

QUARTERLY ACTIVITIES REPORT

For the three months ending 31 December 2014



Corporate Details

ASX CODE: NRR

ABN: 77 143 142 410

REGISTERED OFFICE

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Naracoota Resources Limited ("Naracoota" or "Company") (ASX: NRR) is pleased to report its activities for the three months ending 31 December 2014 ("Period").

Capital Structure Snapshot

Shares on Issue	138,263,829
Listed Options	47,536,676 (ASX: NRRO)
Unlisted Options	5,500,000 (7.5 to 30 cents per share Exercise Price)
Market Capitalisation	\$2.49m (Undiluted last traded)
Cash	\$3.88m (as at 31 December 2014)
Cash backing	2.8 cents per share (Undiluted at December 31)
Last Traded	1.8 cents per share (as at 28 January 2015)

Exploration Update and Activities

During the quarter the Company completed a soil sampling campaign over P52/1213.

NRR engaged consultants to conduct the sampling in a 200m by 100m grid layout. The samples were sieved in the field and sent for gold, arsenic and copper analysis.

In the local area, but not within P52/1213, gold mineralisation has been identified up to several g/t Au from quartz siderite veining. Evidence of dry blowing and other prospecting for gold related to alluvial and eluvial sources is known to occur within P52/1213.

Sampling indicates some low-moderate level gold in soil anomalism probably associated with quartz veining and shearing (see **Figure 1**). A peak value of 76 ppb Au was encountered in the south east corner of the tenement where background values were in the order of 1-2 ppb Au. Coincidentally the value is within a broader +50 ppm arsenic anomaly, a good pathfinder element for gold mineralisation. Copper values were not considered significant.

The sample medium was a residual soil with anomalous gold and arsenic believed to be related to mineralisation beneath the surface creating a dispersion halo in the local area. Arsenic may possibly be due to the presence of arsenopyrite mineralisation contained in

The map displays the Fraser Project area with a grid of coordinates ranging from 634,000 mE to 636,000 mE and 7,168,000 mN to 7,169,500 mN. The Fraser River is shown as a blue line, and the Fraser River Gold Mine is indicated by a yellow star. The Fraser River Gold Project is outlined in green. The map also shows various geological features and sample locations marked with numbers and symbols.

Map Details:

- Grid Coordinates:**
 - Easting: 634,000 mE, 634,500 mE, 635,000 mE, 635,500 mE, 636,000 mE
 - Northing: 7,168,000 mN, 7,168,500 mN, 7,169,000 mN, 7,169,500 mN
- Geological Features:**
 - Fraser River (blue line)
 - Fraser River Gold Mine (yellow star)
 - Fraser River Gold Project (green outline)
 - Various geological units (pink, yellow, blue)
- Sample Locations:**
 - Numbers 1 through 12 (black dots)
 - Numbers 13 through 20 (yellow dots)
 - Numbers 21 through 28 (green dots)
 - Number 29 (pink dot)
- Scale Bar:** 0 to 200 meters
- North Arrow:** Indicated by a line pointing towards the top right.
- Legend:**
 - Fraser River Gold Project
 - Fraser River Gold Mine
 - Fraser River
 - Geological Features

Background

The lease overlies folded rocks of the Labouchere formation on the western flanks of a large basin structure centred on Millidie. The rocks form part of the Lower Proterozoic Padbury Group within the Glengarry regional basin structure. These sediments unconformably overlie the Lower Proterozoic Peak Hill schists and Archaean greenstones of the Yilgarn Block. The tenements are situated west of the iron bearing Robinson Ranges. The Labouchere Formation on the tenements is represented by haematitic shale and thin Banded Iron Formations with minor siltstone, siliciclastics, and greywacke.

