

## MALAGASY MINERALS LIMITED

### Activities Report for the June Quarter 2014

#### HIGHLIGHTS

- Exploration at the Company's 100% owned Maniry Graphite Project has identified a series of high-grade, outcropping graphite lenses that extend over an area of approximately 8km by 4km. Detailed mapping and sampling of the **Razafy Prospect** (formally Lens L) returned the following results (Figure 1):
  - Sampling of the outcropping graphite mineralisation that extends over 1.6km has returned high-grade results of up 33.7%C;
  - Graphite lens thicknesses range from 20 to 70 metres thick;
  - Immediate follow-up exploration and assessment programs have been initiated.
- Petrological analysis of selected samples confirms the high quality nature of the graphite. The graphite flake size is generally >0.7mm with some material as coarse as several millimetres. This material can be classified as "Jumbo Flake" graphite. The graphite is largely free from inclusions of other minerals
- Metallurgical samples have been submitted to fully determine the key characteristics of the graphite mineralisation.

#### BACKGROUND

Malagasy Minerals Limited (ASX Code: MGY / "Malagasy") has established a large exploration project in Southern Madagascar (Figure 2) that is prospective for both mafic-ultramafic intrusive related nickel-copper-platinum group metals (PGM) deposits and high-grade high-quality graphite deposits.

#### MALAGASY REGIONAL GRAPHITE EXPLORATION (MGY 100%)

The graphite prospectivity of the region has been established by the discovery of the large, high-quality Molo Graphite Deposit by Energizer Resources Inc. ("Energizer"). Malagasy announced (27<sup>th</sup> March 2014) that it had finalized the sale of the company's 25% interest in the project in order to crystallise significant value and to increase its focus on the company's highly prospective 100% owned ground. The transaction delivers a low-risk immediate return to Malagasy in the form of initial cash and share payments, whilst maintaining leveraged exposure through future benchmark cash and share payments.

Malagasy has been working to a strategy to define the potential of the 100% held ground to host additional high-grade graphite deposits that would have the potential to either enhance, or be enhanced by, the development of the Molo Graphite Deposit by Energizer. Malagasy is targeting a high-grade resource base with a particular focus on identifying near surface, low mining cost deposits that can be assessed quickly and at modest cost, potentially working off the benefits of the Molo development

#### RAZAFY PROSPECT - MANIRY PROJECT

The Maniry Project is located in the southern part of the company's Ampanihy Project (Figure 2.) and has been identified as being highly prospective for not only high-grade, high-quality graphite deposits but also for large-scale intrusive related nickel-copper-PGM deposits and molybdenum-selenium-REE deposits.

An earlier program of graphite exploration at Maniry (ASX announcement 26<sup>th</sup> August 2013) identified a series of large, high-grade outcrops of graphite mineralisation within a broader graphite trend covering an area of approximately 8km x 4km.

This initial work has been followed by a detailed program of systematic rock chip sampling across the interpreted strike of the graphite lenses (ASX announcement 21<sup>st</sup> November 2013) to determine the continuity of grade across the width of these graphite lenses. This resulted in the identification of 12 graphite lenses that have the potential to host a significant deposit of graphite mineralisation.

### Recent Exploration

This most recent program of work has focused on the **Razafy Prospect** and has consisted of detailed mapping and sampling of 6 lenses of outcropping high-grade graphite mineralisation (Figure 1). The key outcomes of the work include (see ASX Announcement dated 13<sup>th</sup> June 2014):

- Identification of 6 high-grade outcropping coarse flake graphite horizons extending over 1.6 kilometres;
- Graphite horizons have been mapped at widths ranging from 20 to 70 metres;
- Sampling of the mineralisation indicates consistent grades with low variability
- and the potential for areas of very high grade mineralisation (peak result 33.66%C);
- Preliminary petrological analysis of selected samples confirms the high quality nature of the graphite mineralisation. The graphite flake size is generally >0.7mm with some material as coarse as several millimetres. The graphite is largely free from inclusions of other minerals; and
- Composite samples of the mineralisation have been collected and have been submitted for comprehensive metallurgical test work.

