

# Quarterly Report

For the quarter ending 31 December 2014

## HIGHLIGHTS

- Updated Mineral Resource Estimates delivered for the Ajax, Badger, Delta and Paragon Deposits at the Company's Pilbara Iron Ore Project (PIOP)
- Total PIOP Iron Mineral Resource increased to 1,042 Mt
- Bedded Iron drilling program completed
- Excellent high grade drilling results outside of current resource areas

## CORPORATE

During the quarter, the Company raised a total of A\$5,430,000 through a placement and share purchase plan. These funds will be used to complete by mid year, the well advanced Bankable Feasibility Study (BFS) for the Pilbara Iron Ore Project ("PIOP").

The Company's Annual General Meeting was held on the 22nd of October 2014.

## PROJECTS

### PILBARA IRON ORE PROJECT (PIOP) - WA

Study progress has continued on budget and as planned with completion date of the Bankable Feasibility Study remaining on target at the end of June 2015.

Three significant milestones were achieved for the project with the completion of the resource modelling phase resulting in a significant uplift in Indicated category Resource, completion of metallurgical test work and the appointment of Worley Parsons as Project Management Consultant (PMC) to deliver the Bankable Feasibility Study.

These three milestones have enabled the remaining project scopes of work to commence.



Preparation for the issue of the largest single package of work, the processing facility, is underway and is expected to be issued to shortlisted vendors early Q1 2015.

Other activities undertaken during the quarter included:

- Completion of overall project delivery schedules and budgets
- Development of various work packages for delivery of the BFS
- Mine optimisation and commencement of detailed mine planning
- Completion of process flow design and mass balance for processing

## Metallurgical Test Work

The Phase V Metallurgy Test Work Program was completed in December 2014 as planned on schedule and within budget with results in line with expectations.

The test work program included representative samples of all geomet units from each of the major mining areas within the PIOP and will form the basis for processing design for the project.

The process flowsheet selected for the PIOP comprises primary crushing by a gyratory crusher, scrubbing, crushing, wet screening and desliming by hydrocyclone. This is typical for a wet processing plant for Pilbara iron ores.

The processing option is considered simple and suitable for the ore types being mined and processed. Pilot scale test work has been completed with piloting results being consistent with laboratory scale test work. This has further reinforced the selected process option.

A detailed mass balance and process design criteria (PDC) has been completed. Major equipment for the process plant has been selected and sized for a 25Mtpa output.

Preparation of materials handling characterisation and customer samples has commenced and will be completed during Q1 2015.

## Environment and Approvals

Supporting documentation has continued to be developed in order to support the additional approvals required for the PIOP under the terms of the Alliance Agreement.