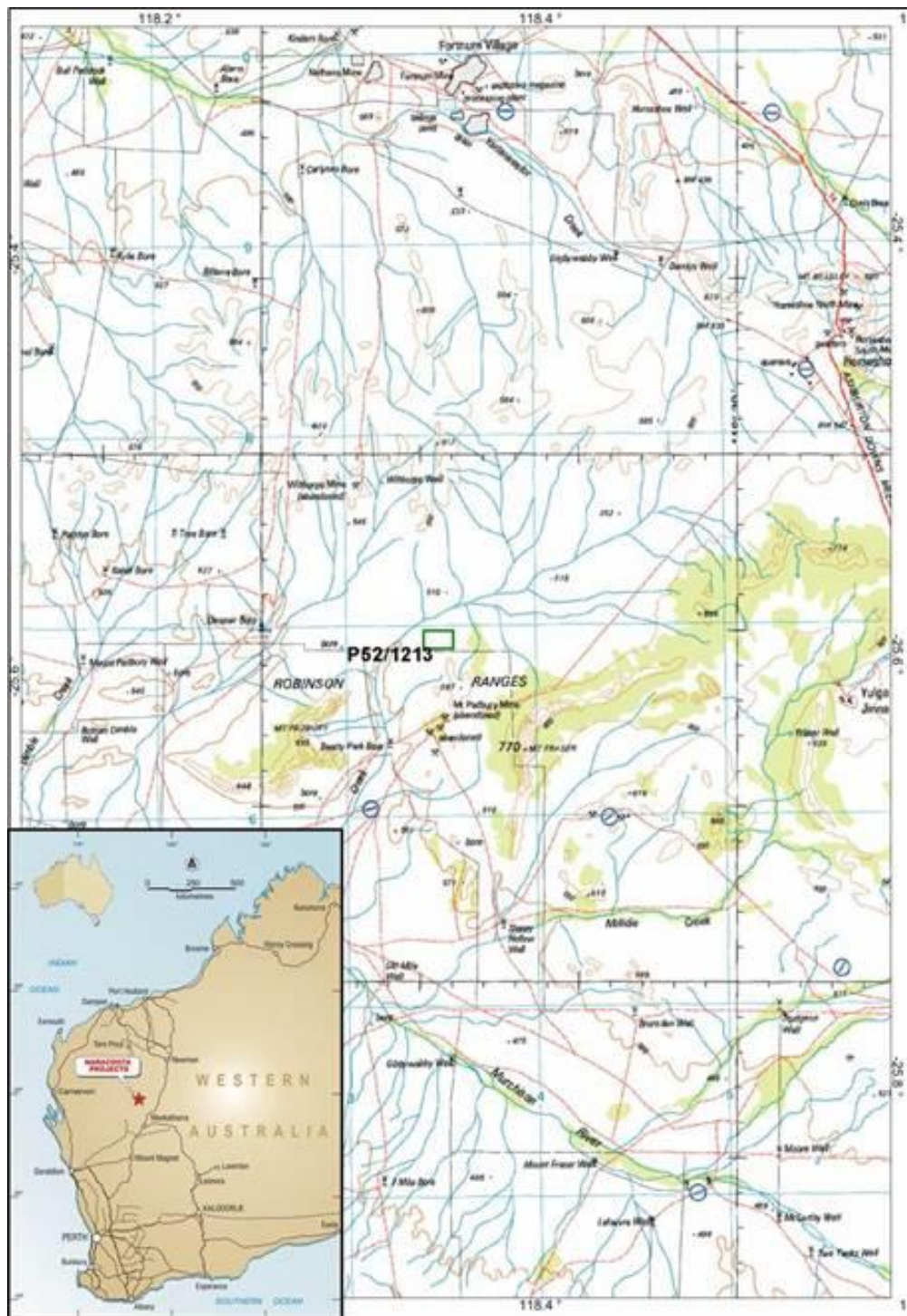


Figure 2: P52/1213

New Project Acquisition

The Company assessed multiple new projects for possible acquisition during the Period. The projects reviewed during the Period have been evaluated on their ability to create significant shareholder value. The projects reviewed during the quarter have not been limited to mineral exploration projects.