The width, strike length and proud outcropping nature of the high-grade graphite mineralisation indicate the potential for significant tonnages of high-grade, high-quality graphite mineralisation. The metallurgical test work will provide initial data on the quality of the mineralisation.

This work has clearly demonstrated the potential for the Maniry Graphite Project to host significant deposits of high-grade graphite mineralisation. When it is considered that the Razafy Prospect is the first of 12 targets to be assessed in detail it is clear that a new graphite province has been discovered by Malagasy Minerals.

At the end of the quarter the Malagasy Exploration Team is in the field mapping and sampling the remainder of the graphite targets that have been previously identified. The results of this work will then be expected to lead to a program of trenching and/or drilling during the current field season.

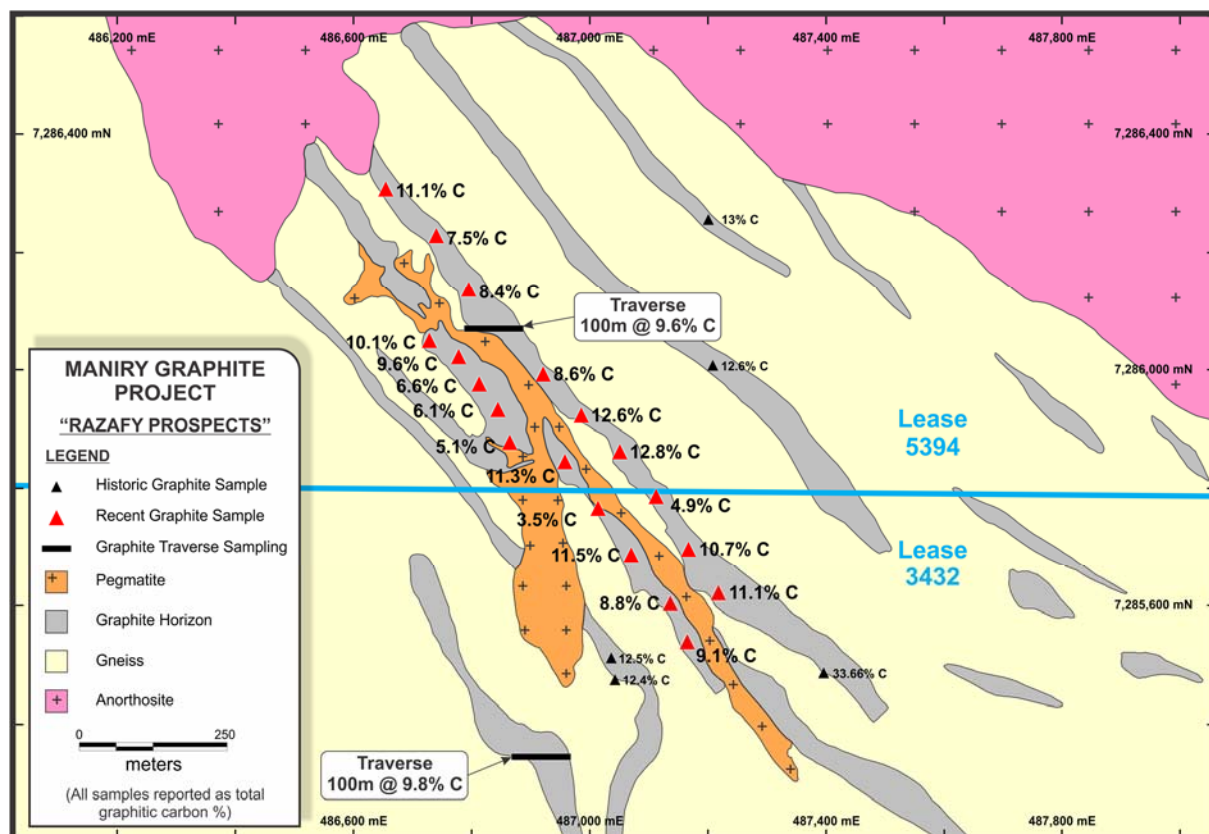


Figure (1) – Razafy Prospect Geology and Sample Locations

**Table (1) – Razafy Prospect Graphite Samples**

| Sample No | Easting | Northing  | Carbon % |
|-----------|---------|-----------|----------|
| MD12579   | 486,972 | 7,285,920 | 12.6     |
| MD12580   | 487,039 | 7,285,860 | 12.8     |
| MD12581   | 487,110 | 7,285,782 | 4.9      |
| MD12582   | 487,153 | 7,285,694 | 10.7     |
| MD12583   | 487,211 | 7,285,620 | 11.1     |
| MD12584   | 487,163 | 7,285,537 | 9.1      |
| MD12585   | 487,109 | 7,285,603 | 8.8      |
| MD12586   | 487,068 | 7,285,685 | 11.5     |
| MD12587   | 486,994 | 7,285,760 | 3.5      |
| MD12588   | 486,928 | 7,285,845 | 11.3     |
| MD12589   | 486,901 | 7,285,989 | 8.6      |
| MD12590   | 486,839 | 7,286,067 | 6.7      |
| MD12591   | 486,777 | 7,286,132 | 8.4      |
| MD12592   | 486,714 | 7,286,223 | 7.5      |
| MD12593   | 486,654 | 7,286,304 | 11.1     |
| MD12594   | 486,730 | 7,286,046 | 10.1     |
| MD12595   | 486,780 | 7,286,021 | 9.6      |
| MD12596   | 486,815 | 7,285,974 | 6.6      |
| MD12597   | 486,846 | 7,285,930 | 6.1      |
| MD12598   | 486,866 | 7,285,875 | 5.1      |

*Analysis completed by Genalysis-Intertek Laboratories (Perth). The analytical method was CSA (Total Carbon and Sulphur by CS analyser) detection limit of 0.01% - 50%C. Reported as total graphitic carbon.*

