

# BAUXITE RESOURCES LIMITED

## JUNE 2015 QUARTERLY REPORT

### Key Points:

- **Follow-up activities to 100% BRL Fortuna Scoping Study**
  - **Follow-up of environmental studies including engagement with regulator**
  - **Bauxite Mining Community Advisory Group (BMCAG) for the Felicitas and Fortuna projects commenced**
  - **Continued engagement with port and rail providers to examine development options for trans-loading at KBT**
  - **Representative Fortuna resource samples sent to China for testing in refineries**
- **Mediation Process underway under Bauxite Alumina Joint Venture**
- **Exploration Land Access expired on significant portion of the Felicitas and Fortuna Deposits due to deferral of land purchase negotiations until direction of BAJV resolved**
- **Cash at bank A\$22.9 million and no debt**

### ACTIVITY SUMMARY FOR JUNE 2015 QUARTER

Bauxite Resources Limited (“BRL” or the “Company”) is focusing on the development of a pipeline of bauxite and alumina projects including the 100% owned Fortuna project in Western Australia's Darling Range, the neighboring Felicitas Project under the Bauxite Alumina Joint Venture with Yankuang Resources and the Dionysus and Athena projects under the HD Mining Joint Venture with the Shandong Bureau of Geology and Mineral Exploration.

The Darling Range remains the largest bauxite and alumina producing region in the world. Currently the Company and its Joint Venture partners hold ~5,841km<sup>2</sup> (3,132km<sup>2</sup> granted) of exploration tenements. Through a process of low cost targeting and exploration activities the Company and its partners has now identified 396.5 million tonnes (Mt) of refinery grade bauxite. See Table 1 for resource details.

### DEVELOPMENT ACTIVITIES ON 100% BRL TENEMENTS

#### 100% BRL Fortuna Project

During the March 2015 Quarter the Company released the results from its scoping study for mine and rail on the Fortuna bauxite resource (ASX announcements 21/01/15 and 02/02/15). The study was completed by AMC Consultants (AMC), who provided mining, engineering, logistics and economic assessment for the Fortuna deposit which currently has a JORC Mineral resource of 40.2 million tonnes (ASX Announcement dated 19/06/14).

### DATE:

30 June 2015



**ASX Code: BAU**

**BAUXITE RESOURCES LTD**

**ABN: 72 119 699 982**

### DIRECTORS:

**Robert Nash**

Non Executive Chairman

**Peter Canterbury**

CEO & Executive Director

**Luke Atkins**

Non Executive Director

**Cunliang Lai**

Non Executive Director

**Neil Lithgow**

Non Executive Director

**Zhaozhong Wang**

Non Executive Director

### COMPANY SECRETARY:

Sam Middlemas

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Security Transfer Registrars

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Further to the Scoping Study a number of activities have been undertaken including:

- Discussions on the availability of possible trans-loading from the Kwinana Bulk Terminal
- Continued community engagement for the Fortuna project via creation of the Bauxite Mining Community Advisory Group
- Work to build on from level 2 baseline environmental studies including engagement with environmental regulators and the establishment of water monitoring holes at the project area
- Preparation of 5-10kg composite samples based on the current resource and supplied to Chinese refineries for testing

Infill drilling at the Fortuna site has been deferred until the mediation of the dispute with Yankuang Resources in respect to the Bauxite Alumina Joint Venture is resolved due to synergy benefits of shared infrastructure with the BAJV Felicitas Project.

During the quarter the Western Australian Treasurer announced as part of the 2015/16 Budget that the Government is seeking to dispose its operating interests in the Fremantle Port and Kwinana Bulk Terminal via the grant of a long-term lease. Rothschild/Deloitte were appointed as lead financial advisers. The Company is seeking clarification over the process and timing of this enlarged privatisation process and will seek to ensure the requirements of the Company are understood as part of the privatisation process.

As reported previously the Company has been in discussion with various land owners to convert the current Exploration Access Agreements into Mining Agreements. Both the Company and the Bauxite Alumina Joint Venture have been in discussions with one land owner over the potential purchase of land where a significant part of both the Fortuna and Felicitas resources are located. Those discussions have not been able to be progressed to the point of reaching agreement due to the current dispute with Yankuang Resources. The exploration access agreements with this landowner expired in July 2015 and the Company has been notified that the landowner does not want to renew access until an agreement is reached either for the acquisition of the properties in question or by an acceptable alternative. The Company remains in discussions with the landowner regarding the timing and terms of any agreement to purchase the properties. In addition the Company is in the process of finalising the negotiations of a Mining Access Agreement with another landowner with land which forms part of the Felicitas deposit.

