

**ASX: ARE**

**CAPITAL STRUCTURE:**

Issued shares: 443,791,701

Listed options: 38,004,957  
(6c, Mar 2017)

Unlisted options: 10,000,000  
(15c, Dec 2015)

Unlisted options: 7,000,000  
(10c, Dec 2015)

Cash on hand: \$835,000

**DIRECTORS:**

Patrick Elliott,  
Non-Exec Chairman

Lindsay Owler,  
Director/CEO

Andrew Bursill,  
Director/Secretary

Malcolm Richmond,  
Non-Exec Director

**COPPER FOCUS**

**Lumwana West, Zambia**

- Flagship project
- Copper, cobalt (bulk tonnage)
- Advanced exploration stage
- Funding by option agreement
- Antofagasta earning 70%
- Argonaut operator

**Torrens, South Australia**

- Copper, gold (large IOCG)
- Access negotiation/ exploration stage
- Pro-rata funding under JV
- Straits Resources Ltd 70%, Argonaut 30%
- Argonaut operator

**Alford, South Australia**

- Copper (IOCG)
- Exploration stage
- Funding via farm-out
- Sandfire Resources NL earning 70%
- Sandfire operator



# Quarterly report

FOR THE PERIOD ENDING 30 JUNE 2015

## Highlights

### Lumwana West, Zambia

- Kabikupa prospect:
  - Drilling recommenced at the Kabikupa prospect in May 2015, seeking to extend the strike extent from 800m to 1,800m.
  - Four drill holes have been completed for a total of 970m.
  - The Kabikupa surface geochemistry anomaly is the highest order copper-in-soil anomaly defined at Lumwana West to date.
- Regional drilling program:
  - Four regional targets (Sharamba, Kamafamba, Luamvunda and Mufuka) defined by 2014 soil sampling and 2015 structural geology were drilled testing during the program which was completed in early July.
  - Seven regional holes were drilled for a total of 1,036m.
  - All drill core has been cut and submitted for analysis. Results of all drilling is pending.
- Soil sampling program:
  - 1,028 soil samples were collected at Lumwana West during the Quarter.

### Alford, South Australia

- Argonaut's partner, Sandfire Resource NL, completed a two-hole, 750m diamond drilling program at the Netherleigh Park area on the Alford licence during the Quarter.
- One of these holes targeted a down-dip extension of mineralisation identified by previous drilling at Netherleigh Park. The significant intercepts are:
  - ALDDH027: 10.4m at 0.28% copper from 217m and
  - ALDDH027: 3.9m at 1.19% copper from 287m.

## Outlook

- Funding is in place for all of Argonaut's major projects.
- A comprehensive program of works was recently completed at the Company's flagship Lumwana West project in Zambia.
  - Shareholders can expect news flow from results of drilling at Lumwana West.
- Current low asset valuations is providing a unique opportunity to secure additional high quality exploration projects.

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**Adelaide Office**

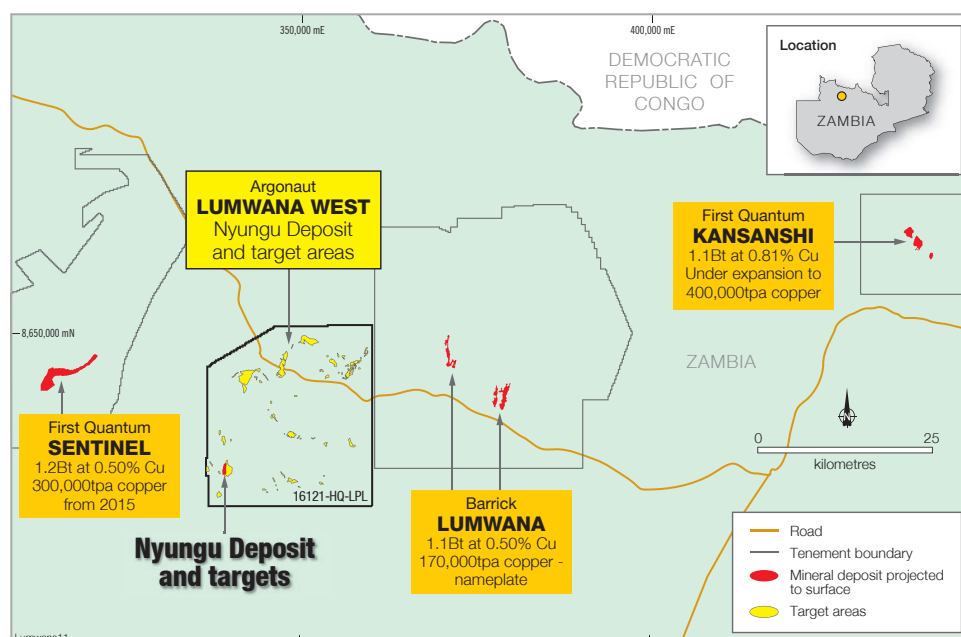
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# Zambia

## Lumwana West (Argonaut 90%)

The Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia (Figure 1). The area is prospective for large tonnage, low to medium grade copper deposits. There are several major mines nearby to Lumwana West which are hosted in similar geological settings.

Argonaut, via its 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper intercepts at the Nyungu deposit and has defined a series of large, prospective targets which are undergoing first-pass drill testing.