#### **AMPANIHY PROJECT – NICKEL-COPPER-PGM EXPLORATION**

The **Ampanihy Project** has been confirmed to host a significant suite of mafic-ultramafic intrusive rocks that have demonstrated potential to host nickel-copper-PGM mineralisation. Having established that the application of systematic regional geochemical sampling and programs of mapping and rock chip sampling is the most effective way of exploring the entire 110km strike of the project, a work program involving the collection of systematic geochemical soil samples has been undertaken across the entire project.

The first phase of this work was completed in the 2013 field season (4000 samples) and resulted in the identification of two strong geochemically anomalous areas that are host to a cluster of prospective mafic-ultramafic intrusions.

Field-work in 2014 (currently in-progress) has focused on an infill phase of geochemical sampling (~4000 samples), outcrop sampling and detailed mapping. These samples are currently being analysed and interpreted, with the results to be reported early in the September quarter. These samples will provide the basis for targeting the next phase of exploration.

#### **CORPORATE**

##### ***Financial Position***

The Company's cash position at 30 June was \$1,125,000 a increase of \$322,000 for the quarter, after receiving \$380,000 from the sale of a 25% interest in the Molo Graphite Project but before the payment of approximately \$403,000 in 2014 tenement rentals, due 31 July. At the end of the quarter the company held a balance of 1,000,000 Energizer shares available for sale with a value of \$129,000.

Labradorite royalties continue to be received from only one of the three companies with quarrying agreements, but administration costs were partly defrayed by \$34,000 rent receipts from the Tana complex.

##### ***Political Situation***

Developments since the election of President Hery Rajaonarimampianina and formation of an elected government have included:

- Reinstatement of preferential trade status by USA under the '2000 Africa Growth and Opportunity Act (AGOA)' with a US government statement that "the decision to reinstate Madagascar's AGOA eligibility recognizes that nations return to democratic rule, as well as the Presidents' commitment to promote transparency, combat corruption and begin rebuilding Madagascar's economy.

