



# ACTIVITIES REPORT DECEMBER QUARTER 2016

Pivotal period ahead for Capricorn with large number of assays awaited from recent major drilling programme ahead of resource upgrade and DFS

## ASX ANNOUNCEMENT

30 January 2017

Australian Securities  
Exchange Code: CMM

ABN: 84 121 700 105

### Board of Directors:

Mr Guy LeClezio  
*Non-Executive Chairman*

Mr Peter Thompson  
*Managing Director*

Mr Peter Langworthy  
*Technical Director*

Mr Heath Hellewell  
*Non-Executive Director*

Mr Johnathon Shellabear  
*Non-Executive Director*

### Issued Capital:

Shares 486.9M  
Options 17.8M  
Share Price A\$0.10  
Market Cap. A\$48.7M

### EXPLORATION OFFICE:

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North Fremantle, WA 6159

### REGISTERED OFFICE:

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Mount Claremont, WA 6010

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## HIGHLIGHTS

- Definitive Feasibility Study (DFS) on 100%-owned Karlawinda Gold Project, WA continues on schedule
- Drilling at the main Bibra deposit and surrounding gold targets demonstrates strong continuity of mineralisation and resource upside potential
- 73,000m drilling programme complete with 50% of assays reported to date
- Some of the impressive drilling results reported from Bibra during the December quarter include:
  - KBRC085 18m @ 1.96g/t Au from 6m (includes 7m @ 4.43g/t)
  - KBRC411 16m @ 2.68g/t Au from 8m
  - KBRC412 33m @ 1.45g/t Au from 23m (includes 5m @ 4.03g/t)
  - KBRC604 7m @ 7.5g/t Au from 224m (within 33m @ 2.1g/t Au) and 4m @ 4.8g/t Au from 239m
- Balance of assay results expected over the coming weeks
- Key Mining Lease granted following signing of Native Title agreement
- De-risking of Bibra project continues with positive results from geotechnical, environmental, hydrology studies
- Wire-framing commences with an updated Mineral Resource estimate to be completed by the end of March 2017
- DFS on track for completion by end of Q2 2017, paving the way for financing and construction of the Karlawinda Gold Project to proceed in the second half

# KARLAWINDA GOLD PROJECT

The Karlawinda Gold Project, is located in the Pilbara 65km south-east of Newman, W.A., within the Archaean aged Sylvania Dome Inlier (Figure 1). Karlawinda is an advanced gold project which includes the Bibra deposit and numerous outstanding exploration targets including the Francopan prospect.

Following the acquisition of Greenmount Resources in February 2016, Capricorn took control of the Karlawinda Project, and immediately embarked on a strategy to fast-track its development, with the key elements of this program including a maiden in-fill and extensional resource drilling program, upgrade of the Bibra Mineral Resource estimate, and completion of a Scoping Study.

