservation Reserve); and - The Goonoo State Conservation Area (CCAZ3 SCA), which encompasses over 50% of the southern portion of EL 8141.
Exploration done by other parties	• SRK has reviewed all historic company exploration undertaken within the four project areas, as well as relevant regional aerial geophysical surveys flown by the NSW Government. A full summary of historic exploration and drilling information is provided in Appendix B of FERs Prospectus, March 2014.
Geology	• The four licences are located within Macquarie Arc Ordovician volcanic belts located in central NSW. Target mineralisation for all four licences is porphyry Cu-Au and epithermal Au. A detailed summary of the geology is provided in FERs Prospectus, March 2014.
Drill hole Information	• No drilling has been undertaken by FTH during the quarter.
Data aggregation methods	• No data aggregation methods were undertaken during the quarter.
Relationship between mineralisation widths and intercept lengths	• No relevant program was undertaken.
Diagrams	• Figure 1-1 shows the spatial distribution and results of the airborne surveys undertaken to date.
Balanced reporting	• The competent person believes this report to be a balanced representation of exploration undertaken as the full extent of the survey has been presented in Figure 1-1.
Other substantive exploration data	• There is no further substantive exploration data for this quarter.
Further work	• Two additional airborne magnetic surveys will be conducted over the entire area of EL 8140 and EL 8141 early during the following quarter. • Interpretation of the airborne survey data will begin during the next quarter.