- The World Bank said in March 2014 that it was restoring ties with the country following the elections. The funding cycle is reported to commence in July 2014 with \$US 400 million of unconditional financial support over three years, directed to nutrition, social protection and infrastructure.
- The country's mining tenement regulator has been empowered to process all tenement applications and renewals in accordance with the Mining Act. The period which it will take to remove the backlog of several years is not known.

**Tenements**

During the quarter there were no changes to the Malagasy Mineral Limited tenement portfolio. A full listing of the company's tenements in Madagascar is included as Appendix 1.

**For and on behalf of the Board**

**Peter Langworthy**  
**Technical Director**

**Competent Persons Statement**

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Peter Langworthy, Consulting Geologist, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Malagasy Minerals Limited and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

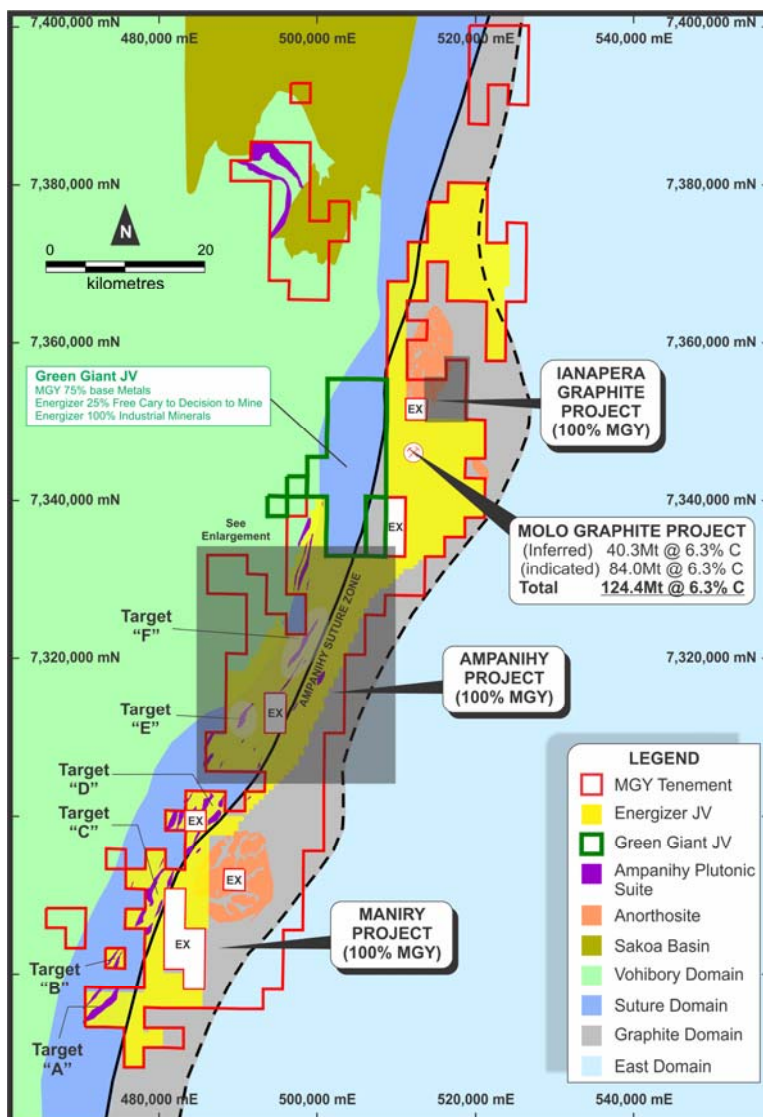


Figure (2) – Regional Location Plan

## MALAGASY MINERALS LIMITED GROUP

ABN 84 121 700 105

| Title Number | Permit Type | Grant Date | Expiry Date | Term | Project Name                 | Total Carres (New - 0.391km2) | Interest %                   | Notes |
|--------------|-------------|------------|-------------|------|------------------------------|-------------------------------|------------------------------|-------|
|              |             |            |             |      |                              | 4752                          |                              |       |
| 3432         | PR          | 18-Jun-01  | 17-Jun-11   | 10   | Ampanihy - Central (Big 'S') | 1648                          | 807 -100%<br>841 - 25% in JV | 1     |
| 5391         | PE          | 20-Nov-02  | 19-Nov-42   | 40   | Ampanihy - lanapera          | 16                            | 100%                         | 2     |
| 5392         | PE          | 20-Nov-02  | 19-Nov-42   | 40   | Ampanihy - lanapera          | 16                            | 100%                         | 2     |
| 5393         | PE          | 20-Nov-02  | 19-Nov-42   | 40   | Ampanihy - lanapera          | 16                            | 100%                         | 2     |
| 5394         | PE          | 20-Nov-02  | 19-Nov-42   | 40   | Ampanihy - Maniry            | 48                            | 40 - 100%<br>8 - 25% in JV   | 3     |
| 12834        | PR          | 01-Mar-05  | 28-Feb-15   | 10   | Majunga                      | 64                            | 100%                         |       |
| 13063m       | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Vohibory                     | 240                           | 100%                         |       |