## **EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH YANKUANG RESOURCES**

### **Background**

In January 2011, BRL executed a joint venture (JV) with Yankuang Resources Pty Ltd (Yankuang) for the development of both bauxite mining and alumina refining in Western Australia. Under the Resources Joint Venture Yankuang fund 70% of all resource development costs for a 70% interest in the resources of the joint venture. To date this JV has defined in excess of 260Mt of bauxite, of which 227.9Mt (ASX Announcement dated 23/09/14) is located in the JV's flagship Felicitas deposit in the Northern Darling Range Region.

As reported in the March 2015 quarterly report the time freeze for commencing the Refinery Bankable Feasibility Study (BFS) was lifted at the request of BRL. Subsequent to the lifting of this time-freeze the Company has been seeking to have the Refinery BFS progressed in accordance with its understanding of the joint venture terms and obligations.

As announced on 19 May 2015, the Company issued a dispute notice to Yankuang Resources Pty Limited ("YRPL") pursuant to the terms of the Joint Venture Resource Agreement (JVRA) and the Alumina Refinery Joint Venture Agreement (ARJVA). The disputes relate to:

- (a) the differing views as to how to interpret the terms of the JVRA and ARJVA given that the parties cannot agree on the Annual Program and annual budget for 2015/16, specifically what Annual Program the manager is required to adopt as governing the activities and expenditure of the joint ventures until such time as the dispute between the parties can be resolved;
- (b) the manner in which the Refinery BFS should be conducted in order to comply with the contractual obligations of the parties under the ARJVA; and



(c) the Annual Program which should be adopted under the ARJVA to meet the contractual obligations for the undertaking of the Refinery BFS.

Good faith negotiations were unable to resolve the dispute, and accordingly the dispute is now proceeding to mediation which is scheduled to take place on 11 August 2015.

### **Current Activities**

Project referral documents have been prepared, however, given the uncertain timing of the dispute this referral will be deferred until the dispute with Yankuang is resolved and the forward project activities are able to be properly defined and determined.

During the June quarter the Bauxite Mining Project Community Advisory Group (BMCAG) commenced with the aim to facilitate formal discussion and provide an opportunity for community representatives to contribute both in project design and later operations of both the Felicitas and Fortuna projects. The BMCAG has held three meetings facilitated by independent Chairperson Ms Leigh Hardingham.

## **EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING**

### **Background**

In 2010 the Company entered into a JV with HD Mining & Investment Pty Ltd (HD Mining) a wholly-owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV allows for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn 60% interest of the bauxite rights upon a decision to mine.

### **Current Activities**

Due to current fiscal restraints within the Shandong Bureau the proposed BFS for the Dionysus project has been delayed. However development work has progressed with a number of water level monitoring bores drilled to allow collection of baseline standing ground water levels and variography holes drilled to provide information on the lateral variation of the grade and thickness of the bauxite horizon.

## **ALUMINIUM/ALUMINA/BAUXITE MARKET**

### **Demand**

Demand for aluminium has gradually picked up in China along with improved domestic macro-economy. Especially in domestic real estate market, the sales volume and selling price of apartment and house have rebounded. Domestic aluminium price has declined significantly. There is an expectation that production cut of high-cost capacity will happen again in domestic aluminium smelting sector in the coming months, which will further ease the surplus on domestic aluminium market.

According to China Nonferrous Metals Industry Association (CNIA) <sup>(1)</sup> China's consumption in 2015 is forecast to grow at a lower rate than previous years, at 6 per cent, facilitating 25.5Mt of consumption. Demand will continue to be underpinned by consumer durables and the automotive industry. World aluminium consumption is projected to increase at an average annual rate of 3.1 per cent to total 59.9Mtin 2020.

### **Aluminium Production**

China produced 12.8 million metric tons of primary aluminium in January-May 2015<sup>(1)</sup>, up by 10.25% from the same period of last year according to data provided by CNIA. New production and expansions in China underpinned most of this growth, despite there being a number of closures and temporary cut-backs around the world. The annualized production rate in China alone for 2015 of is 30.7 million tonnes. According to the International Aluminium Institute (IAI) <sup>(2)</sup> world aluminium production for the first 5 months of 2015 totalled 23.3 million tonnes, an increase of almost 8% of the same time in 2014.

