

## **MALAGASY MINERALS LIMITED**

### **Activities Report for the September Quarter 2015**

#### **HIGHLIGHTS**

- Subsequent to the end of the September quarter Malagasy Minerals announced (ASX announcement dated 26<sup>th</sup> October 2015) that it had executed a **Heads of Agreement (HOA) with Greenmount Resources Pty Ltd ("Greenmount") to acquire all of the issued capital of Greenmount.**

Greenmount is an unlisted private company which has contracted to acquire the Karlawinda Gold Project encompassing the Bibra Gold Deposit and the highly endowed Francopan Gold Prospect. These advanced positions are located in a large exploration holding that is considered to have excellent regional gold potential. Greenmount has paid the first installment to acquire Karlawinda and is required to pay a further installment of \$1.5m in August 2016.

- A trenching and sampling program has commenced at the Razafy target at the 100% owned Maniry Graphite Project. Results from this work will be used to estimate an initial resource.

#### **KARLAWINDA PROJECT DETAILS**

##### **Summary**

- Bibra Deposit - JORC 2012 Inferred resource at: **18mt @ 1.1g/t Au for 650,800oz Au (COG 0.5g/t)**
- Potential for near term open pit production: approximately \$12 million already spent on resource evaluation and pre-feasibility study activities.
- Thick, flat lying gold mineralized structure amenable to low cost open pit mining with mineralization starting close to surface. No previous mining.
- Located close to key infrastructure and mining support services.
- Large scale potential within an unexplored Archean greenstone belt to significantly add to the resource base in the near term:
  - Bibra Gold Deposit:** gold mineralization remains open in down plunge positions and potential exists for strike extensions and stacked mineralized gold lodes. Large areas of defined mineralization are not included in the JORC resource.
  - Francopan Prospect:** drilling intersections up to 5km away from the Bibra Deposit include 81m @ 1.2g/t Au (includes 15m @ 3g/t Au) and 37m @ 1.9g/t Au (Table 1).
  - Regional Exploration:** largely limited to reconnaissance aircore drilling. Number of defined high priority targets for immediate testing. Potential for a large-scale mineralized system.

##### **Location**

The Karlawinda Gold Project is located approximately 65 km south of Newman in the Pilbara Province of Western Australia (Figure 1). The main access route is via the Great Northern Highway and the Weelarrana Station (unsealed) access road and station tracks within Weelarrana Station. The Pilbara-Goldfields Gas Pipeline is located 50km to the west of the main project area.

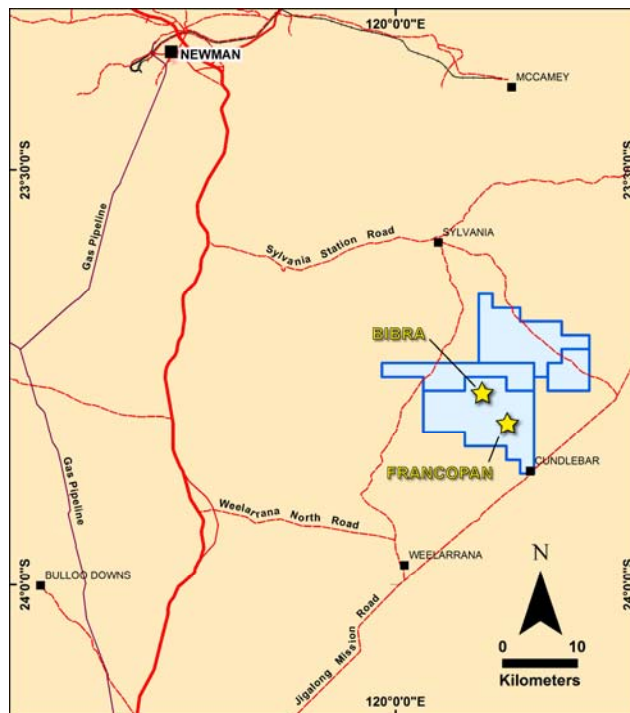


Figure (1) – Karlawinda Gold Project Location Plan

## Tenements

The main project area is made up of four granted exploration licences that cover an area of approximately 290km sq. (Figure 2). The tenements cover a large area of the Sylvania Dome, an under-explored Archaean aged outlier on the margin of the Pilbara Craton. The southern part of the project is covered by the Proterozoic Bangemall Basin.