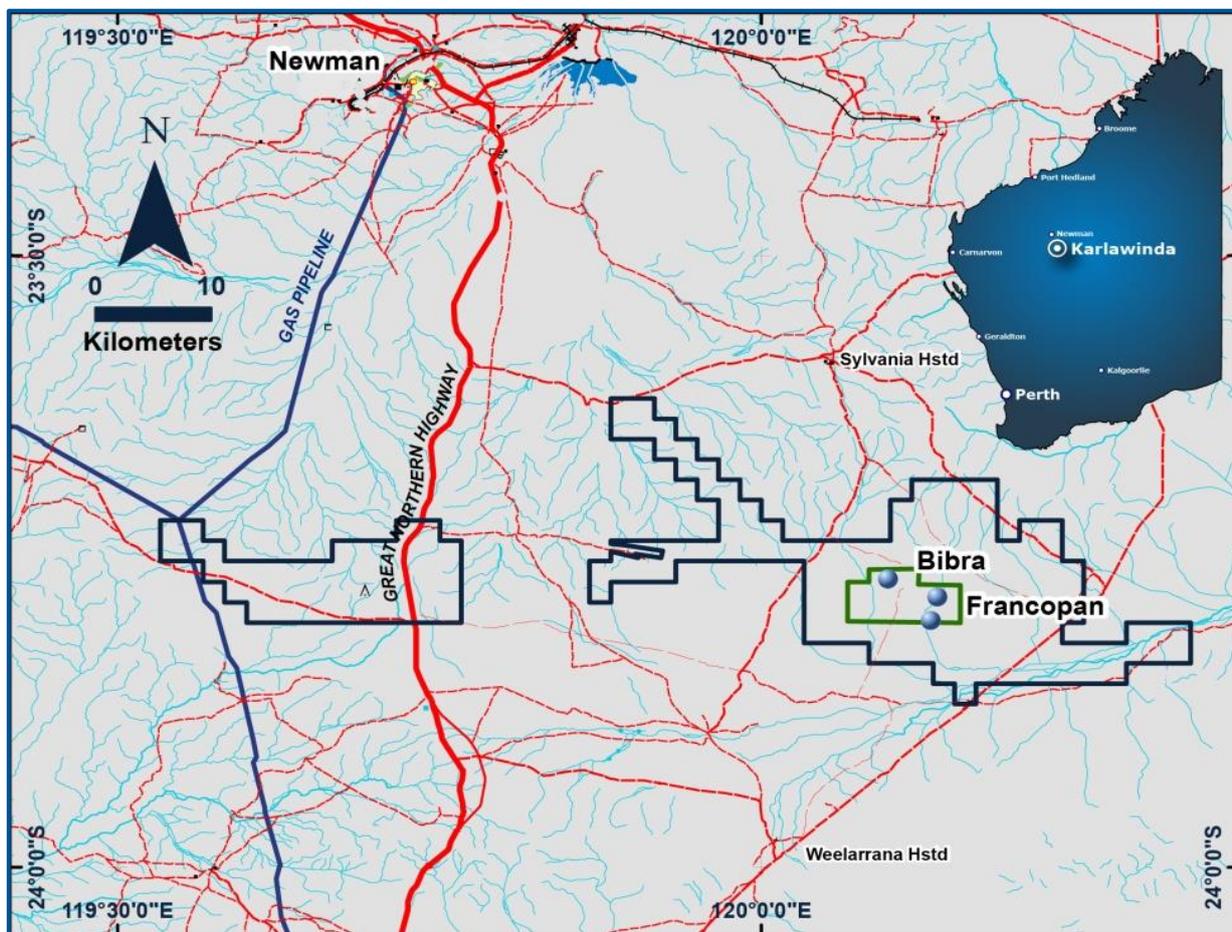


Figure 1: Location Map: Karlawinda Gold Project

## DECEMBER QUARTER ACTIVITIES

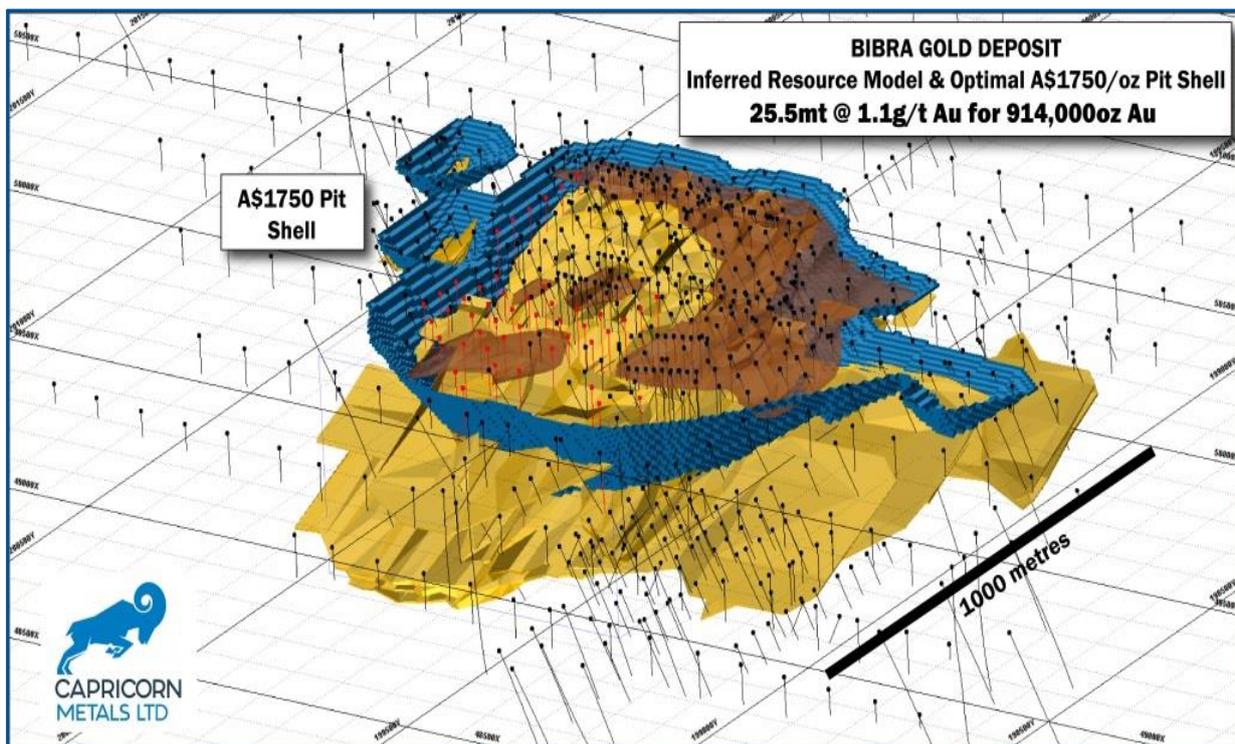
The focus of activity in the December quarter was principally on progressing a range of key activities associated with the Definitive Feasibility Study (DFS) on the Karlawinda Gold Project. These included:

- RC and diamond drilling of the flagship Bibra deposit to upgrade the current Inferred Mineral Resource to Measured and Indicated categories as well as providing more metallurgical sample material;
- RC drilling of gold targets close to Bibra to add new resources and finalise optimized open pit designs;
- Drilling and flow testing for a borefield to supply process water;
- Geotechnical drilling of the Bibra deposit for pit wall design, and of plant and tailings dam sites for civil engineering studies;
- Environmental and surface hydrology studies; and
- Completion of a Native Title Land Access Agreement and securing of the Mining Lease.