| 13063s       | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Vohibory                     | 96                            | 100%                         | 4     |
| 13064        | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Fotadrevo                    | 48                            | 25% in JV                    |       |
| 13089        | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Ampanihy - Maniry            | 48                            | 100%                         |       |
| 13508        | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Vohibory                     | 16                            | 100%                         | 4     |
| 13811        | PR          | 14-Mar-05  | 13-Mar-15   | 10   | Ampanihy - Maniry            | 48                            | 25% in JV                    |       |
| 13812        | PR          | 14-Mar-05  | 13-Mar-15   | 10   | Ampanihy - Maniry            | 32                            | 100%                         |       |
| 13827        | PR          | 14-Mar-05  | 13-Mar-15   | 10   | Ampanihy - lanapera          | 192                           | 100%                         |       |
| 13829        | PR          | 14-Mar-05  | 13-Mar-15   | 10   | Vohibory                     | 32                            | 100%                         |       |
| 13832        | PR          | 14-Mar-05  | 13-Mar-15   | 10   | Ampanihy - Maniry            | 16                            | 100%                         |       |
| 14618        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Ampanihy - lanapera          | 32                            | 100%                         |       |
| 14619        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Ampanihy - Maniry            | 16                            | 25% in JV                    |       |
| 14620        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Fotadrevo                    | 48                            | 25% in JV                    |       |
| 14622        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Fotadrevo                    | 64                            | 25% in JV                    |       |
| 14623        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Ampanihy - lanapera          | 112                           | 39 - 100%<br>73 - 25% in JV  |       |
| 16746        | PR          | 09-Sep-05  | 08-Sep-15   | 10   | Ampanihy - lanapera          | 16                            | 100%                         |       |
| 16747        | PR          | 09-Sep-05  | 08-Sep-15   | 10   | Ampanihy - Maniry            | 48                            | 25% in JV                    |       |