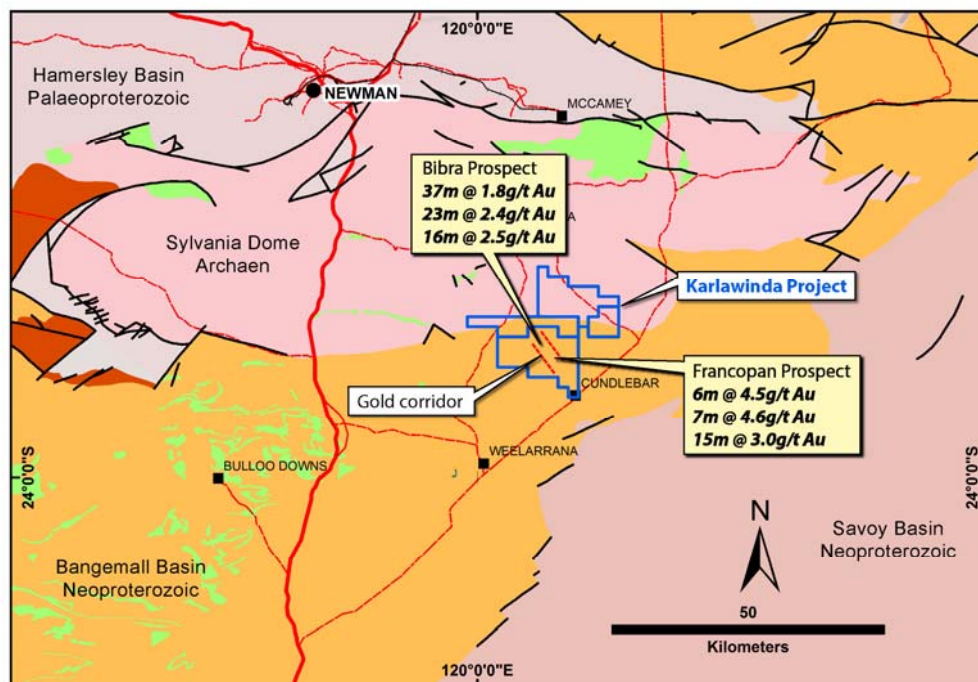


Figure (2) – Karlawinda Gold Project Tenement and Geology Plan

## Previous Work

Gold mineralization at the Francopan Prospect was originally discovered by WMC Resources Ltd in 2005. The project was subsequently acquired by Independence Group (IGO) in 2008 resulting in the discovery of the significant Bibra Gold Deposit in 2009.

Since the discovery of the Bibra Gold Deposit by IGO approximately \$12 million has been spent on resource evaluation activities (RC and diamond drilling, assays, geotechnical assessments and resource modelling), scoping study activities (Including: metallurgical test work, conceptual mining designs, hydrology, baseline environmental studies, CIL process plant design and power supply), and initial programs of regional exploration (aircore drilling, geochemical surveys and geophysical survey).

In addition, the project area has been the subject of Heritage Surveys with a number of Heritage Agreements in place.

## Bibra Gold Deposit

The Bibra Gold Deposit is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments that has developed on at least two parallel, shallow dipping structures; oxide mineralization has developed over the structures from surface to a depth of approximately 60m. The primary mineralization is strata-bound with lineations likely controlling higher-grade shoots.

A JORC 2012 inferred resource of **18 million tonnes @ 1.1g/t Au for 650,800oz Au** was estimated by IGO and subsequently reviewed by independent consultants (see Appendix 1). There is a substantial amount of gold mineralization drilled in close proximity to the existing resource that has the potential to be upgraded with a limited amount of infill drilling. Scope exists for major expansions of the resource down plunge and to a lesser extent along strike with additional drilling (Figure 3a, 3b and 3c).

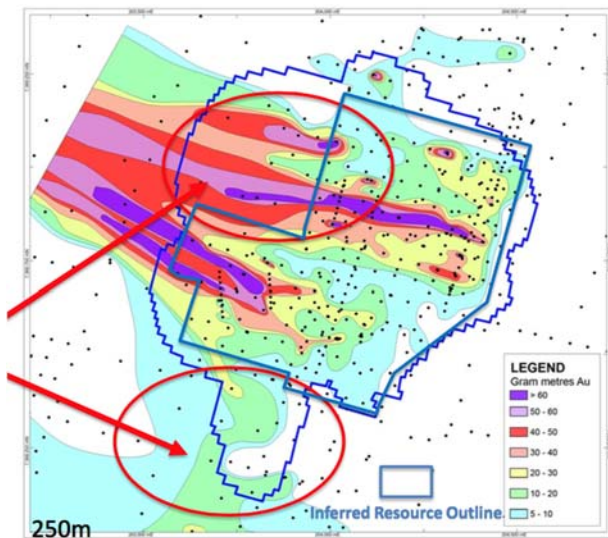


Figure (3a) – Bibra Gold Deposit

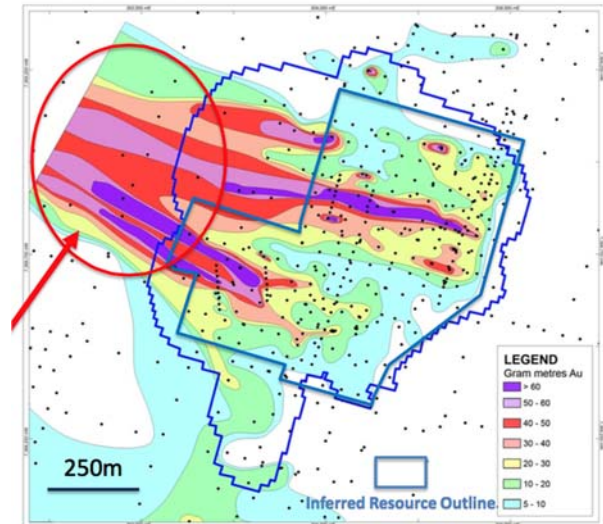


Figure (3b) – Bibra Gold Deposit

This diagram shows drill locations and calculated gram X metre thickness contours. Areas highlighted have potential in the near term to provide significant additions to the resource.

This diagram highlights the potential to significantly increase the Bibra Resource in the down-plunge position. The focus will be on defining high-grade shoots within the broader mineralized envelope.

The resource drilling is a combination of RC and lesser diamond with a nominal spacing of 100m X 50m.