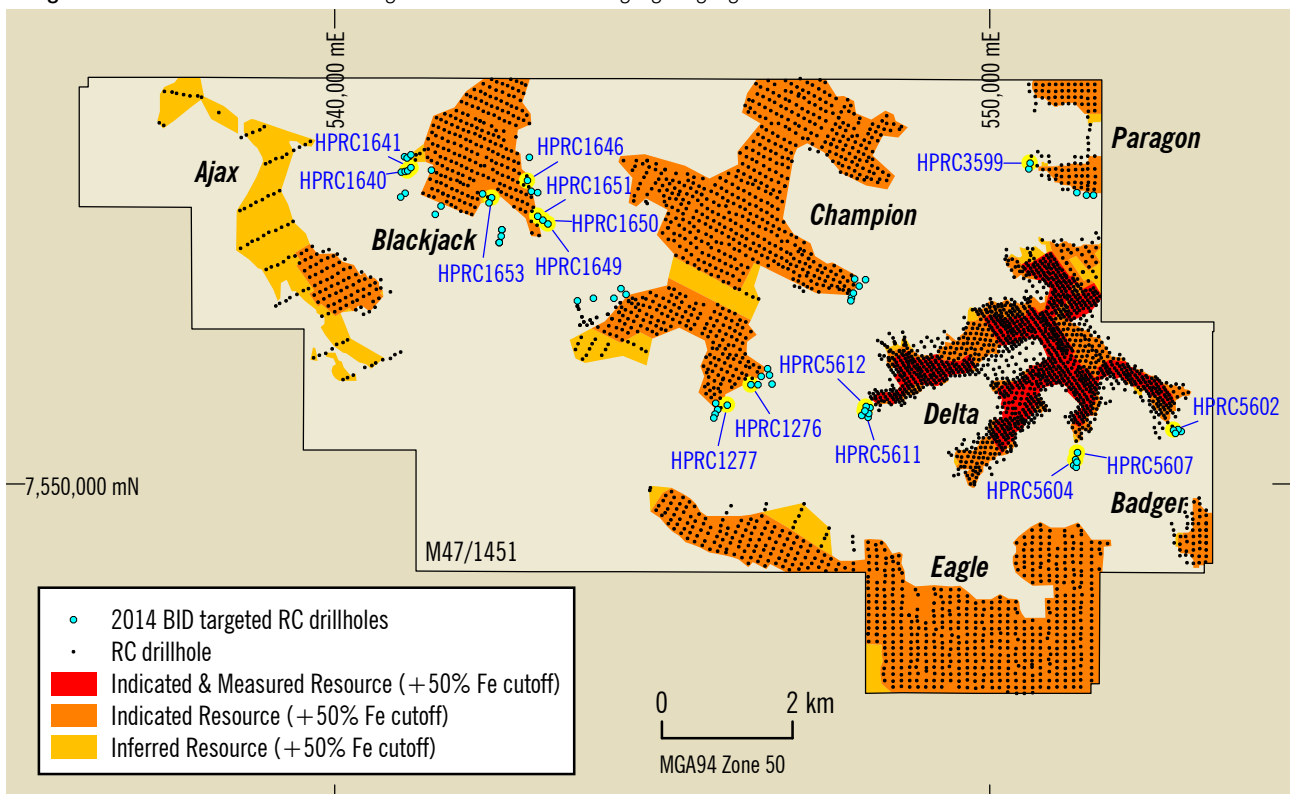
The proposed management of two key issues - tailings disposal and excess water disposal - will be presented to various government departments in January 2015.

Draft documentation for overall approval of the updates has been prepared and will be submitted to the WA EPA during Q1 2015.

## Heritage

Flinders Mines has continued to work closely with the Eastern Guruma Native Title group and a further heritage survey was completed during the quarter.

**Figure 1** : Location of the 2014 BID targeted RC drillholes and highlighting significant Fe intersections as listed in Table 3.



## Exploration and Evaluation Activities

During the quarter, the Company finalised the Mineral Resource updates for the Ajax, Badger, Delta and Paragon deposits within the PIOP (Figure 1, Table 1).

The updated Mineral Resource for the Ajax deposit is 70.0 Mt @ 55.7% Fe. Approximately 38% of this Mineral Resource is now in the Indicated category in an area that was considered more prospective for higher grade mineralisation based on previous results.

The updated Mineral Resource for the Badger deposit is 11.3 Mt @ 57.0% Fe. The majority of this Mineral Resource is now also in the Indicated category and represents a small increase over the previously reported Inferred Mineral Resource for Badger.

The updated Mineral Resource for the Delta deposit is 257.7 Mt @ 56.4% Fe. The majority (96%) of this Mineral Resource is now in the Indicated or Measured categories.

The updated Mineral Resource for the Paragon deposit is 37.1 Mt @ 56.9% Fe. This estimate represents an increase of 71% over the previously reported Inferred Mineral Resource for Paragon with the majority now in the Indicated category.

All Mineral Resources quoted are based on a +50% iron cut-off. The updated Mineral Resource Estimates were compiled in accordance with the 2012 JORC Code.

**Table 1** : Ajax, Badger, Delta and Paragon Mineral Resource summary.

| Ajax Deposit Mineral Resource for +50% Fe (as at 9/1/2015) |             |             |                    |                                  |             |            |
|--|-------------|-------------|--------------------|----------------------------------|-------------|------------|
| JORC Classification  | Tonnage Mt  | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Total Inferred   | 43.1        | 55.1        | 10.6               | 5.0                              | 0.06        | 4.7        |
| Total Indicated  | 26.9        | 56.7        | 9.2                | 4.6                              | 0.06        | 4.3        |
| <b>TOTAL</b>   | <b>70.0</b> | <b>55.7</b> | <b>10.0</b>        | <b>4.9</b>                       | <b>0.06</b> | <b>4.6</b> |