## NOTES

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ABN 84 121 700 105

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|--------------|-------------|------------|-------------|------|----------------------------|--|------------------------------|-------|
| 16749        | PR          | 09-Sep-05  | 08-Sep-15   | 10   | Ampanihy - Maniry          | 16   | 100%                         |       |
| 16750        | PR          | 09-Sep-05  | 08-Sep-15   | 10   | Ampanihy - Maniry          | 32   | 100%                         |       |
| 16753        | PR          | 09-Sep-05  | 08-Sep-15   | 10   | Ampanihy - Maniry          | 48   | 4 - 100%<br>44 - 25% in JV   |       |
| 18915        | PR          | 10-Mar-06  | 09-Mar-16   | 10   | Anjeba (Antinimora/Jafaro) | 112  | 100%                         |       |
| 18916        | PR          | 23-Feb-06  | 22-Feb-16   | 10   | Anjeba (Antinimora/Jafaro) | 32   | 100%                         |       |
| 19003        | PR          | 23-Feb-06  | 22-Feb-16   | 10   | Ampanihy - Maniry          | 16   | 25% in JV                    |       |
| 19851        | PR          | 04-Feb-05  | 03-Feb-15   | 10   | Fotadrevo                  | 32   | 25% in JV                    |       |
| 19932        | PE          | 10-Mar-06  | 09-Mar-46   | 40   | Ampanihy - Maniry          | 112  | 102 - 100%<br>10 - 25% in JV | 5     |
| 19933        | PE          | 10-Mar-06  | 09-Mar-46   | 40   | Ampanihy - Maniry          | 16   | 100%                         | 5     |
| 19934        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Fotadrevo                  | 16   | 25% in JV                    |       |
| 19935        | PR          | 26-Jan-05  | 25-Jan-15   | 10   | Fotadrevo                  | 16   | 25% in JV                    |       |
| 21059        | PR          | 14-Sep-07  | 13-Sep-12   | 5    | Ampanihy - Maniry          | 16   | 25% in JV                    | 6     |
| 21060        | PR          | 30-Oct-06  | 29-Oct-11   | 5    | Ampanihy - Maniry          | 16   | 3 - 100%<br>13 - 25% in JV   | 6     |
| 21061        | PR          | 30-Oct-06  | 29-Oct-11   | 5    | Ampanihy - Maniry          | 16   | 25% in JV                    | 6     |
| 21062        | PR          | 03-Oct-07  | 02-Oct-12   | 5    | Ampanihy-Maniry            | 32   | 4 - 100%<br>28 - 25% in JV   | 6     |
| 21063        | PR          | 30-Oct-06  | 29-Oct-11   | 5    | Ampanihy - Maniry          | 32   | 25% in JV                    | 6     |
| 21064        | PR          | 30-Oct-06  | 29-Oct-11   | 5    | Ampanihy - Maniry          | 16   | 1 - 100%<br>15 - 25% in JV   | 6     |
| 24864        | PR          | 08-May-07  | 07-May-12   | 5    | Fotadrevo                  | 48   | 25% in JV                    | 6     |
| 25093        | PE          | 18-Jan-07  | 17-Jan-47   | 40   | Ampanihy - lanapera        | 16   | 100%                         | 7     |
| 25094        | PE          | 18-Jan-07  | 17-Jan-47   | 40   | Ampanihy - lanapera        | 16   | 100%                         | 7     |
| 25095        | PE          | 18-Jan-07  | 17-Jan-47   | 40   | Ampanihy - Maniry          | 48   | 100%                         | 7     |
| 25605        | PR          | 18-Jun-01  | 17-Jun-11   | 10   | Ampanihy - Maniry          | 80   | 25% in JV                    | 8     |
| 25606        | PR          | 18-Jun-01  | 17-Jun-11   | 10   | Ampanihy - Maniry          | 16   | 9 - 100%<br>7 - 25% in JV    | 5     |

## NOTES

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## Interest %

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## MALAGASY MINERALS LIMITED GROUP