# 1. BIBRA IN-FILL AND EXTENSIONAL DRILLING

The current Mineral Resource Estimate for the Bibra Deposit (July 2016) contains 914,000 ounces and is summarised in Table 1 below:

<b>TABLE (1): Bibra Gold JORC Open Pit Inferred Resource Estimate (as at June 30, 2016)</b>			
<b>Domain</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Ounces</b>
Laterite	2,100,000	1.3	85,000
Saprolite	4,300,000	1.0	142,000
Transition	1,500,000	1.2	58,000
Fresh	17,600,000	1.1	629,000
<b>Total</b>	<b>25,500,000</b>	<b>1.1</b>	<b>914,000</b>



**Figure 2: Bibra Gold Deposit – Resource Block Model**  
(Blue: \$A1750 optimal pit shell, Brown: Laterite resource, Yellow: Saprolite and Fresh resource)

During the December quarter, Capricorn completed one of the largest drilling campaigns to be undertaken for an Australian gold deposit in 2016, with the finalisation of the total program of 72,500m of Reverse Circulation (RC) drilling and 5,000m of diamond drilling in November.

During the December quarter, a total of 349 RC holes for 40,160m and 14 diamond drill-holes for 387m were completed.

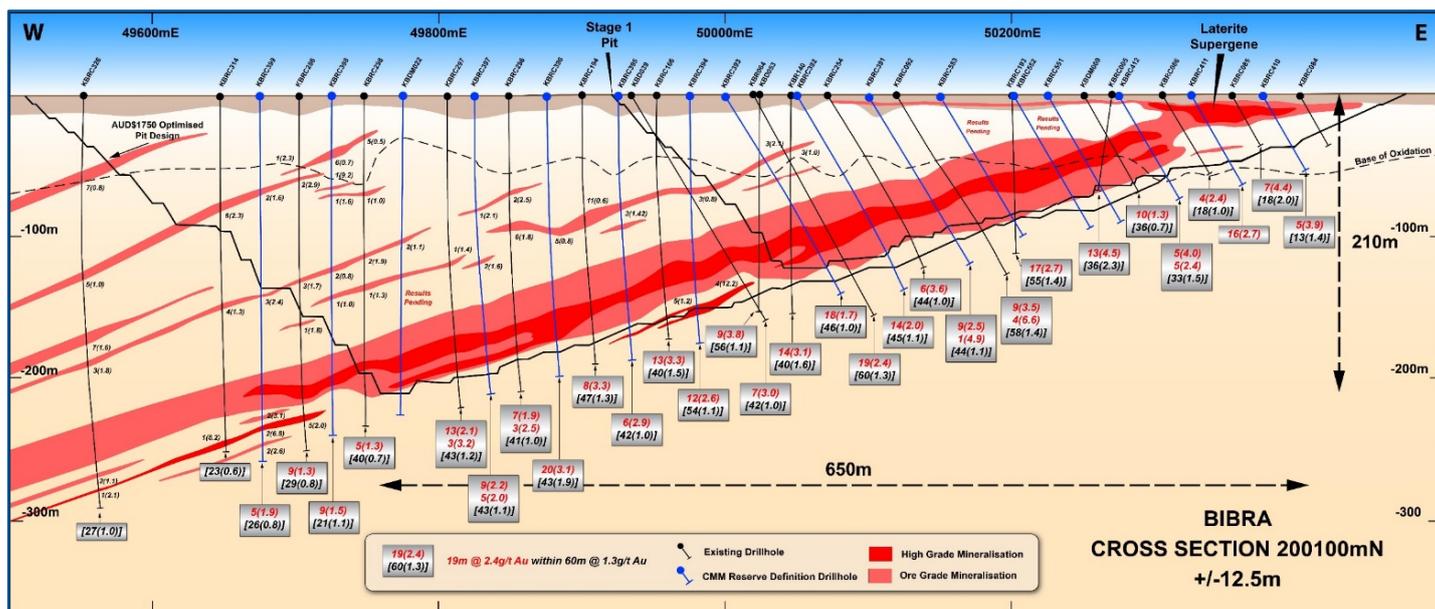
This programme reduced the drill-hole density at Bibra to 25m x25m spacing (critical areas) and 50m x 50m spacing (non-critical areas), generated large volumes of sample material for further metallurgical testwork, and discovered new mineralisation in peripheral gold targets including at the Easky, Portrush and Southern Corridor prospects.

Key outcomes from the drilling were to further enhance the Company’s understanding of the geological controls on the mineralisation and to reinforce the strong continuity of mineralisation in all directions.

The improved geological understanding has confirmed the lithological controls for host rock (more permeable altered sandstones) and the structural controls on higher-grade mineralisation.

ASX releases of drilling results were made on 20<sup>th</sup> October, 2<sup>nd</sup> November, 9<sup>th</sup> December, 16<sup>th</sup> December, 20<sup>th</sup> December 2016 and 16<sup>th</sup> January 2017, with key results summarised as follows:

**200100N Cross Section (ASX Release 2<sup>nd</sup> November 2016)**



**Figure 3: Bibra Cross-Section 200100 N**

This cross-section runs East-West through the centre of the Bibra deposit and demonstrates strong continuity of the mineralisation from hole-to-hole on 25m drill-hole spacings for over 800m down-dip.

The main Footwall Lode is dominant with 40-50m thick mineralisation, and importantly includes a continuous higher-grade core (dark red colour). Near-surface, supergene laterite mineralisation is also highlighted, and includes some thick, high grade intersections.