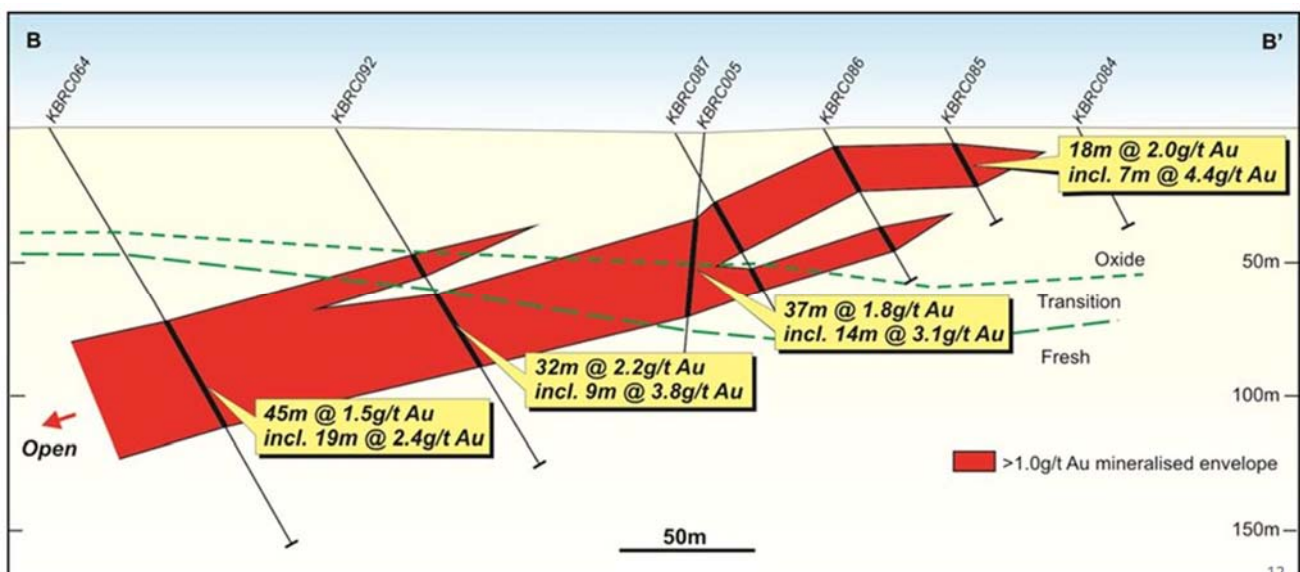


Figure (3c) – Bibra Gold Deposit Interpreted Cross Section  
(Diagram from IGO 2011 Diggers and Dealers Presentation)



## Francopan Gold Prospect

The Francopan Gold Prospect is located approximately 5km south east of the Bibra Gold Deposit (Figure 4) and demonstrates the potential size of the gold mineralizing system at Karlawinda. The mineralization is covered by the northern margin of the Bangemall Basin.

Limited broad spaced drilling beneath the cover sequence has intersected broad zones of mineralization containing narrower higher-grade intervals (Figure 5). Francopan will be targeted to define the size of the mineralized system, determine whether there is a connection with the Bibra Deposit and identify high-grade areas that can be assessed for underground mining opportunities.