ABN 84 121 700 105

| Title Number | Permit Type | Grant Date | Expiry Date | Term | Project Name    | Total Carres (New - 0.391km2) | Interest %                   | Notes |
|--------------|-------------|------------|-------------|------|-----------------|-------------------------------|------------------------------|-------|
| 28340        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 160                           | 137 - 100%<br>23 - 25% in JV |       |
| 28341        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Ampanihy-Maniry | 16                            | 100%                         |       |
| 28345        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Ampanihy-Maniry | 48                            | 100%                         |       |
| 28346        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Ampanihy-Maniry | 16                            | 4 - 100%<br>12 - 25% in JV   |       |
| 28347        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 112                           | 4 - 100%<br>108 - 25% in JV  |       |
| 28348        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 16                            | 25% in JV                    |       |
| 28349        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 16                            | 25% in JV                    |       |
| 28352        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 96                            | 25% in JV                    |       |
| 28353        | PR          | 08-Jan-08  | 07-Jan-13   | 5    | Fotadrevo       | 96                            | 47 - 100%<br>49 - 25% in JV  |       |
| 29020        | PR          | 12-Sep-08  | 25-Oct-12   | 5    | Fotadrevo       | 32                            | 20 - 100%<br>12 - 25% in JV  | 5     |
| 29082        | PR          | 12-Sep-08  | 11-Sep-13   | 5    | Tranomaro       | 224                           | 100%                         |       |
| 29084        | PR          | 14-Jul-08  | 13-Jul-13   | 5    | Tranomaro       | 16                            | 100%                         |       |
| 29085        | PR          | 12-Sep-08  | 11-Sep-13   | 5    | Tranomaro       | 144                           | 100%                         |       |
| 31733        | PR          | 11-Feb-09  | 10-Feb-14   | 5    | Ampanihy-Maniry | 16                            | 100%                         |       |
| 31734        | PR          | 11-Feb-09  | 10-Feb-14   | 5    | Ampanihy-Maniry | 16                            | 25% in JV                    |       |
| 31735        | PR          | 11-Feb-09  | 10-Feb-14   | 5    | Ampanihy-Maniry | 16                            | 25% in JV                    |       |

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**Interest %**

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**Acquisition and disposal of tenements**

- (1) No tenements were acquired or disposed of during the quarter.
- (2) No beneficial interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

|                           |
|---------------------------|
| MALAGASY MINERALS LIMITED |
|---------------------------|

ABN

|                |
|----------------|
| 84 121 700 105 |
|----------------|

Quarter ended ("current quarter")

|              |
|--------------|
| 30 JUNE 2014 |
|--------------|

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(12 Months)<br>\$A'000 |
|---|----------------------------|--|
| <b>Cash flows related to operating activities</b>               |                            |  |
| 1.1 Receipts from product sales and related debtors             | 26                         | 90                                     |
| 1.2 Payments for (a) exploration & evaluation                   | (54)                       | (391)                                  |
| (b) development   | -                          | -                                      |
| (c) production  | -                          | -                                      |
| (d) administration (net)  | (23)                       | (360)                                  |
| 1.3 Dividends received  | -                          | -                                      |
| 1.4 Interest and other items of a similar nature received       | 6                          | 15                                     |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                      |
| 1.6 Income taxes paid   | -                          | -                                      |
| 1.7 Other (TVA recoverable)                                     | -                          | -                                      |
| <b>Net Operating Cash Flows</b>                                 | <b>(45)</b>                | <b>(646)</b>                           |
| <b>Cash flows related to investing activities</b>               |                            |  |
| 1.8 Payment for purchases of:                                   |                            |  |
| (a) prospects   | -                          | -                                      |
| (b) equity investments (deferred)                               | (16)                       | (58)                                   |
| (c) other fixed assets  | -                          | (3)                                    |
| 1.9 Proceeds from sale of:                                      |                            |  |
| (a) prospects   | 380                        | 380                                    |
| (b) equity investments  | -                          | 1,039                                  |
| (c) other fixed assets  | 3                          | 3                                      |
| 1.10 Loans to other entities                                    | -                          | -                                      |
| 1.11 Loans repaid by other entities                             | -                          | -                                      |
| 1.12 Other  | -                          | -                                      |
| <b>Net investing cash flows</b>                                 | <b>367</b>                 | <b>1,361</b>                           |
| 1.13 Total operating and investing cash flows (carried forward) | 322                        | 715                                    |