Key intersections are summarised below:

**Laterite**

- **KBRC410** 13m @ 1.40g/t Au from 5m (includes 5m @ 2.93g/t)
- **KBRC085** 18m @ 1.96g/t Au from 6m (includes 7m @ 4.43g/t)
- **KBRC411** 16m @ 2.68g/t Au from 8m

**Saprolite-Transition**

- **KBRC412** 33m @ 1.45g/t Au from 23m (includes 5m @ 4.03g/t)

**Fresh Rock**

- **KBRC393** 46m @ 1.00g/t Au from 89m (includes 18m @ 1.74g/t)
- **KBRC394** 54m @ 1.09g/t Au from 87m (includes 12m @ 2.60g/t)
- **KBRC395** 42m @ 1.03g/t Au from 112m (includes 6m @ 2.90g/t)
- **KBRC396** 47m @ 1.27g/t Au from 129m (includes 20m @ 3.10g/t)



This cross-section runs East-west through the southern part of the Bibra deposit, where the Hanging-Wall lode has become dominant (the Footwall lode is shown as the narrower, deeper lode below the pit design). Primary mineralisation extends for 400m down-dip and has very consistent widths and grades at 25m drillhole spacing.

Importantly, near the base of the final design pit (Figure 5), a separate, parallel high-grade domain has been defined. This high-grade domain remains open down-dip and additional results along strike are yet to be reported from the assay laboratory. Results in this zone are:

- KBRC720            6m @ 3.3g/t Au from 134m
- KBRC719            6m @ 5.4g/t Au from 126m
- KBRC718            6m @ 2.4g/t Au from 118m
- KBRC174            6m @ 5.0g/t Au from 107m
- KBRC016            6m @ 3.8g/t Au from 134m

Strong near-surface laterite intersections are also reported on this section, including **10m @ 2.0g/t and 8m @ 1.9g/t gold**. This mineralisation would be extracted in the first year of mining and would be expected to have a significant impact on project economics.

**Down-dip Mineralisation and Enhanced Footwall lode, 200075N and 199850N Cross Sections (ASX Release 20<sup>th</sup> December 2016).**

Drilling results reported from the Footwall lode on section 200075 N (figure 6) show good continuity of higher than average grades, below the 2016 Scoping Study open pit design. These results have potential to expand the mineral resource in this area and to drive a deeper pit than previously designed. Intersections from this drilling include:

- KBRC604            7m @ 7.5g/t Au (within 33m @ 2.1g/t Au) and 4m @ 4.8g/t Au
- KBRC603            15m @ 2.4g/t Au (within 33m @ 1.5g/t Au)