| Badger Deposit Mineral Resource for +50% Fe (as at 3/12/2014) |             |             |                    |                                  |             |            |
|---|-------------|-------------|--------------------|----------------------------------|-------------|------------|
| JORC Classification   | Tonnage Mt  | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Total Inferred  | 0.01        | 53.5        | 8.8                | 3.9                              | 0.08        | 10.2       |
| Total Indicated   | 11.2        | 57.0        | 6.4                | 3.7                              | 0.09        | 7.6        |
| <b>TOTAL</b>  | <b>11.3</b> | <b>57.0</b> | <b>6.4</b>         | <b>3.7</b>                       | <b>0.09</b> | <b>7.6</b> |

| Delta Deposit Mineral Resource for +50% Fe (as at 3/12/2014) |              |             |                    |                                  |              |             |
|--|--------------|-------------|--------------------|----------------------------------|--------------|-------------|
| JORC Classification  | Tonnage Mt   | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%           | LOI%        |
| Total Inferred   | 10.1         | 56.1        | 7.97               | 4.39                             | 0.088        | 6.49        |
| Total Indicated  | 142.2        | 56.3        | 7.79               | 3.84                             | 0.098        | 6.91        |
| Total Measured   | 105.3        | 56.4        | 10.47              | 5.09                             | 0.054        | 2.79        |
| <b>TOTAL</b>   | <b>257.7</b> | <b>56.4</b> | <b>8.89</b>        | <b>4.37</b>                      | <b>0.080</b> | <b>5.21</b> |

| Paragon Deposit Mineral Resource for +50% Fe (as at 3/12/2014) |             |             |                    |                                  |             |            |
|--|-------------|-------------|--------------------|----------------------------------|-------------|------------|
| JORC Classification  | Tonnage Mt  | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Total Inferred   | 0.4         | 56.1        | 7.1                | 2.7                              | 0.11        | 9.4        |
| Total Indicated  | 36.7        | 56.9        | 7.6                | 4.2                              | 0.08        | 5.8        |
| <b>TOTAL</b>   | <b>37.1</b> | <b>56.9</b> | <b>7.6</b>         | <b>4.2</b>                       | <b>0.08</b> | <b>5.9</b> |

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

The total Mineral Resource estimate for the PIOP is 1,042 Mt @ 55.6% Fe (Table 2). Significantly, 86% of the total Mineral Resource is reported in the Indicated or Measured categories. With 792.2 Mt @ 55.7% Fe in the Indicated category and 105.3 Mt @ 56.4% Fe in the Measured category. For a more detailed breakdown of this Mineral Resource refer to Table 1 on page 3.

The majority of this total Mineral Resource is reported to JORC 2012 standards. However, the Anvil tenement deposits have been previously reported to JORC 2004 standards and have not been updated since as the supporting information has not materially changed (refer to ASX announcement dated 14/11/2011).

Final assays were received for the BID targeted drilling undertaken at the PIOP late in 2014 (Figure 1). A specialised track mounted Reverse Circulation (RC) drill rig was used to access BID targets adjacent to the Blackjack, Champion, Delta and Paragon Mineral Resources.

A total of 67 holes were drilled as part of this program. A list of the more significant intersections is shown in Table 3. High grade iron mineralisation continues to be intersected adjacent to areas of known mineralisation and outside of the current resource boundary. All of these intersections are from surface and have low levels of SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub>.

Table 2 : PIOP Mineral Resource Summary.

| <b><sup>1</sup> M47/1451 - Blacksmith</b> |              |             |                    |                                  |             |            |
|---|--------------|-------------|--------------------|----------------------------------|-------------|------------|
| <b>(as at 9/1/2015)</b>                   |              |             |                    |                                  |             |            |
| JORC Classification                       | Tonnage Mt   | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Inferred                                  | 62.0         | 55.4        | 10.0               | 4.8                              | 0.06        | 5.1        |
| Indicated                                 | 792.2        | 55.7        | 8.9                | 4.5                              | 0.07        | 6.0        |
| Measured                                  | 105.3        | 56.4        | 10.5               | 5.1                              | 0.05        | 2.8        |
| <b>TOTAL</b>                              | <b>959.5</b> | <b>55.8</b> | <b>9.2</b>         | <b>4.6</b>                       | <b>0.07</b> | <b>5.6</b> |