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

|   |  |              |              |
|---|--|--------------|--------------|
| 1.13  | Total operating and investing cash flows (brought forward) | <b>322</b>   | <b>715</b>   |
| <b>Cash flows related to financing activities</b> |  |              |              |
| 1.14  | Net 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)                        | -            | -            |
| <b>Net financing cash flows</b>                   |  | -            | -            |
| <b>Net increase (decrease) in cash held</b>       |  | <b>322</b>   | <b>715</b>   |
| 1.20  | Cash at beginning of quarter/year to date                  | 803          | 410          |
| 1.21  | Exchange rate adjustments to item 1.20                     | -            | -            |
| 1.22  | <b>Cash at end of quarter</b>                              | <b>1,125</b> | <b>1,125</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 | 50                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |
| 1.25 | Explanation necessary for an understanding of the transactions   |                            |
|      |  | <u>\$A'000</u>             |
|      | Directors Fees and superannuation                                | -                          |
|      | Exploration management services                                  | 31                         |
|      | Company secretarial, accounting & administration services        | 19                         |
|      |  | 50                         |

**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

Nil

- 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

Nil

**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 | -                      |

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

|              |                            | \$'000       |
|--------------|----------------------------|--------------|
| 4.1          | Exploration and evaluation | (350)        |
| 4.2          | Development                | -            |
| 4.3          | Production                 | -            |
| 4.4          | Administration (Net)       | (100)        |
| <b>Total</b> |                            | <b>(450)</b> |

### Reconciliation of cash

| Reconciliation of cash at the end of the quarter<br>(as shown in the consolidated statement of cash flows)<br>to the related items in the accounts is as follows. |                          | Current quarter<br>\$'000 | Previous quarter<br>\$'000 |
|---|--------------------------|---------------------------|----------------------------|
| 5.1   | Cash on hand and at bank | 820                       | 303                        |
| 5.2   | Deposits at call         | 305                       | 500                        |
| 5.3   | Bank overdraft           | -                         | -                          |
| 5.4   | Other (provide details)  | -                         | -                          |
| <b>Total: cash at end of quarter</b> (item 1.22)  |                          | <b>1,125</b>              | <b>803</b>                 |

### Changes in interests in mining tenements

|     | Tenement reference  | Nature of interest<br>(note (2))                            | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|---|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | Refer to Covering Quarterly Activity Report attached hereto |                                  |                            |
| 6.2 | Interests in mining tenements acquired or increased           | Refer to Covering Quarterly Activity Report attached hereto |                                  |                            |

### 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<br>(see note 3)<br>(cents) | Amount paid up per security<br>(see note 3)<br>(cents) |
|--|--------------------|--------------------|---|--|
| 7.1 <b>Preference *securities</b>  | Nil                | Nil                | -   | -  |
| 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>  | <b>158,812,504</b> | <b>158,812,504</b> | Various   | Fully Paid   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | Nil                | Nil                | Nil   | Nil  |
| 7.5 <b>+Convertible debt securities</b>  | Nil                | Nil                | -   | -  |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |   |           |     |             |                    |
|------|---|-----------|-----|-------------|--------------------|
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | -         | -   | -           | -                  |
| 7.7  | <b>Options Unlisted</b>   | 7,500,000 | -   | 15c Options | Expiry: 31/11/2016 |
|      |   | 375,000   | -   | 30c Options | Expiry: 30/09/2015 |
|      |   | 375,000   | -   | 40c Options | Expiry: 31/12/2015 |
|      |   | 375,000   | -   | 50c Options | Expiry: 31/03/2016 |
|      |   | 500,000   | -   | 15c Options | Expiry: 31/11/2016 |
| 7.8  | Issued during quarter   | -         | -   | -           | -                  |
| 7.9  | Exercised during quarter  | -         | -   | -           | -                  |
| 7.10 | Expired during quarter  | -         | -   | -           | -                  |
| 7.11 | <b>Debentures (totals only)</b>   | Nil       | Nil |             |                    |
| 7.12 | <b>Unsecured notes (totals only)</b>  | Nil       | Nil |             |                    |

**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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: (Company Secretary)  
 Print name: Graeme R Boden

Date: 31<sup>st</sup> July 2014

**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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards. ASX will accept, for example, the use of International Accounting 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.