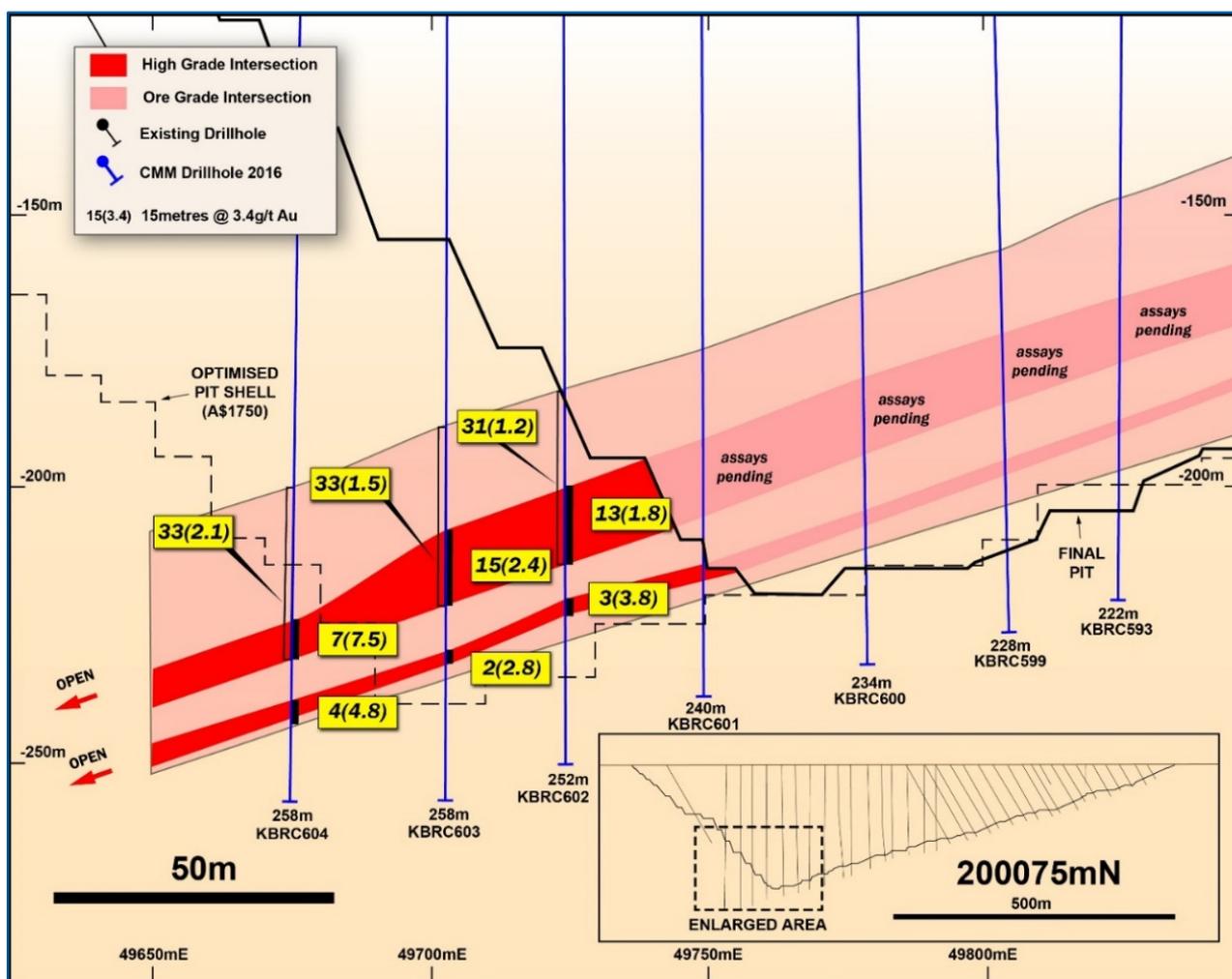


Figure 6: Bibra Cross Section 200075 N

A series of holes drilled to test for the potential southern extension of the Main Footwall lode are shown from cross-section 199850 N in Figure 7, below.

This position is located just beneath the Scoping Study Design Pit and, as such, any addition or improvement to the resource in this position could result in the pit design driving deeper to capture additional resources at minimal stripping ratio. The results returned to date clearly demonstrate potential for a significant extension to the resource in this location. Results include:

- KBRC458            7m @ 1.43g/t Au
- KBRC505            6m @ 1.54g/t Au
- KBRC499            8m @ 1.14g/t Au and 5m @ 10.8g/t Au (includes 1m @ 50.1g/t)
- KBRC501            8m @ 1.41g/t Au
- KBRC502            12m @ 1.10g/t Au
- KBRC342            8m @ 1.41g/t Au
- KBRC506            9m @ 1.50g/t Au
- KBRC510            11m @ 1.20g/t Au
- KBRC341            6m @ 1.60g/t Au