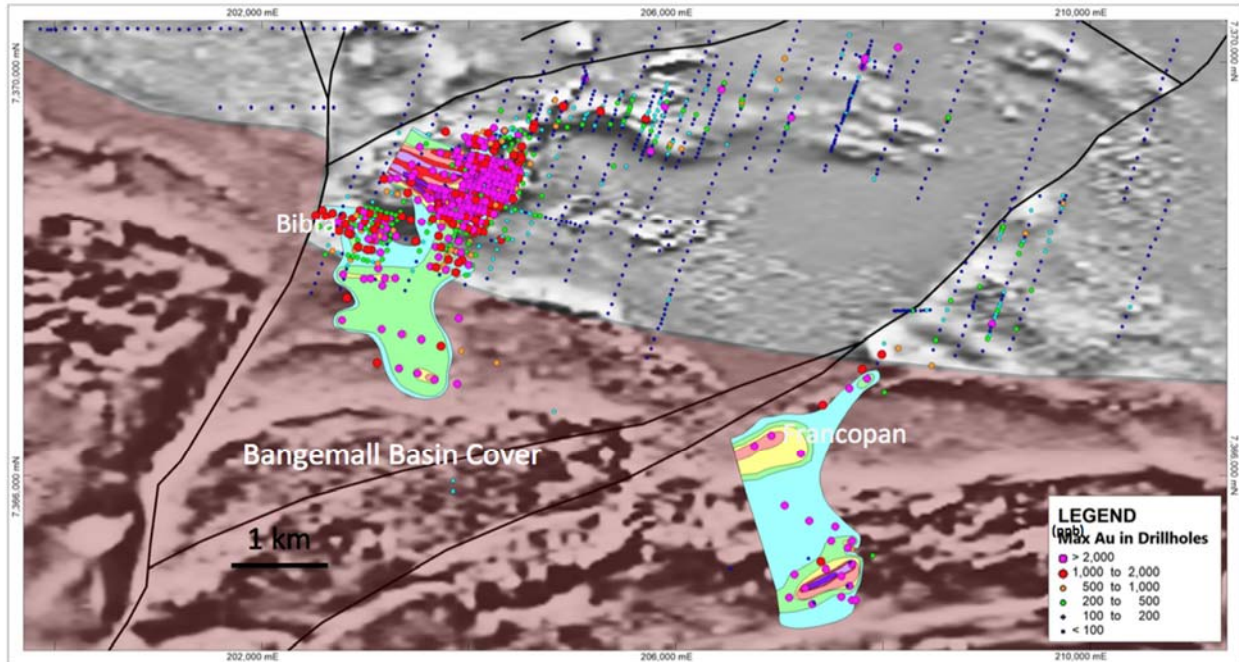


Figure (4) – Karlawinda Gold Project Prospect Location Plan

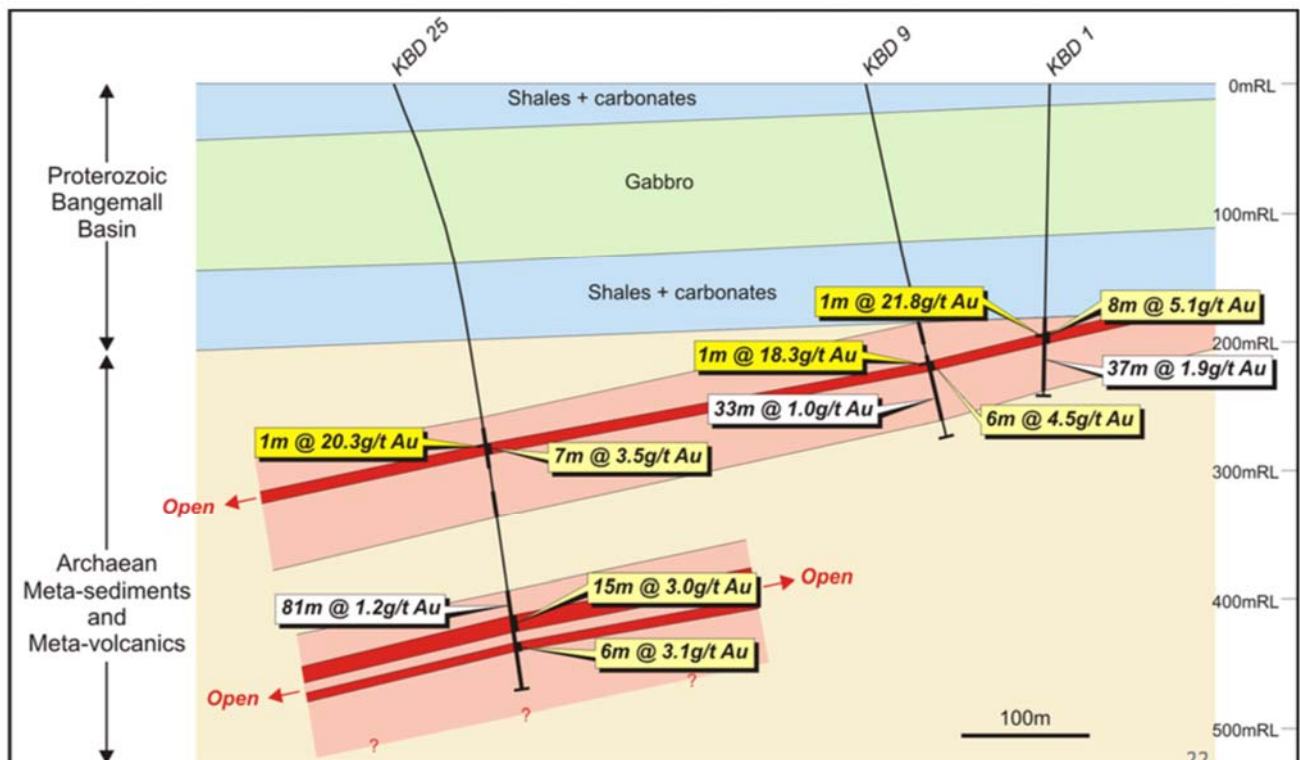


Figure (5) – Francopan Prospect Interpreted Geological Cross Section  
(Diagram from IGO 2011 Diggers and Dealers Presentation)

## Regional Exploration Potential

The Karlawinda Project remains largely unexplored. Since the discovery of the Bibra Deposit the focus has largely been on detailed assessment of that resource. Regional exploration remains at an early stage and is limited to wide spaced aircore drilling, surface geochemistry and programs of geophysics.

Despite the limited nature of the regional exploration a series of priority targets have been identified for immediate follow-up work. Results of over 2g/t Au have been returned from shallow aircore drilling (Figure 4).

## TRANSACTION DETAILS

Under the HOA Malagasy will acquire all of the issued capital of Greenmount by the issue of 171,636,476 fully paid ordinary shares, which will represent 50% of the expanded capital of Malagasy after the issue.

## HOA CONDITIONS PRECEDENT

The HOA is subject to the following conditions:

- Malagasy completing its due diligence investigations with respect to Greenmount and issuing a notice to Greenmount by 13 November 2015, or such later date as agreed by the Parties, advising that Malagasy is satisfied with its due diligence in its sole and absolute discretion.
- Greenmount completing its due diligence investigations with respect to Malagasy and issuing a notice to Malagasy by 13 November 2015, or such later date as agreed by the Parties, advising that Greenmount is satisfied with its due diligence in its sole and absolute discretion.
- Malagasy entering into a Share Sale Agreement with each of the Greenmount shareholders by 20<sup>th</sup> November 2015, or such later date as agreed by the Parties.
- Malagasy obtaining all shareholder approvals required by the ASX Listing Rules and the Corporations Act (2001) for the allotment of the consideration shares to Greenmount shareholders.