Aluminium Production in the Middle East continues to grow with a 12% increase in the Jan-May 2015 production compared to the same time last year. Middle East production is estimated to exceed 5 million tonnes in 2015 for the first time. (IAI) <sup>(2)</sup>

Aluminium prices have continued to decrease over the reporting period with the average 3M LME price for Aluminium in June being US\$1723 compared to US\$1780 in March 2015. (IAI) <sup>(2)</sup>

## Alumina

Chinese domestic alumina refineries are still operating at full capacity however the alumina price has been dropping over the last few months as domestic aluminium smelters buy the raw materials “hand-to-mouth” in view of the falling aluminium price. Alumina Production in China has increased close to 11% year to date between 2014 and 2015 (Antaika) <sup>(1)</sup>.

Alumina prices have also reduced from US\$335/tonne freight on board (FOB) Australia in March to stand currently at US\$318/tonne FOB Australia (CBIX report) <sup>(3)</sup>. The recent signing of the free trade agreement between Australia and China is anticipated to boost Australian export of bauxite and alumina to China.

## Bauxite

Following the Indonesian Bauxite ban in January 2014 high-quality bauxite stockpiles and reserves in China are being depleted, and China continues to look for new import markets. Towards the end of 2014 there was a substantial pick-up in Malaysian bauxite exports to China, with lower-cost product being shipped based on lower freight costs.

The bauxite stockpiling in China during 2013 had a dampening effect on potential sharp price increases. However these stockpiles have reduced over time and it is expected China’s imports will now increase, facilitating further upward movement of the bauxite unit value in 2015. According to Antaika <sup>(1)</sup>, China’s imports of bauxite reached 3.8Mt in May 2015 with a total 18.6mt in the first five months of 2015, 27% higher than the same period in 2014, but a 44% reduction on the 2013 figure (pre Indonesian bauxite ban).

Imports from Malaysia have increased steadily during 2015 to reach over six million tonnes for the first five months of the year. However, according to Reuters, 34 contractors in Pahang State in Malaysia have had their mining licences revoked effective from 1 August 2015, leaving only 11 operators with permission to mine bauxite in the area as Malaysia grapples with the effects of uncontrolled mining activities adversely affecting roads and port activities. There are calls for greater governance controls of extractive industries in Malaysia to better manage resources and perhaps follow Indonesia’s tactical move to reserve its mineral resources for domestic industry.

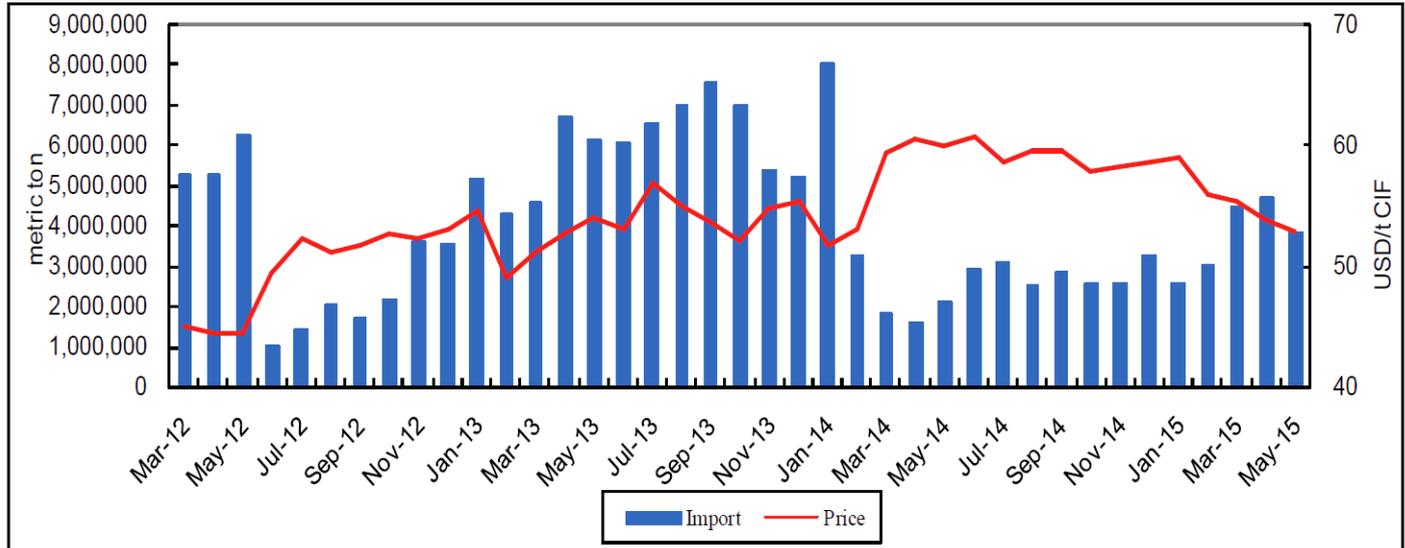
The average price of bauxite imports as shown by Antaika <sup>(1)</sup> graph dropped to US\$53 due to the increase in lower grade, higher moisture content Malaysian bauxite and lower freight rates in the marketplace.