| <b><sup>2</sup> E47/1560 - Anvil</b> |             |             |                    |                                  |             |            |
|--------------------------------------|-------------|-------------|--------------------|----------------------------------|-------------|------------|
| JORC Classification                  | Tonnage Mt  | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Inferred                             | 82.4        | 53.6        | 11.4               | 5.8                              | 0.05        | 4.9        |
| Indicated                            | -           | -           | -                  | -                                | -           | -          |
| Measured                             | -           | -           | -                  | -                                | -           | -          |
| <b>TOTAL</b>                         | <b>82.4</b> | <b>53.6</b> | <b>11.4</b>        | <b>5.8</b>                       | <b>0.05</b> | <b>4.9</b> |

| <b>PIOP - Total</b> |              |             |                    |                                  |             |            |
|---------------------|--------------|-------------|--------------------|----------------------------------|-------------|------------|
| JORC Classification | Tonnage Mt   | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%       |
| Inferred            | 144.4        | 54.4        | 10.8               | 5.3                              | 0.06        | 5.0        |
| Indicated           | 792.2        | 55.7        | 8.9                | 4.5                              | 0.07        | 6.0        |
| Measured            | 105.3        | 56.4        | 10.5               | 5.1                              | 0.05        | 2.8        |
| <b>TOTAL</b>        | <b>1,042</b> | <b>55.6</b> | <b>9.3</b>         | <b>4.7</b>                       | <b>0.07</b> | <b>5.5</b> |

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

1 The Blacksmith Mineral Resource includes the Ajax, Badger, Blackjack, Champion, Delta, Eagle, and Paragon deposits. All of the estimates making up the Blacksmith Mineral Resource are reported to JORC 2012 standards.

2 The Anvil Mineral Resource includes the Area F, Area G, Area H and Area J deposits. This Mineral Resource is currently reported to JORC 2004 standards and will be updated to meet JORC 2012 standards according to development priorities.

**Table 3** : Significant Fe intersections from surface, from 2014 BID targeted RC drilling (refer to Figure 1).

| Hole     | From (m) | To (m) | Interval (m) | Fe%   | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%   | LOI%  |
|----------|----------|--------|--------------|-------|--------------------|----------------------------------|------|-------|
| HPRC1276 | 0        | 10     | 10           | 60.1  | 3.7                | 2.9                              | 0.08 | 6.5   |
| HPRC1277 | 0        | 16     | 16           | 56.9  | 2.4                | 2.8                              | 0.12 | 12.6  |
| HPRC1640 | 0        | 24     | 24           | 60.54 | 3.18               | 1.74                             | 0.11 | 7.84  |
| HPRC1641 | 0        | 18     | 18           | 63.63 | 1.04               | 1.06                             | 0.12 | 5.99  |
| HPRC1646 | 0        | 36     | 36           | 60.76 | 2.07               | 1.65                             | 0.12 | 8.9   |
| HPRC1649 | 0        | 18     | 18           | 60.13 | 2.54               | 1.53                             | 0.09 | 9.47  |
| HPRC1650 | 0        | 26     | 26           | 59.19 | 2.04               | 2.19                             | 0.09 | 10.51 |
| HPRC1651 | 0        | 22     | 22           | 58.31 | 2.67               | 2.89                             | 0.11 | 10.34 |
| HPRC1653 | 0        | 40     | 40           | 59.22 | 1.53               | 1.79                             | 0.11 | 11.06 |
| HPRC3599 | 0        | 10     | 10           | 59.1  | 2.9                | 2.2                              | 0.08 | 8.8   |
| HPRC5602 | 0        | 30     | 30           | 63.4  | 2.2                | 1.8                              | 0.12 | 4.2   |
| HPRC5604 | 0        | 16     | 16           | 58.7  | 3.7                | 2.1                              | 0.11 | 8.7   |
| HPRC5607 | 0        | 22     | 22           | 58.8  | 2.9                | 2.0                              | 0.09 | 10.2  |
| HPRC5611 | 0        | 26     | 26           | 60.2  | 2.8                | 2.5                              | 0.13 | 7.8   |
| HPRC5612 | 0        | 18     | 18           | 59.3  | 1.7                | 2.9                              | 0.13 | 9.7   |

## CANEGRASS PROJECT – WA

During the quarter, interest has been sought in the project for possible divestment. No work was carried out on the project during the December 2014 quarter.