## CAPITAL STRUCTURE

The capital structure following completion of the transaction would be as follows (assuming all resolutions at the annual general meeting which relate to the issue of shares are passed.):

	Shares	%	Options
Existing securities	165,346,421	48.2	8,250,000
Issued after AGM approval	6,290,055	1.8	-
Issued for Greenmount acquisition	171,636,476	50.0	-
	<u>343,272,952</u>	<u>100.0</u>	<u>8,250,000</u>

## BOARD AND MANAGEMENT

At completion of the transaction, existing Malagasy directors Dr. Peter Woods and Mr. Graeme Boden will resign and two Greenmount directors Mr. Heath Hellewell and Mr. Peter Thompson will join the board.

Mr. Thomson will become the Managing Director of Malagasy and existing company secretaries Mr. Graeme Boden and Ms. Natasha Forde will be retained.

## RESTRUCTURING OF EXISTING MALAGASY ACTIVITIES

Existing Malagasy assets which are excluded from the transaction are the subsidiaries (both in Madagascar):

- Mada-Aust SARL, which holds the tenements containing the Maniry graphite project in particular, but also other graphite and mineral prospects, together with labradorite mining leases.
- Mining Services SARL, which is a drilling and sample preparation company.

These companies will be folded into a newly incorporated Mauritian company, to be named Madagascar Graphite Limited.

Subject to the payer's consent, a potential receipt of \$1.0m Canadian upon commencement of commercial production at the Molo graphite project and a 1.5% net smelter return royalty from the project, will also be transferred to Madagascar Graphite Limited.

Upon completion of the Greenmount acquisition, shares in Madagascar Graphite Limited will be distributed in specie to Malagasy shareholders of record on the completion date and will be funded independently of Malagasy.

The objective is that pre-transaction Malagasy shareholders will hold 100% of Madagascar Graphite Limited, and 50% of the merged Malagasy/ Greenmount entity, which will be renamed at completion.

At completion of the restructuring the principal ongoing assets of continuing Malagasy/ Greenmount merged entity would be:

- Karlawinda gold project
- Madagascar subsidiary, St Denis Holdings SARL

The sole asset of St Denis is 19,000 square metres of land in prime hillside location in Antananarivo, the capital of Madagascar. Present buildings include two houses, canteen, several office buildings and warehouse space, presently used for vehicle fleet and petroleum and mineral sample preparation.

The potential of the land lies in development for a range of residential, commercial or industrial possibilities.

## TIMETABLE

The anticipated timetable to completion of the transaction is as follows:

Activity	Date
Execution of Heads of Agreement	Friday 23 October 2015
ASX announcement	Pre-open Monday 26 October 2015
Completion of Malagasy DD on Greenmount and Greenmount DD on Malagasy	Friday 13 November 2015
Execution of share sale agreements	Friday 20 November 2015
Malagasy Notice of Meeting to ASX	Friday 20 November 2015
Malagasy Notice of Meeting to ASIC	Friday 27 November 2015
Despatch of Notice of Meeting	Tuesday 15 December 2015
Shareholder meeting and allotment of MGY shares	Friday 15 January 2016

## MADAGASCAR PROJECT

Malagasy has been focused on a large exploration project in southern Madagascar exploring for high-grade, high-quality graphite deposits and mafic-ultramafic intrusive related nickel-copper deposits.

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 has delivered 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 has been 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.

As mentioned in the previous section the subsidiary companies that hold these assets will now be folded into a newly incorporated Mauritian company, to be named Madagascar Graphite Limited.

Upon completion of the Greenmount acquisition, shares in Madagascar Graphite Limited will be distributed in specie to Malagasy shareholders of record on the completion date and Madagascar Graphite will be funded independently of Malagasy.

As part of this process, Malagasy will be looking to refine its tenement holdings in the area, with lower priority areas to be reviewed for divestment in an orderly fashion.