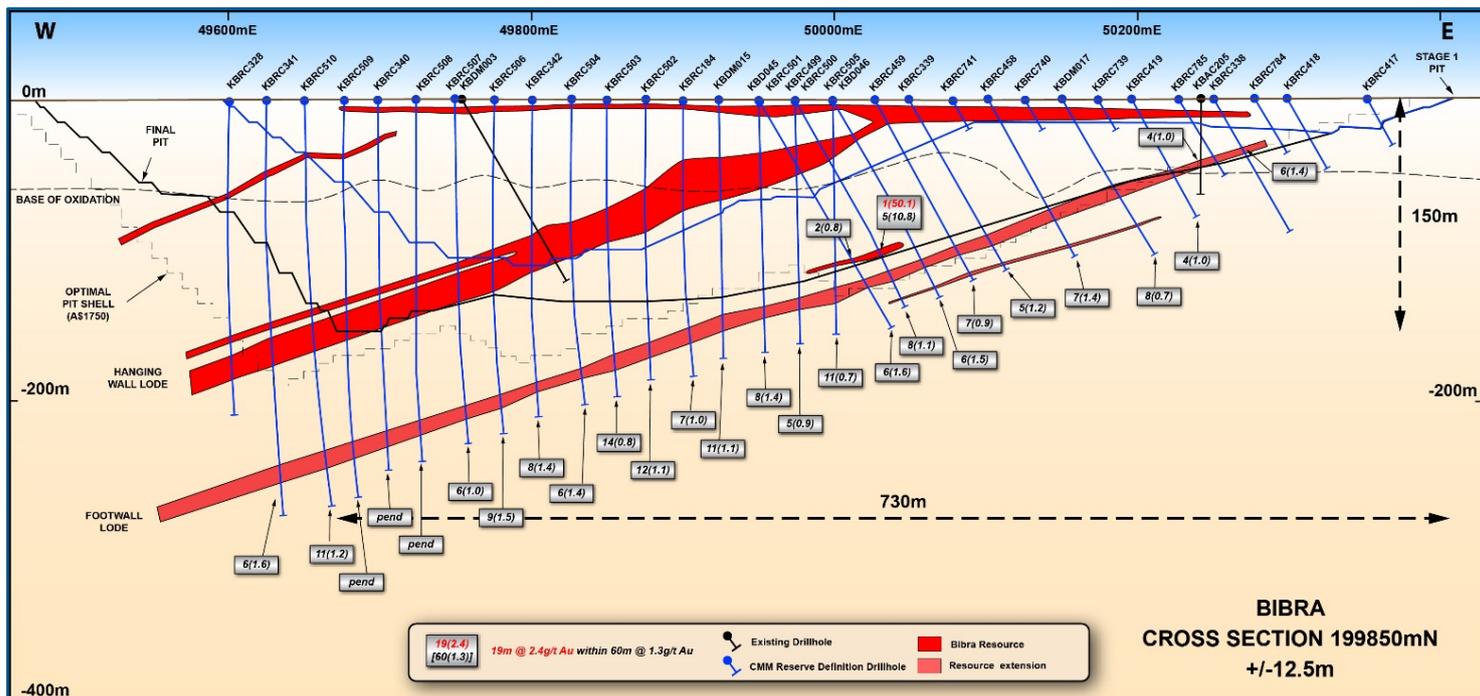


Figure 7: Bibra Cross Section 199850 N

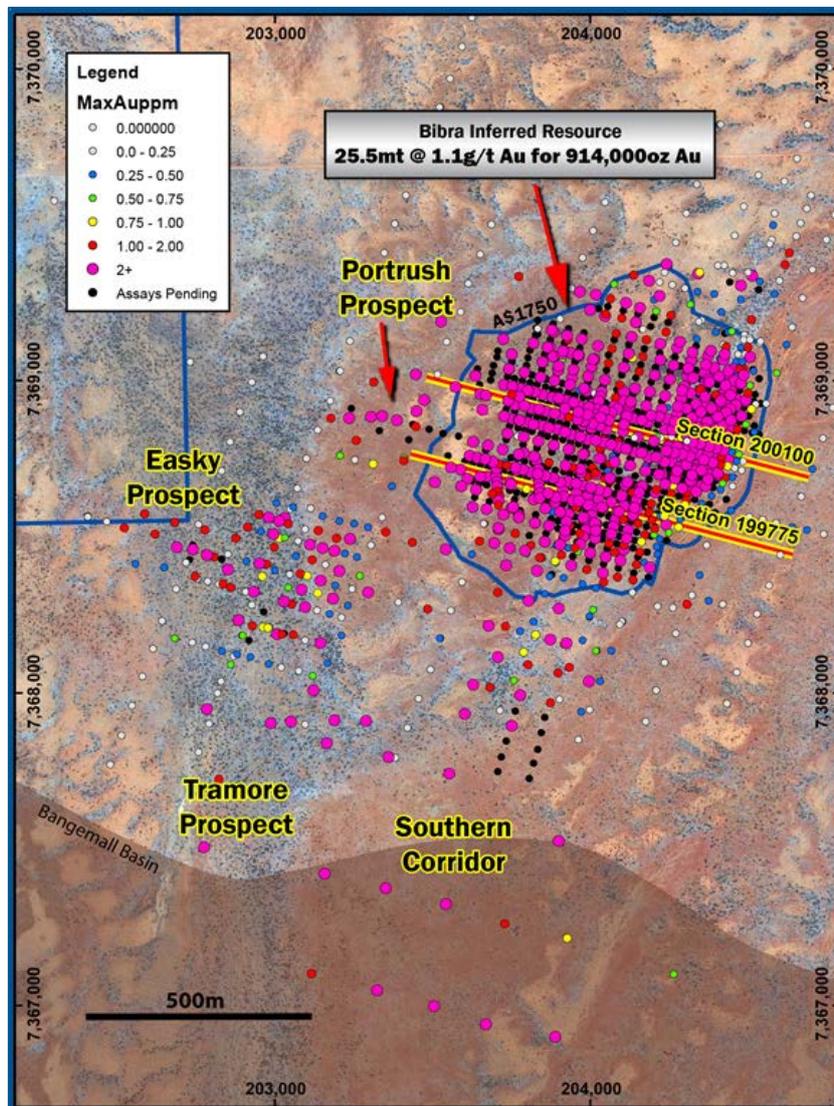


Figure 8: Plan view of Bibra and surrounding prospects with key cross-section traverses indicated

## 2. BIBRA DFS PROGRESS

Following completion of the Bibra Scoping Study at the end of July 2016 (for an envisaged open pit development with a 3Mtpa CIL (carbon-in-leach) process plant), a Definitive Feasibility Study (DFS) was commenced. Significant progress was achieved with the DFS during the December quarter and the study remains on schedule and on budget. Highlights from the Quarter are provided below.

### RESOURCE DRILLING AND RE-ESTIMATION

Drilling from the December Quarter is summarised in Section 1 above. Assay results from this drilling are incomplete, with approximately 40% of drill-holes and 50% of assays still to be reported. Geological wire-framing of all mineralisation is underway and an updated Resource Estimation is scheduled for completion by the end of March 2017.

### GEOTECHNICAL

Pit slope design parameters in the 2016 Scoping Study were defined based on the analysis of data from 11 critical geotechnical diamond drill holes within the proposed Bibra open pit. A further five geotechnical diamond drill-holes were completed and assessed during the Quarter, targeting the designed west and north walls of the pit.

Findings from these new drill-holes were consistent with those in the Scoping Study, and are not expected to result to any significant design changes. The assumptions on pit dewatering however

remain to be demonstrated by hydrological modelling, and the geotechnical design assumptions are based on assumed depressurised (dewatered) pit walls.

## METALLURGICAL

Samples for the DFS metallurgical testwork programme were selected from all four mineralised domains in the Bibra deposit, using diamond drill-hole samples from across the deposit. Two tonnes of drill core material were sent to ALS Metallurgy, in Western Australia during the December Quarter. In total, 16 composites (13 variability composites and 3 master composites) were prepared from 24 diamond drill holes.

This metallurgical testwork, which commenced in December 2016, will provide additional design data to support the process plant flowsheet, validate optimum operating conditions and further evaluate variability in metallurgical performance of the four mineralised domains. The programme includes mineralogy, comminution (crushing and grinding) characterisation, gravity gold recovery, and cyanide leaching performance. It also includes geotechnical and environmental testing of the leach tails.

Comprehensive comminution testing of the 16 composite samples has included the following:

- Unconfined Compression Strength (UCS) testing;
- Bond Crushing Work Index (BCWi) determination;
- Sag Mill Comminution (SMC) testing;
- Bond Ball Work Index (BBWi) determination;
- Bond Roll Mill Work Index (BRWi) determination; and
- Bond Abrasion Index (Ai) determination.

An assessment of the gravity-recoverable gold ('GRG') content of the four mineralised domains is being undertaken by Gekko Systems, located in Victoria.

Results from all metallurgical testwork are expected to be received during the March quarter.