### Imports of Bauxite Into China

	2012	2013	2014	Jan-May 2012	Jan-May 2013	Jan-May 2014	Jan-May 2015
India	1,073	5,392	5,146	-	2,999	881	3,072
Indonesia	28,319	48,702	8,790	20,782	17,527	8,790	-
Australia	9,423	14,289	15,654	3,555	5,414	5,337	8,175
Guinea	-	828	184	-	520	184	-
Dominican Republic	-	302	1,596	-	-	879	141
Ghana	-	670	840	-	165	285	348
Brazil	-	767	633	-	53	290	389
Malaysia	-	93	3,266	-	-	127	6,136
Fiji	286	459	376	-	93	-	172
Guyana	132	30	32	-	30	-	38
Other	474	-	17	244	-	1	137
<b>Total</b>	<b>39,707</b>	<b>71,532</b>	<b>36,534</b>	<b>24,581</b>	<b>26,801</b>	<b>16,774</b>	<b>18,607</b>

Source: Various Antaika <sup>(1)</sup> Reports

### Chinese Bauxite Import and Average Price (CIF to Chinese Port)



Source: Antaike Report June 2015

**Sources:**

- (1) Antaike Reports May & June 2015
- (2) International Aluminium Institute
- (3) CBIX Report – CM Group