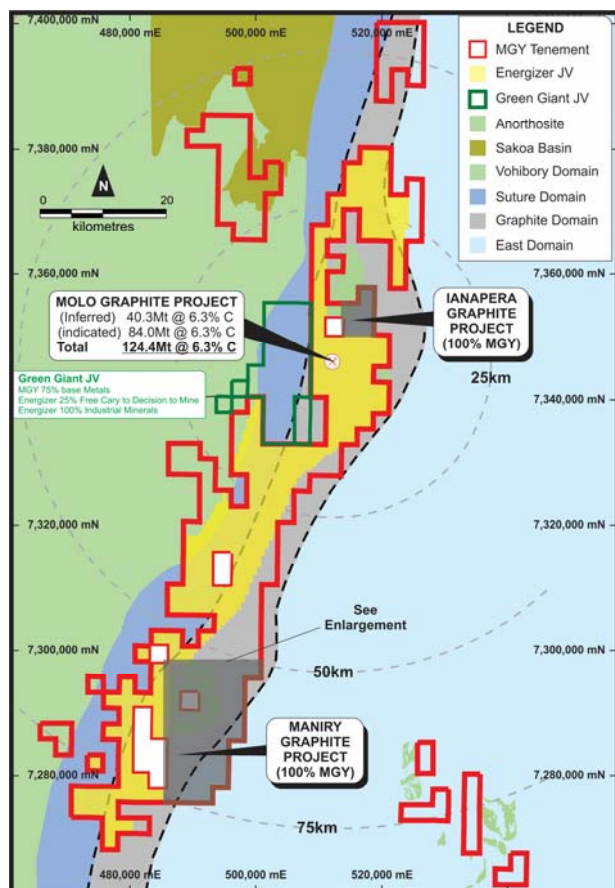


Figure (6) – Regional Location Plan



Figure (7) – Maniry Project Overview Plan

## GRAPHITE EXPLORATION and EVALUATION

### Maniry Project (100% MGY)

During the September quarter exploration consisted of a program of trenching and sampling at the advanced Razafy target and at the large outcropping Haja target. A total of 1400 metres were completed and 980 composite samples have been taken from the trenches. The samples are being prepared and will be sent to the ACME Laboratory in Canada. Results are expected by the end of the next quarter.

At Razafy the trenching (10 trenches – 800m) was completed, in part, across the surface above previous drilling. The information will provide critical data as to the continuity of the high-grade mineralisation intersected in the drilling.

At Haja 3 trenches were completed for 600m to provide a more detailed assessment of the wide (up to 250m) high-grade outcropping graphite mineralization. This work will provide guidance as to where the next phase of drilling could be located.

Following the receipt of the assay results zones will be identified for the collection of metallurgical samples.

Previously reported drilling results from Razafy and Haja are:

#### Razafy Target

MNDD001	26 metres @ 7.3%C from 2 metres (Includes 10 metres @ 10.2%C)
MNDD002	32 metres @ 7.0%C from 18 metres (Includes 8 metres @ 9.7%C)
MNDD003	26 metres @ 6.8%C from 0 metres (Includes 8 metres @ 8.8%C)
MNDD004	34 metres @ 8.5%C from 14 metres (Includes 12 metres @ 11.6%C)
MNDD010	34 metres @ 6.4%C from 0 metres (Includes 10 metres @ 8.1%C)
MNDD011	44 metres @ 6.4%C from 10 metres (Includes 10 metres @ 9.2%C)
MNDD012	24 metres @ 7.0%C from 0 metres (Includes 10 metres @ 8.4%C)
MNDD013	50 metres @ 6.9%C from 2 metres (Includes 26 metres @ 9.1%C)
MNDD017	38 metres @ 8.3%C from 34 metres (Includes 14 metres @ 11.3%C)

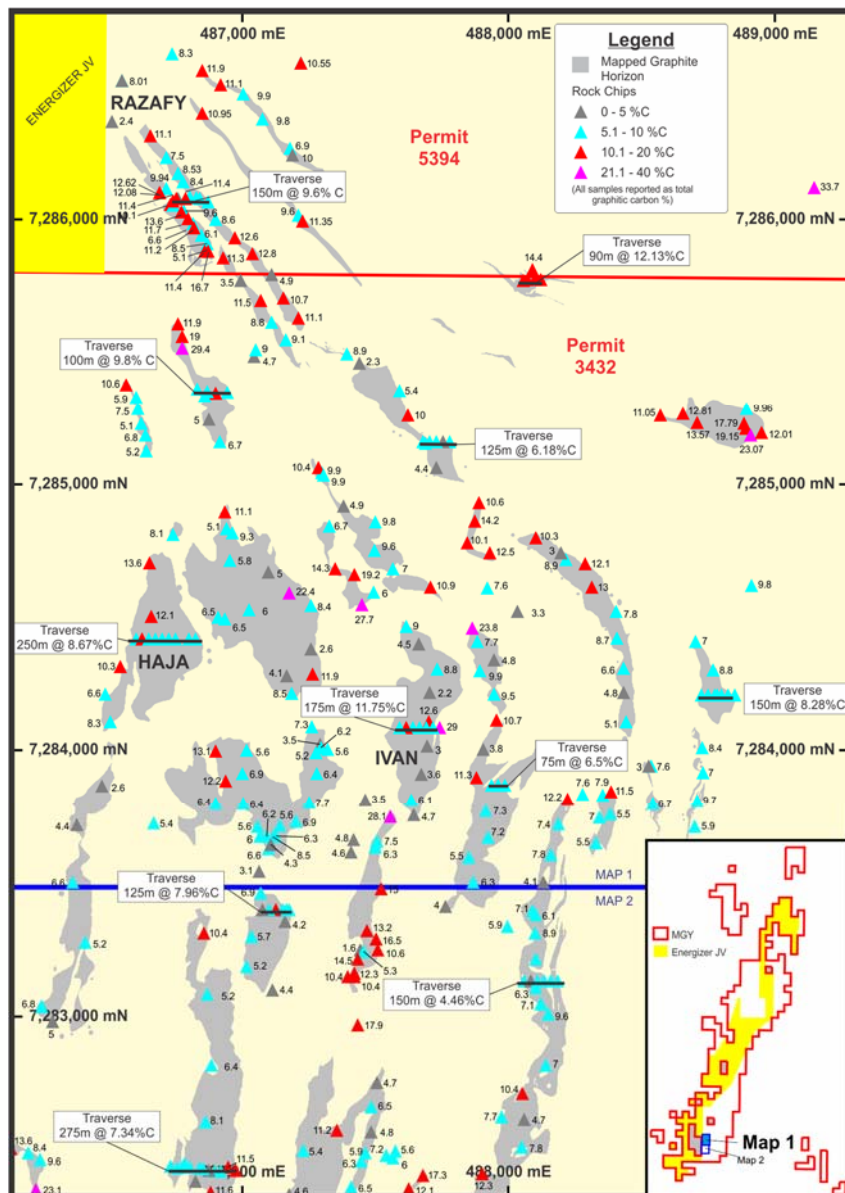


## Haja Target

MNDD008	50 metres @ 6.0%C from 0 metres (Includes 8 metres @ 7.8%C)
MNDD009	70 metres @ 5.3%C from 2 metres (Includes 6 metres @ 9.2%C)
MNDD016	18 metres @ 6.0%C from 0 metres