## ENVIRONMENTAL

Environmental surveys by 360 Environmental at Bibra build on previous surveys and continue to de-risk the project and the mine permitting process. During the Quarter, several surveys were completed as follows:

- **Flora level 2 survey.** Conclusions from this survey are that no threatened species are present, and that flora and vegetation are not considered to be key factors in project permitting;
- **Terrestrial Vertebrate survey.** A targeted survey in and around the Bibra project area for the bilby and brush-tailed mulgara (native marsupials) showed no evidence of their presence;
- **Terrestrial Invertebrate survey.** Studies and surveys for Short-range Endemic invertebrates ('SREs') were completed with results still to be reported but nothing unusual described to date; and
- **Subterranean Fauna survey.** Testing of drill-holes at the Bibra deposit showed no presence of subterranean fauna. Testing of drill-holes in the proposed borefield is planned for the March quarter.

## HYDROGEOLOGY

Drilling during the December Quarter delineated significant flows of low-salinity, sub-potable water to the west and south of and within 8km of the Bibra deposit. Water was located in both fractured rock aquifers and weathered rock aquifers. Airlift pump-testing indicated flows of around 5 litres/second from the most successful holes, and this will lead to some more formal, 48 hour pump-testing in the March quarter on 5 sites, and to a three-dimensional aquifer model. Groundwater monitoring bores have been established at the six most prospective holes for water flow.

At Bibra, airlift testing of drill-holes was completed on eight drill-holes, with low flows (below 1 litre/second) reported from seven holes and higher flows from one hole. Analysis of these data will lead to a model of the permeability of strata at Bibra, and assist with dewatering plans for mine development.

### LICENCES AND PERMITTING

As announced to the ASX on 24 November 2016, a Land Access Agreement with the single traditional claimant group, the Nyiyaparli, was finalised, and the Bibra Mining Lease M52/1070 was granted, valid for a term of 21 years.

The project remains on schedule for completion of DFS and permitting as per the schedule below:

	2016		2017				2018				2019
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Exploration Outside of Bibra	→	→	→								
ML Application, Native Title	→	→									
Reserve Drilling	→										
Resource Re-estimation		→	→								
Feasibility Study	→	→	→	→							
Financing		→	→	→	→						
Construction						→	→	→	→		
Mining									→	→	
Commissioning/Production									→	→	

### MARCH QUARTER – PLANNED ACTIVITIES

During the March 2017 Quarter, the following activities are planned for Karlawinda:

- Receipt of and reporting of remaining 50% of assays from Bibra drilling campaign;
- Exploration of targets to east and south of Bibra deposit;
- Pump-testing of proposed process water borefield;
- Laboratory metallurgical testwork, leading to process engineering design; and
- Continue environmental surveys, proposed borefield area.

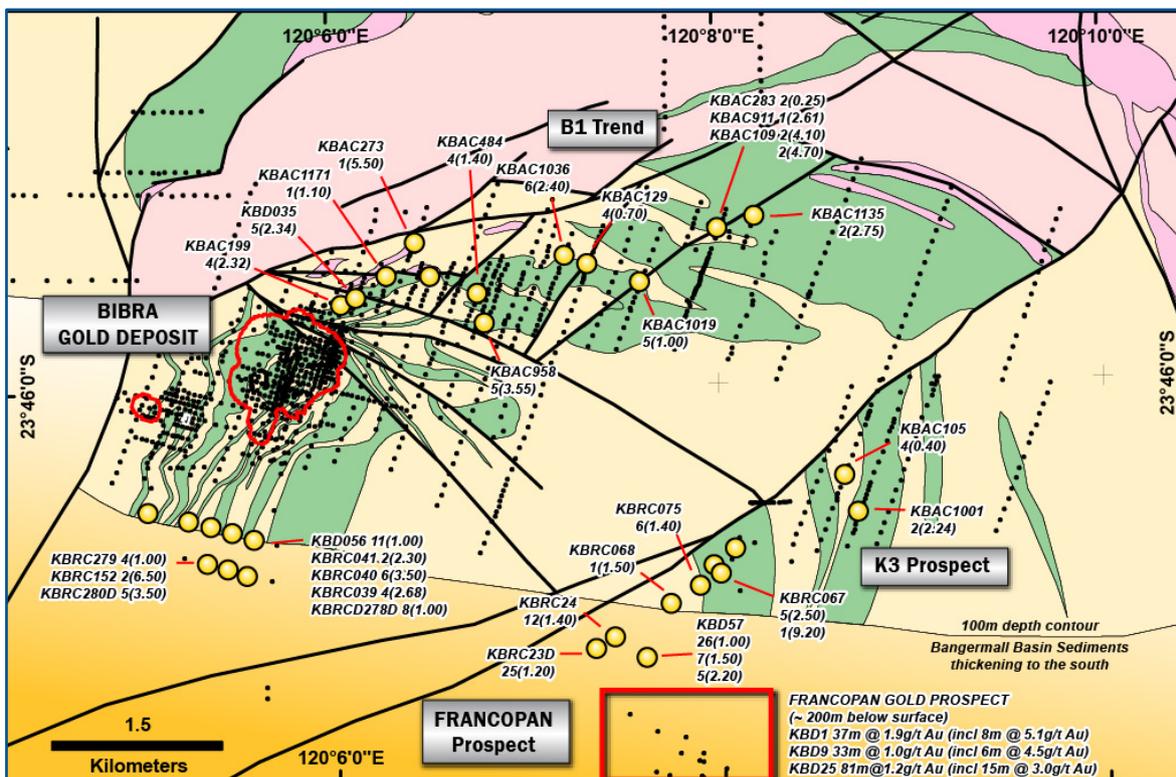


Figure 9: Project Geology and gold targets, Karlawinda

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## CORPORATE

### FINANCIAL POSITION

The Company's cash position at 30<sup>th</sup> September was \$1.7 million, a reduction of \$5 million for the quarter, reflecting expenditure on completing the 73,000m in-fill and extensional drilling program and on progressing the Definitive Feasibility Study.