## CORPORATE

### Cash Position and Shareholder Information

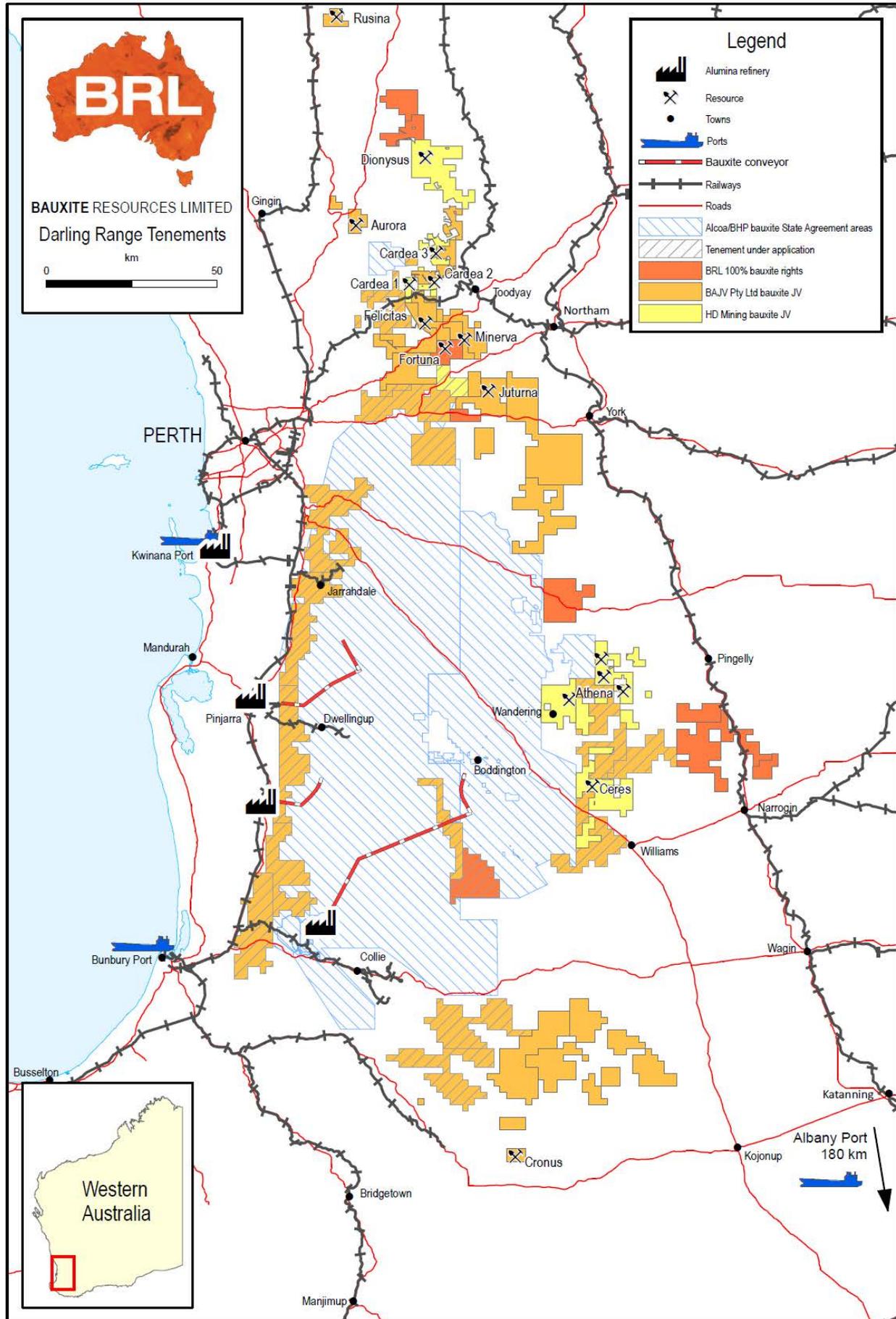
As at 30 June 2015 the Company had 2,368 shareholders and 231,897,696 ordinary fully paid shares on issue with the top 20 shareholders holding 58.0% of the total issued capital.

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 30 June 2015 the Company held AU\$22.9 million in cash.



**Peter Canterbury, CEO, Bauxite Resources Ltd**

**Figure1: Bauxite Resources Ltd Tenement holding**



**Table 1: BRL bauxite resources in south west Western Australia**

Deposit & Classification	Size Mt	Al <sub>2</sub> O <sub>3</sub> (total) %	Al <sub>2</sub> O <sub>3</sub> (available) %	SiO <sub>2</sub> (total) %	SiO <sub>2</sub> (reactive) %	JV & Resource Details
Fortuna						
Indicated	6.3	40.2	34.0	5.7	1.9	BRL JORC 2012
Inferred	33.9	38.5	31.8	5.6	1.7	
<b>BRL 100% sub-total</b>	<b>40.2</b>	<b>38.8</b>	<b>32.1</b>	<b>5.6</b>	<b>1.8</b>	
Felicitas						
Measured	122.7	39.9	31.6	7.7	1.7	BAJV JORC 2012
Indicated	77.1	39.6	31.0	9.8	2.2	BAJV JORC 2012
Inferred	28.2	38.9	30.6	10.5	2.3	BAJV JORC 2012
Cardea 3 (BAJV)						
Indicated	4.7	42.5	31.1	11.6	3.2	BAJV JORC 2012
Inferred	9.5	41.0	30.1	12.6	3.5	E70/3432
Minerva						
Inferred	2.2	38.7	28.9	20.3	3.9	BAJV JORC 2004
Aurora						
Indicated	7.6	43.5	33.0	9.1	3.1	BAJV JORC 2012
Inferred	1.8	41.3	30.2	14.4	4.0	
Rusina						
Inferred	3.7	40.3	29.1	15.7	5.3	BAJV JORC 2004
Juturna						
Inferred	8.2	40.2	29.9	23.1	3.9	BAJV JORC 2004
Cronus						
Inferred	2.8	39.3	28.3	13.3	2.8	BAJV JORC 2004
<b>BAJV sub-total</b>	<b>268.5</b>	<b>39.9</b>	<b>31.1</b>	<b>9.7</b>	<b>2.2</b>	
Athena						
Inferred	36.2	41.8	32.8	18.1	2.8	HDMJV JORC 2012
Dionysus						
Inferred	20.3	42.1	32.6	12	3.4	HDMJV JORC 2012
Cardea (1&2)						
Inferred	6.4	41.8	29.3	15.7	4.3	HDMJV JORC 2004
Cardea 3 (HDM)						
Indicated	1.5	42.8	30.0	16.8	4.0	HDMJV JORC 2012
Inferred	8.4	40.3	28.9	17.0	4.4	E70/3160
Ceres						
Inferred	15.0	40.9	31.7	19.5	3.0	HDMJV JORC 2004
<b>HDM sub-total</b>	<b>87.8</b>	<b>41.6</b>	<b>31.9</b>	<b>16.6</b>	<b>3.3</b>	
<b>Total Measured</b>	<b>122.7</b>	<b>39.9</b>	<b>31.6</b>	<b>7.7</b>	<b>1.7</b>	
<b>Total Indicated</b>	<b>97.2</b>	<b>37.9</b>	<b>31.7</b>	<b>11.5</b>	<b>2.6</b>	
<b>Total Inferred</b>	<b>176.6</b>	<b>40.4</b>	<b>31.3</b>	<b>13.6</b>	<b>2.9</b>	
<b>South West WA TOTAL Bauxite</b>	<b>396.5</b>	<b>40.2</b>	<b>31.4</b>	<b>10.8</b>	<b>2.4</b>	