**Table (1) – Drilling Program Summary**

Hole_ID	Prospect	Depth (m)	Easting	Northing	RL (m)	Azimuth	Dip
MNDD001	Razafy	84.80	486806	7285996	306	233	-60
MNDD002	Razafy	109.90	486822	7286009	289	233	-60
MNDD003	Razafy	117.60	486850	7286066	306	233	-60
MNDD004	Razafy	95.70	486870	7286082	310	233	-60
MNDD008	Haja	122.00	486700	7284480	297	270	-60
MNDD009	Haja	118.80	486753	7284479	291	270	-60
MNDD010	Razafy	82.60	487076	7285654	287	240	-60
MNDD011	Razafy	113.00	487092	7285663	290	240	-60
MNDD012	Razafy	58.80	487155	7285693	298	240	-60
MNDD013	Razafy	142.00	487174	7285698	293	240	-60
MNDD016	Haja	82.95	486655	7284480	302	270	-60
MNDD017	Razafy	111.00	486905	7286078	304	233	-60



**Figure (8) – Maniry Project high-grade graphite mapped outcrops**



## **CORPORATE**

### **Financial Position**

The Company's cash position at 30 September was \$618,000 a decrease of \$160,000 for the quarter.

The Company also has 2,500,000 shares in TSX listed Energizer Resources Inc which are available for sale (29 October 2015 value \$A160,000).

### **Political Situation**

The political situation in Madagascar remains confused. The situation remains that the Bureau du Cadastre Minier de Madagascar (BCMM), responsible for the regulation and administration of the country's mining tenements, has a backlog of transactions which has built up over a number of years. Malagasy has tenement applications, tenement renewals, the registration of additional minerals on the permits and the registration of sub-leases for industrial minerals to EGZ with the BCMM for processing. There was significant progress during the quarter, when the renewal of PR3432 was granted. This is the largest tenement held by Malagasy (1,488 squares) and contains both Molo graphite deposit and Malagasy's Maniry graphite project.

### **Tenements**

A full listing of the company's tenements in Madagascar is included as Appendix 1. There have been no changes to the tenements held during the quarter.

---

### **For Further information, please contact:**

Technical matters: Peter Langworthy

0418 958 660  
(08) 6420 0619

Corporate Matters: Graeme Boden or Natasha Forde

(08) 9286 1219

Email: [contact@malagasyminerals.com](mailto:contact@malagasyminerals.com)

### ***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, Technical Director, 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.*

## APPENDIX 1

### MALAGASY MINERALS LIMITED ABN 84 121 700 105

#### Tenement Schedule

Title Number	Permit Type	Grant Date	Expiry Date	Term	Project Name	Total Carres (New - 0.391km2)	Interest %	Notes
						<b>4752</b>		
3432	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Central (Big 'S')	1488	403 : 100% 1,085:100% - IM	1, 2
5391	PE	20-Nov-02	19-Nov-42	40	Ampanihy - lanapera	16	100%	
5392	PE	20-Nov-02	19-Nov-42	40	Ampanihy - lanapera	16	100%	
5393	PE	20-Nov-02	19-Nov-42	40	Ampanihy - lanapera	16	100%	5
5394	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Maniry	48	40 : 100% 8 : 100% -IM	1, 4
13063	PR	04-Feb-05	03-Feb-15	10	Vohibory	336	100%	2
13064	PR	04-Feb-05	03-Feb-15	10	Fotadrevo	48	100% - IM	1, 2
13508	PR	04-Feb-05	03-Feb-15	10	Vohibory	16	100%	2
13811	PR	14-Mar-05	13-Mar-15	10	Ampanihy - Maniry	48	100% - IM	1, 2
13829	PR	14-Mar-05	13-Mar-15	10	Vohibory	32	100%	
14618	PR	26-Jan-05	25-Jan-15	10	Ampanihy - lanapera	32	100% - IM	1, 2
14619	PR	26-Jan-05	25-Jan-15	10	Ampanihy - Maniry	16	100% - IM	1, 2
14620	PR	26-Jan-05	25-Jan-15	10	Fotadrevo	48	100% - IM	1, 2
14622	PR	26-Jan-05	25-Jan-15	10	Fotadrevo	64	100% - IM	1, 2
14623	PR	26-Jan-05	25-Jan-15	10	Ampanihy - lanapera	112	39 : 100% 73 : 100%-IM	1, 2
16746	PR	09-Sep-05	08-Sep-15	10	Ampanihy - lanapera	16	100%	2
16747	PR	09-Sep-05	08-Sep-15	10	Ampanihy - Maniry	48	100% - IM	1, 2
16753	PR	09-Sep-05	08-Sep-15	10	Ampanihy - Maniry	48	4 : 100% 44 : 100% - IM	1, 2
19003	PR	23-Feb-06	22-Feb-16	10	Ampanihy - Maniry	16	100% - IM	1
19851	PR	04-Feb-05	03-Feb-15	10	Fotadrevo	32	100% - IM	1, 2
19932	PE	10-Mar-06	09-Mar-46	40	Ampanihy - Maniry	112	102 : 100% 10 : 100% - IM	1
19934	PR	26-Jan-05	25-Jan-15	10	Fotadrevo	16	100% - IM	1, 2
19935	PR	26-Jan-05	25-Jan-15	10	Fotadrevo	16	100% - IM	1, 2