Opportunities to divest Madagascar assets held by the Company continue to progress.

At 31<sup>st</sup> December, the Company held a balance of 1,000,000 Energizer shares which are available for sale.

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### TENEMENTS

A full listing of the company's current tenement holdings, as at the date of this release, is included as Appendix 1.

No changes to the Group's tenement holdings occurred during the quarter.

Subsequent to the end of the quarter the following changes have occurred:

- Tenement Applications E52/3363 and E52/3450 were converted to Granted tenements on 13<sup>th</sup> January 2017.
- Tenement E52/1711 was granted an extension of term with the expiry date extended to 4<sup>th</sup> August 2017 on 6<sup>th</sup> January 2017.

#### *For and on behalf of the Board*



**Peter Thompson**  
**Managing Director**

For further information, please contact:

Mr Peter Thompson, Managing Director  
Email: pthompson@capmet.com.au  
Phone: 0417 979 169

Mr Nicholas Read  
Read Corporate  
Phone: 0419 929 046

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#### **Competent Persons Statement**

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Peter Langworthy, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Capricorn Metals Limited and has sufficient experience, which is relevant to the style of mineralisation and types 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

# APPENDIX 1 – TENEMENT SCHEDULE

## Australia

Tenement	Project	Company	Blocks <sup>1</sup>	Status	Date of Grant/ Application	Expiry
E52/1711	Karlawinda	Greenmount	35	Granted	05/08/2004	04/08/2017
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2019
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2020
E52/2409	Karlawinda	Greenmount	8	Granted	16/06/2010	16/06/2020
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2021
E52/3363	Karlawinda	Greenmount	36	Granted	13/01/2017	12/01/2022
E52/3364	Karlawinda	Greenmount	46	Application	04/11/2015	-
E52/3450	Karlawinda	Greenmount	16	Granted	13/01/2017	12/01/2022
E52/3474	Karlawinda	Greenmount	128	Application	16/09/2016	-
M52/1070	Karlawinda	Greenmount	2975 ha	Granted	23/11/2016	22/11/2037
<b>Total Blocks</b>			<b>183</b>			

### Note:

1. The area measurement for one block can vary between 2.8 – 3.2 km<sup>2</sup>

## Madagascar

Title Number	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km <sup>2</sup> )	Interest %	Notes
3432	PR	21-Sep-15	20-Sep-18	3	Ampanihy - Central (Big 'S')	48	100%	
5391	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	
5392	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	
5393	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	4
5394	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Maniry	48	100%	3
19932	PE	10-Mar-06	09-Mar-46	40	Ampanihy - Maniry	112	100%	
25093	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Ianapera	16	100%	2
25094	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Ianapera	16	100%	
25095	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Maniry	48	100%	2
25605	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	80	100%	1
25606	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	16	100%	1
39750	PR	21-Sep-15	20-Sep-18	03	Ampanihy - Central (Big 'S')	16	100%	
39751	PR	21-Sep-15	20-Sep-18	03	Ampanihy - Central (Big 'S')	160	100%	
<b>Total Carres</b>						<b>608</b>		

### NOTES

1. Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2016.
2. Leased to SQNY – Royalty and partial tenement fees payable to MDA.
3. Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
4. Leased to Hery Lala Alain Raharinavio – Royalty on small blocks

## 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

CAPRICORN METALS LTD

### ABN

84 121 700 105

### Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	28	42
1.2 Payments for		
(a) exploration & evaluation	(4,730)	(7,721)
(b) development	-	-
(c) production	-	-
(d) staff costs	(199)	(369)
(e) administration and corporate costs	(129)	(352)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	70
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other: GST (Paid)/ Refunded	(53)	(321)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,063)</b>	<b>(8,651)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(17)
(b) tenements (see item 10)	-	(1,500)
(c) investments	-	(26)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	1
	(b) tenements (see item 10)	-	-
	(c) investments	-	21
	(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>(7)</b>	<b>(1,521)</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	-	150
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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>-</b>	<b>150</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	6,803	11,755
4.2	Net cash used in operating activities (item 1.9 above)	(5,063)	(3,588)
4.3	Net cash used in investing activities (item 2.6 above)	(7)	(1,514)
4.4	Net cash from financing activities (item 3.10 above)	-	150
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>1,732</b>	<b>6,803</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 \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,732	1,668
5.2 Call deposits	-	5,135
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>1,732</b>	<b>6,803</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	131
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	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	669
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	

Payments to OMNI GeoX Pty Ltd ("OMNI"), of which Mr Langworthy is a director and shareholder. OMNI provide services in relation to the management and execution of the exploration programme.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,300</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Covering Quarterly Activity Report attached hereto		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to Covering Quarterly Activity Report attached hereto		

**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: 30<sup>th</sup> January 2017.

Print name: .Natasha Forde.

**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.