

Quarterly Activities Report For the Three Months Ended 30 September 2014

1 Report for Quarter Ended 30 September 2014

1.1 Highlights

There have been no significant activities related to exploration completed for the quarter. Subsequent to the reporting period, FTH completed the following activities.

Fifth Element has secured service providers for the Airborne Geophysical Surveys over EL's 8026, 8027, 8140 and 8141;

- Thomson Aviation has been chosen as the preferred Contractor to acquire the survey data;
- In consultation with the Contractor, survey design specifications have been finalised for the four exploration licence areas;
- Survey-related work is anticipated to start from 27 October; and
- SRK Consulting has been retained to provide airborne magnetic survey technical support including:
 - Survey design, data acquisition QA QC, data interpretation and modelling.

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 2014	20 km South-East of Condobolin, New South Wales
Pine Hill	Granted	EL 8027	160.28	30 Nov 2012	30 Nov 2014	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

1.2.2 Mining Tenements acquired/or disposed

Nil.

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.

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 and focus on the Ordovician porphyry copper-gold systems of the Lachlan Fold Belt.

1.2.5 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.

1.2.6 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; however, an area of enhanced magnetics associated with the Cowal Igneous Complex will be the focus of exploration.

1.2.7 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.

1.2.8 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.

1.3 Planned Exploration 2014

FTH are planning the following exploration programme in 2014, which will continue in early 2015:

- Initiate landholder discussions for the principal landholders across each of the licenses for the purpose of introducing FTH to the landholder and discussing the geophysical survey and flagging possible future land-based exploration activities;
- Design and acquire a high-resolution geophysical survey data across the four licenses; and
- 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 geophysics surveys (e.g., gravity, IP) and/or drilling.

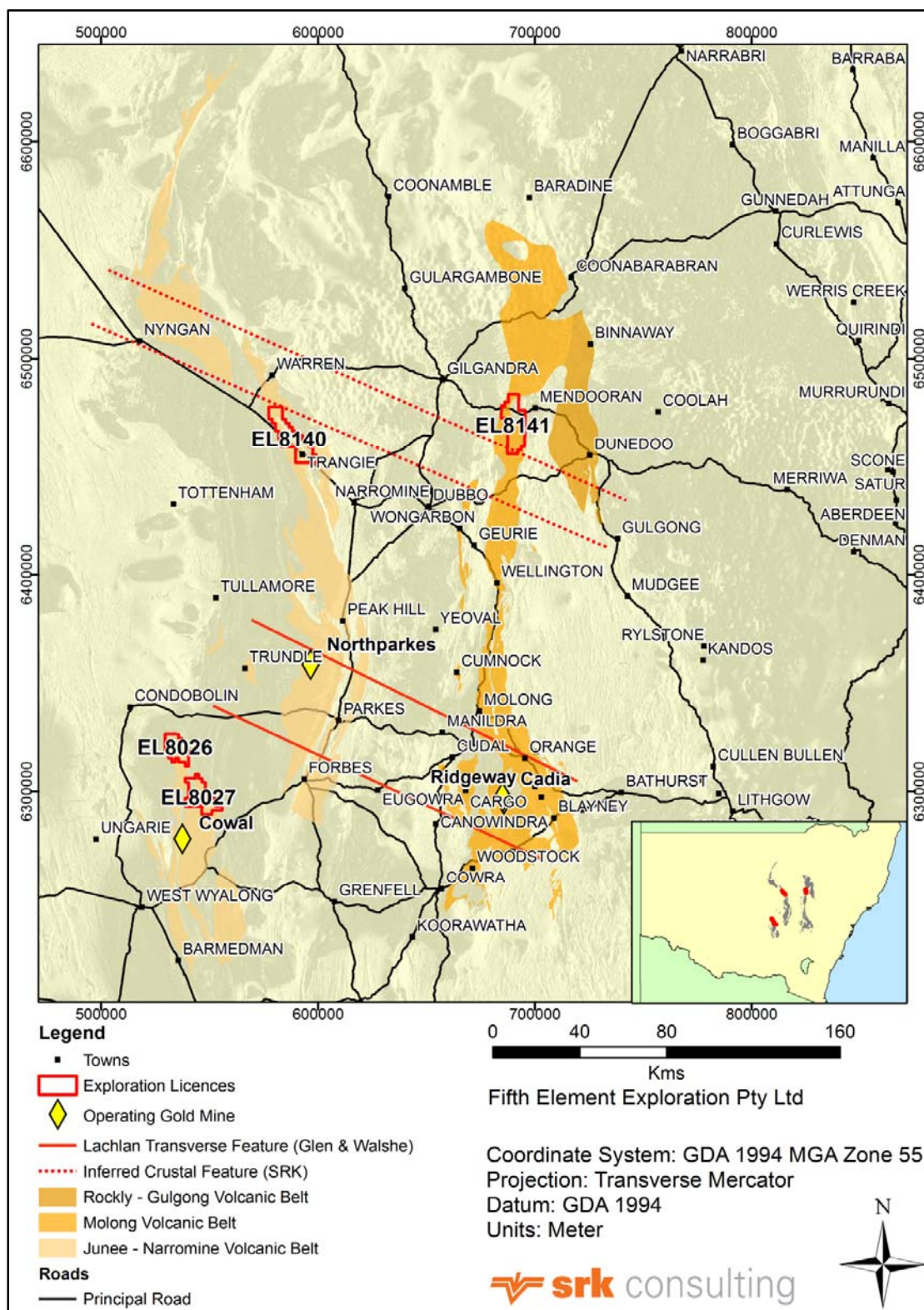


Figure 1-1: Fifth Element Exploration Pty Limited Exploration Licences and Macquarie Arc Volcanic Belts with major porphyry-related systems

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