## SOUTH AUSTRALIA

There were no exploration and evaluation activities carried out on the Company's South Australian tenements during the December 2014 quarter.



**Ian Gordon**

Managing Director

28 January 2015

## Contact us

### Ian Gordon

Managing Director  
Ph: (08) 8132 7950  
Email: info@flindersmines.com

### Investor Relations

#### Duncan Gordon

Executive Director - Adelaide Equity Partners  
Ph: (08) 8232 8800 or 0404 006 444  
Email: dgordon@adelaideequity.com.au

### Head Office

Level 1, 135 Fullarton Road  
Rose Park  
South Australia 5067

PO Box 4031  
Norwood South  
South Australia 5067

Ph: (08) 8132 7950  
Fax: (08) 8132 7999  
Email: info@flindersmines.com

[www.flindersmines.com](http://www.flindersmines.com)

## Qualifying Statements

### Forward-looking statements

*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*

### Exploration Targets

*Exploration Targets are reported according to Clause 17 of the 2012 JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.*

### Competent Persons

*The information in this report that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Flinders Mines Limited

## Tenement Schedule

For the quarter ending 31 December 2014

| Tenement                        | Status  | Name               | Registered Holder /Applicant | Flinders Mines Interest |
|---------------------------------|---------|--------------------|------------------------------|-------------------------|
| <b>WESTERN AUSTRALIA</b>        |         |                    |                              |                         |
| <b>Pilbara Iron Ore Project</b> |         |                    |                              |                         |
| E47/1011                        | Granted | Bold Cliff         | Flinders Mines Ltd           | 100%                    |
| E47/1016                        | Granted | Mulga Downs        | Flinders Mines Ltd           | 100%                    |
| E47/1306                        | Granted | Hamersley West     | Flinders Mines Ltd           | 100%                    |
| E47/1560                        | Granted | Anvil              | Flinders Iron Pty Ltd        | 100%                    |
| L47/728                         | Pending | PIOP Airstrip      | Flinders Mines Ltd           | 100%                    |
| L47/730                         | Pending | PIOP Village       | Flinders Mines Ltd           | 100%                    |
| L47/731                         | Pending | Northern Road      | Flinders Mines Ltd           | 100%                    |
| L47/734                         | Pending | Southern Road      | Flinders Mines Ltd           | 100%                    |
| M47/1407                        | Granted | Hamersley West FMG | Flinders Mines Ltd           | 100%                    |
| M47/1451                        | Granted | Blacksmith ML      | Flinders Mines Ltd           | 100%                    |
| P47/1291                        | Granted | Gap Area           | Flinders Mines Ltd           | 100%                    |
| <b>Canegrass Project</b>        |         |                    |                              |                         |
| E58/232                         | Granted | Boulder Well       | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/235                         | Granted | Canegrass Well     | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/236                         | Granted | Challa             | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/271                         | Granted | Gingier Pool       | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/282                         | Granted | Honey Pot          | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/358                         | Granted | Pipeline           | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/359                         | Granted | Bundy Well         | Flinders Canegrass Pty Ltd   | 100%                    |
| E58/448                         | Granted | Sandhill           | Flinders Canegrass Pty Ltd   | 100%                    |
| E59/1935                        | Granted | Warrambo           | Flinders Canegrass Pty Ltd   | 100%                    |
| P58/1403                        | Granted | Challa A           | Flinders Canegrass Pty Ltd   | 100%                    |
| P58/1404                        | Granted | Challa A           | Flinders Canegrass Pty Ltd   | 100%                    |
| <b>SOUTH AUSTRALIA</b>          |         |                    |                              |                         |
| <b>Jamestown Project</b>        |         |                    |                              |                         |
| EL 4368                         | Granted | Caltowie           | Flinders Mines Ltd           | 100%                    |

*Applications for Mining Leases M47/663-672 and Exploration Licence E58/449 were withdrawn during the quarter.*

## 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

Name of entity

|                        |
|------------------------|
| Flinders Mines Limited |
|------------------------|

ABN

|                |
|----------------|
| 46 091 118 044 |
|----------------|

Quarter ended ("current quarter")

|                  |
|------------------|
| 31 December 2014 |
|------------------|

#### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             |                            |                                       |
| 1.2 Payments for:   |                            |                                       |
| (a) exploration & evaluation                                    | (2,127)                    | (5,737)                               |
| (b) development   |                            |                                       |
| (c) production  |                            |                                       |
| (d) administration  | (961)                      | (2,074)                               |
| 1.3 Dividends received  |                            |                                       |
| 1.4 Interest and other items of a similar nature received       | 47                         | 135                                   |
| 1.5 Interest and other costs of finance paid                    |                            |                                       |
| 1.6 Income taxes paid   |                            |                                       |
| 1.7 Other (R&D rebates)   |                            |                                       |
| <b>Net operating cash flows</b>                                 | <b>(3,041)</b>             | <b>(7,676)</b>                        |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of:                                   |                            |                                       |
| (a) prospects   |                            |                                       |
| (b) equity investments  |                            |                                       |
| (c) other fixed assets  | -                          | (19)                                  |
| 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)                        |                            |                                       |
| <b>Net investing cash flows</b>                                 | <b>-</b>                   | <b>(19)</b>                           |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(3,041)</b>             | <b>(7,695)</b>                        |

+ 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) | <b>(3,041)</b> | <b>(7,695)</b> |
| <b>Cash flows related to financing activities</b> |  |                |                |
| 1.14  | Proceeds from issues of shares, options, etc.              | 5,256          | 5,256          |
| 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)                        |                |                |
|   | <b>Net financing cash flows</b>                            | <b>5,256</b>   | <b>5,256</b>   |
|   | <b>Net increase (decrease) in cash held</b>                | <b>2,215</b>   | <b>(2,439)</b> |
| 1.20  | Cash at beginning of quarter/year to date                  | <b>5,215</b>   | <b>9,869</b>   |
| 1.21  | Exchange rate adjustments to item 1.20                     |                |                |
| 1.22  | <b>Cash at end of quarter</b>                              | <b>7,430</b>   | <b>7,430</b>   |

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

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 90                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

**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

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

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

**Estimated cash outflows for next quarter**

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 2,440        |
| 4.2 Development                | 50           |
| 4.3 Production                 | -            |
| 4.4 Administration             | 516          |
| <b>Total</b>                   | <b>3,006</b> |

**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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 1,140                      | 843                         |
| 5.2 Deposits at call                             | 6,290                      | 4,372                       |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>7,430</b>               | <b>5,215</b>                |

---

+ 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**

|     | Tenement reference  | 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 | M47/663-672<br>E58/449<br>All interests relinquished<br>All interests relinquished | 100%<br>100%                     | Nil<br>Nil                 |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased           |  |                                  |                            |

**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 | <b>Preference securities</b><br><i>(description)</i>   |               |   |  |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |               |   |  |
| 7.3 | <b>+Ordinary securities</b>  | 2,762,995,689 | 2,762,995,689                                 |  |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 362,000,087   | 362,000,087                                   | \$0.015<br>Fully paid                            |

+ See chapter 19 for defined terms.

**Appendix 5B**

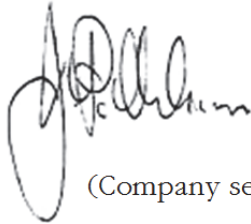
**Mining exploration entity and oil and gas exploration entity quarterly report**

|      |   |         |  |                                  |                                  |
|------|---|---------|--|----------------------------------|----------------------------------|
| 7.5  | <b>+Convertible debt securities</b><br><i>(description)</i>   |         |  |                                  |                                  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |         |  |                                  |                                  |
| 7.7  | <b>Options</b><br><i>(description and conversion factor)</i>  | 120,000 |  | <i>Exercise price</i><br>\$0.085 | <i>Expiry date</i><br>30/06/2015 |
| 7.8  | Issued during quarter   |         |  |                                  |                                  |
| 7.9  | Exercised during quarter  |         |  |                                  |                                  |
| 7.10 | Expired during quarter  |         |  |                                  |                                  |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>   |         |  |                                  |                                  |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i>   |         |  |                                  |                                  |

+ See chapter 19 for defined terms.

## 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.



Sign here: (Company secretary)

Date: 28 January 2015

Print name: Justin Nelson

## 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 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, 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.