#### NOTES

- 1) 100% - IM indicates tenements held by MDA and Industrial Minerals rights sub-leased to Energizer Resources Inc.
- 2) Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2015.
- 3) Leased to SQNY – Royalty and partial tenement fees payable to MDA.
- 4) Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
- 5) Leased to Hery Lala Alain Raharinavio – Royalty on small blocks.

## APPENDIX 1

### Tenement Schedule (Continued)

Title Number	Permit Type	Grant Date	Expiry Date	Term	Project Name	Total Carres (New - 0.391km2)	Interest %	Notes
21059	PR	14-Sep-07	13-Sep-12	5	Ampanihy - Maniry	16	100% - IM	1,2
21060	PR	30-Oct-06	29-Oct-11	5	Ampanihy - Maniry	16	3 : 100% 13 : 100% - IM	1,2
21061	PR	30-Oct-06	29-Oct-11	5	Ampanihy - Maniry	16	100% - IM	1,2
21062	PR	03-Oct-07	02-Oct-12	5	Ampanihy-Maniry	32	4 : 100% 28 : 100% -IM	1,2
21063	PR	30-Oct-06	29-Oct-11	5	Ampanihy - Maniry	32	100% - IM	1,2
21064	PR	30-Oct-06	29-Oct-11	5	Ampanihy - Maniry	16	1 : 100% 15 : 100% - IM	1,2
24864	PR	08-May-07	07-May-12	5	Fotadrevo	48	100% - IM	1,2
25093	PE	18-Jan-07	17-Jan-47	40	Ampanihy - lanapera	16	100%	3
25094	PE	18-Jan-07	17-Jan-47	40	Ampanihy - lanapera	16	100%	3
25095	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Maniry	48	100%	3
25605	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	80	100% - IM	1,2
25606	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	16	9 : 100% 7 : 100% - IM	1,2
28340	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	48	25 : 100% 23 : 100% - IM	1,2
28346	PR	08-Jan-08	07-Jan-13	5	Ampanihy-Maniry	16	4 : 100% 12 : 100% - IM	1,2
28347	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	112	4 : 100% 108 : 100% -IM	1,2
28348	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	16	100% - IM	1,2
28349	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	16	100% - IM	1,2
28352	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	96	100% - IM	1,2
28353	PR	08-Jan-08	07-Jan-13	5	Fotadrevo	96	47 : 100% 49 : 100% - IM	1,2
29020	PR	12-Sep-08	25-Oct-12	5	Fotadrevo	32	20 : 100% 12 : 100% - IM	1,2
31734	PR	11-Feb-09	10-Feb-14	5	Ampanihy-Maniry	16	100% - IM	1,2
31735	PR	11-Feb-09	10-Feb-14	5	Ampanihy-Maniry	16	100% - IM	1,2

#### NOTES

- 1) 100% - IM indicates tenements held by MDA and Industrial Minerals rights sub-leased to Energizer Resources Inc.
- 2) Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2015.
- 3) Leased to SQNY – Royalty and partial tenement fees payable to MDA.
- 4) Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
- 5) Leased to Hery Lala Alain Raharinavio – Royalty on small blocks.

# 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 SEPTEMBER 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	68	68
1.2 Payments for (a) exploration & evaluation	(70)	(70)
(b) development	-	-
(c) production	-	-
(d) administration (net)	(140)	(141)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
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>(141)</b>	<b>(141)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (deferred)	(19)	(19)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(19)</b>	<b>(19)</b>
1.13 Total operating and investing cash flows (carried forward)	(160)	(160)

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(160)	(160)
<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>		(160)	(160)
1.20	Cash at beginning of quarter/year to date	778	778
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>618</b>	<b>618</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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	32
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		23
Company secretarial, accounting & administration services		9
		32

**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 \$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	(75)
4.2 Development	-
4.3 Production	-
4.4 Administration (Net)	(100)
<b>Total</b>	<b>(175)</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	<b>118</b>	<b>778</b>
5.2 Term Deposit	<b>500</b>	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>118</b>	<b>778</b>

### 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 relinquished, reduced or lapsed				
6.2 Interests in mining 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>	Nil	Nil	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	-	-	-	-
7.3 <b>*Ordinary securities</b>	165,346,421	165,346,421	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs	-	-	-	-
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 (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>Unlisted</i>	8,000,000 375,000 375,000	- - -	15c Options 40c Options 50c Options	Expiry: 30/11/2016 Expiry: 31/12/2015 Expiry: 31/03/2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	375,000	-	30c Options	Expiry: 30/09/2015
7.11	<b>Debentures</b> (totals only)	Nil	Nil		
7.12	<b>Unsecured notes</b> (totals only)	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: 30 October 2015

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements 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.

== == == == ==

+ See chapter 19 for defined terms.