Preservation of Capital

The Company continues its emphasis on cost management in the interest of preserving cash.

Planned Activities for the three months ending 31 March 2015

- Further review results from sampling campaign on P52/1213; and
- Pursue new project acquisition opportunities.

For, and on behalf of, the Board of Directors,

George Cameron-Dow

Non-Executive Director

Forward Looking Statement: *This report may contain forward looking statements that are subject to risk factors which are based on Naracoota Resources' expectations relating to future events. Forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside the control of Naracoota Resources, which could cause actual results to differ materially from such statements. Naracoota Resources makes no undertaking to update or revise the forward-looking statements made in this report to reflect events or circumstances after the date of this release.*

Competent Persons Statement

Information in this report relating to exploration results is based on information compiled by consultant geologist, Mr Martin Dormer, who is a member of the Australian Institute of Mining and Metallurgy. Mr Dormer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dormer operates as Martin Matthew Bruce Dormer and Pannelope Anne Dormer as trustees for the Dormer Family Trust trading as "Unearthed Elements". Mr Dormer consents to the inclusion of such information in this report and the context in which it appears.

Appendix 1 - JORC Code 2012 Edition Table 1

Section 1: Sampling Techniques and data

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gammas ondes, or hand held XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	The Fraser Project is sampled by hand soil sample on a nominal 200m x 100m grid spacing. A total of 73 samples have been collected to an average depth of 30cm.
	<i>Include reference to the measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	The sample locations are picked up by handheld GPS. Samples were logged for landform, and sample contamination. Sampling was carried out under consultant Unearthed Elements standard protocols and QAQC procedures as per industry best practise.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'Industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay') In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	All samples were sieved through 177 um (-80#) in order to reduce the natural inhomogeneity and nugget effect. QAQC protocols include that laboratory analysis of at least 10-20% of all samples. QAQC samples were sieved, dried, and pulverised (total prep) to produce a representative 25g sub sample for analysis by Aqua Regia with ICP-OES finish. The following elements are included Au, As, Cu.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.)</i>	Drilling was not conducted
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Drilling was not conducted
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Drilling was not conducted

	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Drilling was not conducted
Logging	<i>Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies</i>	Soil samples were not logged
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography</i>	Soil samples were not logged
	<i>The total length and percentage of the relevant intersections logged.</i>	Soil samples were not logged
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Drilling was not conducted.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	Drilling was not conducted.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	All sol samples were prepared for analysis in the field being sieved to -80#, bagged, numbered and sorted. At Quantum Analytical Laboratories samples were sorted and dried, thence pulverised with 10-20% of the sample (approx. 25g) being analysed.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.</i>	No quality control procedures undertaken to determine sample representivity.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling</i>	No duplicate samples were collected
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	No orientation soil surveys were completed prior to the program.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Samples were taken in the field and analysed in the laboratory in accordance with best practise industry standard for the medium sampled in the particular environment and is considered appropriate geochemical test work.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc. the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.</i>	No XRF, spectrometers or similar instruments were used.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	No standards or blanks were used in this program

Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	There has been no external check assaying undertaken on the soil samples.
	<i>The use of twinned holes.</i>	Drilling was not conducted.
	<i>Documentation of primary data, data entry procedures, data verifications, data storage (physical and electronic) protocols.</i>	Location and sampling data were collected by experienced field geologist and entered into Excel spread sheets. Location and analysis data are then collated into a single Excel spread sheet. Data is stored on servers in the Company's head office and consultants server, with regular backups and archival copies of the database made.
	<i>Discuss any adjustment to assay data</i>	No adjustments are made to the data.
Location of Data Points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Location data for soil sampling points was recorded by handheld GPS (+3m accuracy). Location data is downloaded from hand-held GPS using appropriate software.
	<i>Specification of the grid system used.</i>	Coordinate system is UTM Zone 50 and datum is GDA94
	<i>Quality and adequacy of topographic control</i>	Topographic data was obtained from public download of the Padbury 1:100,000 scale GSWA geologic map sheet.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results</i>	Soil samples were collected on a 200m x 100m nominal grid layout.
	<i>Whether the data spacing and distributions sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Sample spacing was deemed appropriate for identifying geochemical anomalies but could not be used to establish geological and grade continuity. It would not be appropriate to use this information in a Mineral Resource or Ore Reserve estimation capacity
	<i>Whether sample compositing has been applied</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Known mineralisation in relatively close proximity to the Lease has a variety of linear orientations including WNW-ESE, NW-SE, and NE-SW. hence once it is possible that the North-South soil sampling orientation may not be appropriate to achieve unbiased sampling for certain structural orientations. Field inspections have yet to be undertaken to ascertain whether or not the sampling pattern is locally biased
	<i>If the relationship between drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Drilling was not conducted
Sample security	<i>The measures taken to ensure sample security</i>	Samples were collected and prepared in the field by an experienced geological consultant
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data</i>	To date there has not been an audit of sampling techniques and data.

Section 2: Reporting of Exploration Results

(Criteria listed in previous section also apply to this section)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Property is 100% held by Naracoota Resources Limited
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The Company is unaware of any risk to title or impediment to obtaining a licence to operate in the area at this time
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Naracoota Resources Limited conducted previous exploration work on the property to acceptable industry standard
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Not known at this time
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: (i) easting and northing of the drill hole collar (ii) elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar (iii) dip and azimuth of the hole o down hole length and interception depth (iv) hole length.</i>	Not applicable to single point data from soil sampling.
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	Not applicable to single point data from soil sampling.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Not applicable to single point data from soil sampling.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	Not applicable to single point data from soil sampling.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated</i>	Not applicable to single point data from soil sampling.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results</i>	Not applicable to single point data from soil sampling.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Not applicable to single point data from soil sampling.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</i>	Not applicable to single point data from soil sampling.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views</i>	Not applicable to single point data from soil sampling.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Not applicable to single point data from soil sampling.

<p>Other substantive exploration data</p>	<p><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances</i></p>	<p>Not applicable to single point data from soil sampling.</p>
<p>Further work</p>	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p>	<p>Not applicable to single point data from soil sampling.</p>
	<p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Not applicable to single point data from soil sampling.</p>

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, 01/05/2013

Name of entity

NARACOOTA RESOURCES LTD

ABN

77 143 142 410

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	(5)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(195)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	32	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(52)	(136)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(52)	(136)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(52)	(136)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(52)	(136)
1.20	Cash at beginning of quarter/year to date	3,938	4,022
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,886	3,886

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	81
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.23 – Payment of executive and non-executive director's fees, reimbursement of expenses and payment of office and facilities costs and corporate fees to related entities.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	-
4.3 Production	-
4.4 Administration	80
Total	105

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,886	3,938
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,886	3,938

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report****Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil	Nil	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil	Nil	Nil

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	138,263,829	138,263,829	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (description)	-	-	-	-

+ See chapter 19 for defined terms.

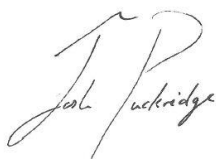
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	Options (description and conversion factor)	1,000,000 4,000,000 500,000 47,536,676	Exercise price \$0.30 \$0.30 \$0.075 \$0.09	Expiry Date 2 August 2016 19 October 2016 23 August 2017 30 September 2015	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Josh Puckridge
Company Secretary
29 January 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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SCHEDULE OF TENEMENTS AS AT 31 DECEMBER 2014

Tenement	Location	Registered Holder	Nature of Company's Interest (%)
P52/1213	Windy Day	Naracoota Resources Ltd	100%