#Available Alumina figures were based on low temperature (148°) caustic digest- High temperature digestion may result in higher available alumina however the exact extent of this increase is not known at this time

BRL - BRL retain 100% beneficial interest in bauxite

BAJV - Bauxite Alumina Joint Venture area with Yanguang Resources Ltd where the BRL retains 30% beneficial interest in the bauxite rights.

HDMJV – Resources within joint venture with HD Mining & Investments Pty Ltd, the wholly owned subsidiary of Shandong Bureau No.1 Institute for Prospecting of Geology & Minerals. At the time of writing the Company retains 100% beneficial interest. HD Mining can earn up to 60 % of bauxite rights upon completion of certain milestones including completion of a BFS leading to a decision to mine



## COMPETENT PERSON STATEMENT

The information in this report that relates to **Cardea1&2, Juturna, Minerva and Rusina** Mineral Resources is based on information compiled by Peter Senini who is a Member of the Australian Institute of Geoscientists. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person for the above mentioned resources. He 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 as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to **Felicitas, Cardea3, Aurora, Ceres, Cronus, Fortuna, Dionysus and Athena** Mineral Resources is based on information compiled by Graham de la Mare who is a Member of the Australian Institute of Geoscientists. Mr de la Mare was employed by RungePincokMinarco (RPM) at the time of estimation. Mr de la Mare 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 as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration results is based on information compiled by Mark Menzies. Mr Menzies is a qualified geologist and a full time employee of Bauxite Resources Limited (BRL). He is a shareholder in BRL and is entitled to participate in BRL's employee performance plan, details of which are included in BRL's 2014 Remuneration Report. Mr Menzies is a member of the Australian Institute of Geoscientists, and 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 as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Menzies has consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

## JORC Code Compliant Public Reports

The Company advises that this material contains summaries of Exploration Results and Mineral Resources as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). The JORC compliant Public Reports released to the ASX declaring exploration results or resources referred to can be viewed on both the ASX and the Company websites, free of charge.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

## SCHEDULE OF MINING TENEMENTS HELD AS AT 30 JUNE 2015

### YANKUANG JOINT VENTURE INTERESTS

Bauxite Resources Limited has 30% interest in the bauxite rights on the tenements below.

BRL retain 100% interest in other minerals on tenements below except E70/3366 and E70/3730.

BRL retain 100% interest in other minerals except iron on E70/3900.

Tenement	Location/ Tenement Name	Status		Tenement	Location/ Tenement Name	Status
E70/3366	Mackrin Hill	Granted		E70/3651	Mt Talbot	Granted
E70/3730	Bakers Hill	Granted		E70/3644	Moodiarrup	Granted
E70/3432	West Toodyay	Granted		E70/3488	Kokendin	Granted
E70/3002	Berry Brow	Granted		E70/4022	Boononging	Granted
E70/3007	Gillingarra	Granted		E70/3565	Dinninup	Granted
E70/3064	Bindoon	Granted		E70/4021	Miwana	Granted
E70/3159	Jimperding	Granted		E70/3573	Condinup	Granted
E70/3900	Jimperding Hill	Granted		E70/3624	Mokup Hill	Granted
E70/3598	Coolingoort	Granted		E70/3196	Dandalup	Application
E70/3731	Bakers Hill	Granted		E70/3195	Harvey	Application
E70/3485	Taurus	Application		E70/3471	Boyup Brook	Application
E70/3197	Pt Solid	Application		E70/3472	Mairdebring	Application
E70/3204	Wugong	Application		E70/3205	Hotham	Application
E70/3206	Mt Gorrie	Application		E70/3486	Coodjatotine	Application
E70/3193	Beechina	Application		E70/3746	Dryandra	Application
E70/3528	Avon Valley	Application		E70/3102	Collie Road	Application
E70/3537	Bald Hill	Application		E70/3194	Jarrahdale	Application
E70/3707	Trig Road	Application				
E70/4010	Woorooloo	Application				
E70/4011	Keating Road	Application				



### HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS (Farm out Agreement)

The JV requires HD Mining to fund 100% of all exploration and feasibility costs to earn up to 60% of the bauxite rights. HD Mining is currently working towards obtaining 40% interest in the bauxite rights on the tenements below. This will be triggered if HD Mining enters into a binding commitment to undertake a feasibility study on the tenements. Should HD Mining and BRL make a decision to mine, HD Mining will earn an additional 20% interest in bauxite rights. BRL maintains 100% interest in other minerals. At the date of this report BRL still has 100% interest in bauxite on these tenements.

Tenement	Location/ Tenement Name	Status
E70/3160	Toodyay	Granted
E70/3405	Victoria Plains	Granted
E70/3179	Congelin	Granted
E70/3180	Dattening	Granted
E70/3890	Wandering	Granted
E70/3599	Goodenine Pool	Application

BRL retain 100% interest in bauxite and other minerals on the following Darling Range tenements

Tenement	Location/ Tenement Name	Status
E70/4619	Yarawindah	Granted
E70/3618	Popanyinning	Granted
E70/3652	Quanamining	Granted
E70/4342	Narrogin	Granted
E70/4586	Newdale	Granted
E70/4595	Narrogin East	Granted
E70/4635	Ebenazer Flats	Granted
E70/4300	Quindanning	Application

### BRL TENEMENTS (bauxite rights only)

BRL retain 100% bauxite interest on the following tenements

Tenement	Location/ Tenement Name	Status
E70/2230	Wundowie	Granted

## 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

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

30 June 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from product sales and related debtors	105	581
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(648) (6) (580)	(2,706) (35) (2,511)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	201	1,093
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Settlement of shareholder legal action as announced 24/10/2014)	-	(5,250)
<b>Net Operating Cash Flows</b>	<b>(928)</b>	<b>(8,828)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	9	9
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	170
1.12 Other (provide details)		
<b>Net investing cash flows</b>	<b>9</b>	<b>175</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(919)</b>	<b>(8,653)</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)	(919)	(8,653)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	(9,284)
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>	-	(9,284)
	<b>Net increase (decrease) in cash held</b>	(919)	(17,937)
1.20	Cash at beginning of quarter/year to date	23,917	40,935
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	22,998	22,998

**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	223
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees.

**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

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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

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+ See chapter 19 for defined terms.

### 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	456
4.2 Development	-
4.3 Production	
4.4 Administration	712
<b>Total</b>	<b>1,168</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	738	908
5.2 Deposits at call	22,260	23,009
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>22,998</b>	<b>23,917</b>

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+ 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		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	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	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	231,897,696	231,897,696	
7.4	Changes during quarter (a) Increases through issues (Performance rights) (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b>			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

**Appendix 5B**

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

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		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	2,000,000	-	<i>Exercise price</i> 36 cents	<i>Expiry date</i> 22/02/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Performance Rights</b> (totals only)	4,675,800			
7.13	<b>Unsecured notes</b> (totals only)				

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+ See chapter 19 for defined terms.

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

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### 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:  Date: 30 July 2015  
(Company secretary)

Print name: Sam Middlemas

### 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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+ See chapter 19 for defined terms.