**Figure 1:** The Domes Region has an international scale copper endowment and is host to the new generation of mines in the Central African Copperbelt

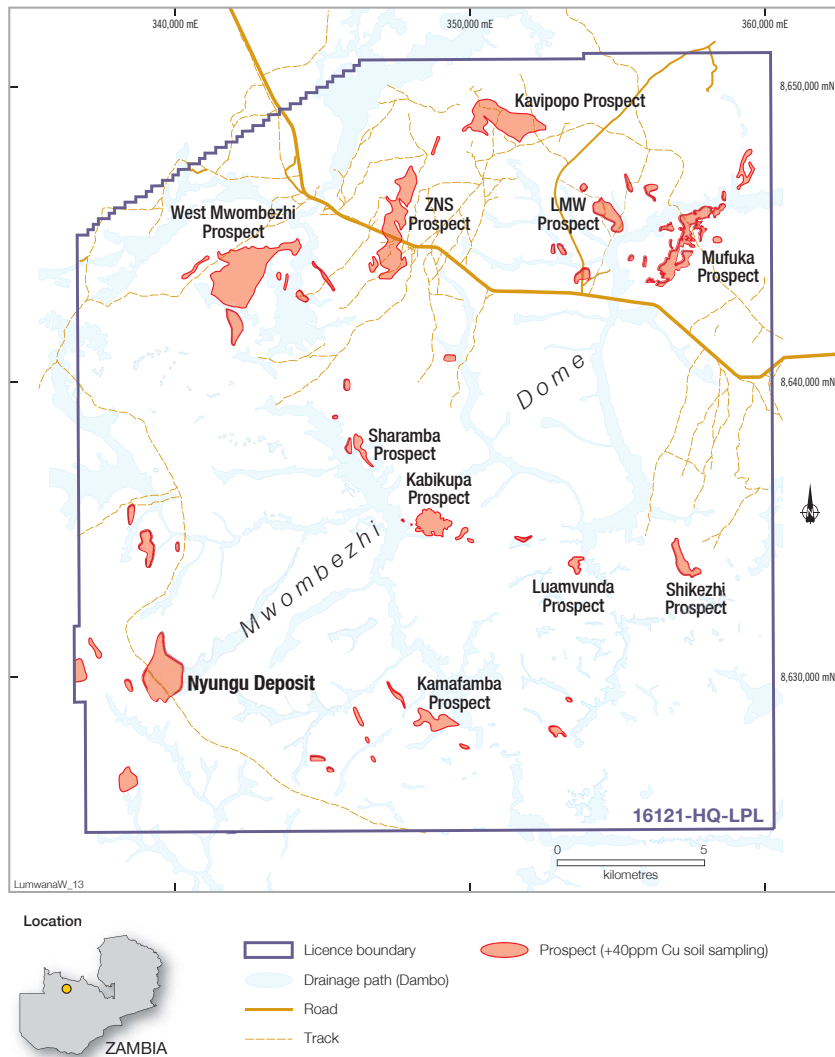
## Exploration Program

### Key points

- The drilling program completed in early July 2015 was designed to test large footprint copper targets defined by surface geochemistry, geological mapping and structural geology interpretation.
- The 2014/15 program now comprises over 8,100m of drilling, plus geological mapping and soil sampling. To date, 36 diamond core drill holes have been completed and 12,947 soil samples collected and analysed.
- 2,006m of additional diamond core drilling was completed between May and July 2015.
- Four of the eleven drill holes were completed at Kabikupa. These holes aim to extend the strike extent of known mineralisation from 800m to 1,800m.
- Drilling at four regional targets known as Sharamba, Kamafamba, Luamvunda and Mufuka will test anomalies defined by 2014 soil sampling and recent structural geology interpretation.
- This 2015 exploration program will complete the first phase of an option agreement with Antofagasta.
- Antofagasta can earn a 25% interest in the Lumwana West project at the completion of the first phase by funding US\$3.9M of exploration.

The 2014/15 program is the first exploration phase under the option agreement between Argonaut and a wholly owned subsidiary of Antofagasta plc (Antofagasta), dated 28 April 2014 (the Overlying Agreement). According to the Overlying Agreement, exploration expenditure of US\$3.9m in the first period will earn Antofagasta a 25% interest in the project.

The 2014/2015 program was jointly planned by Argonaut and Antofagasta and aims to considerably increase the extent of known copper mineralisation at Lumwana West. The focus is on testing major target areas previously defined by Argonaut as well as new targets that were progressively generated by an extensive regional soil sampling program.



**Figure 2:** Lumwana West Large-scale Prospecting Licence and prospect locations.

The drilling program, which comprised over 8,100m, was progressively revised on the basis of results and interpretations by a technical committee formed under the Overlying Agreement. To date 36 diamond core drill holes have been completed under the agreement. Holes have been drilled at the West Mwombezhi, Kavipopo, ZNS, LMW, Mufuka, Sharamba, Luamvunda, Kamafamba and Kabikupa prospects and at the Nyungu deposit (Figure 2).

## Kabikupa

The Kabikupa prospect was defined in 2014 by soil sampling (Figure 3). The soil geochemistry anomaly strikes south-east and measures approximately 1,000m by 500m. The peak soil sample is 0.13% copper, which is the highest copper-in-soil value returned within the licence area to date.

### Previous Kabikupa Exploration Results

Argonaut have previously reported the following drill intercepts from Kabikupa:

- KBDD001: **17.4m at 1.18% copper** from 102.6m within a broader intercept of **39m at 0.61% copper** from 81m<sup>1</sup> (Figure 3 and 4).
- KBDD002: 17m at 0.22% copper from 230m and 10m at 0.27% copper from 266m (Figure 3 and Figure 4).
- KBDD003: 25m at 0.22% copper from 12m and 10.7m at 0.29% copper from 52m (Figure 3).
- KBDD004: **20.4m at 0.67% copper** from 151m including **7m at 0.92% copper** from 154m (Figure 3).

The main mineralised zoned has been intersected over a strike length of 400m and is inferred to exist over at least 800m. Kabikupa geology features the zonation of copper sulphide minerals and persistent alteration, indicating the mineralising system is well developed.

<sup>1</sup> By weighted average. Cut-off grade not applied.

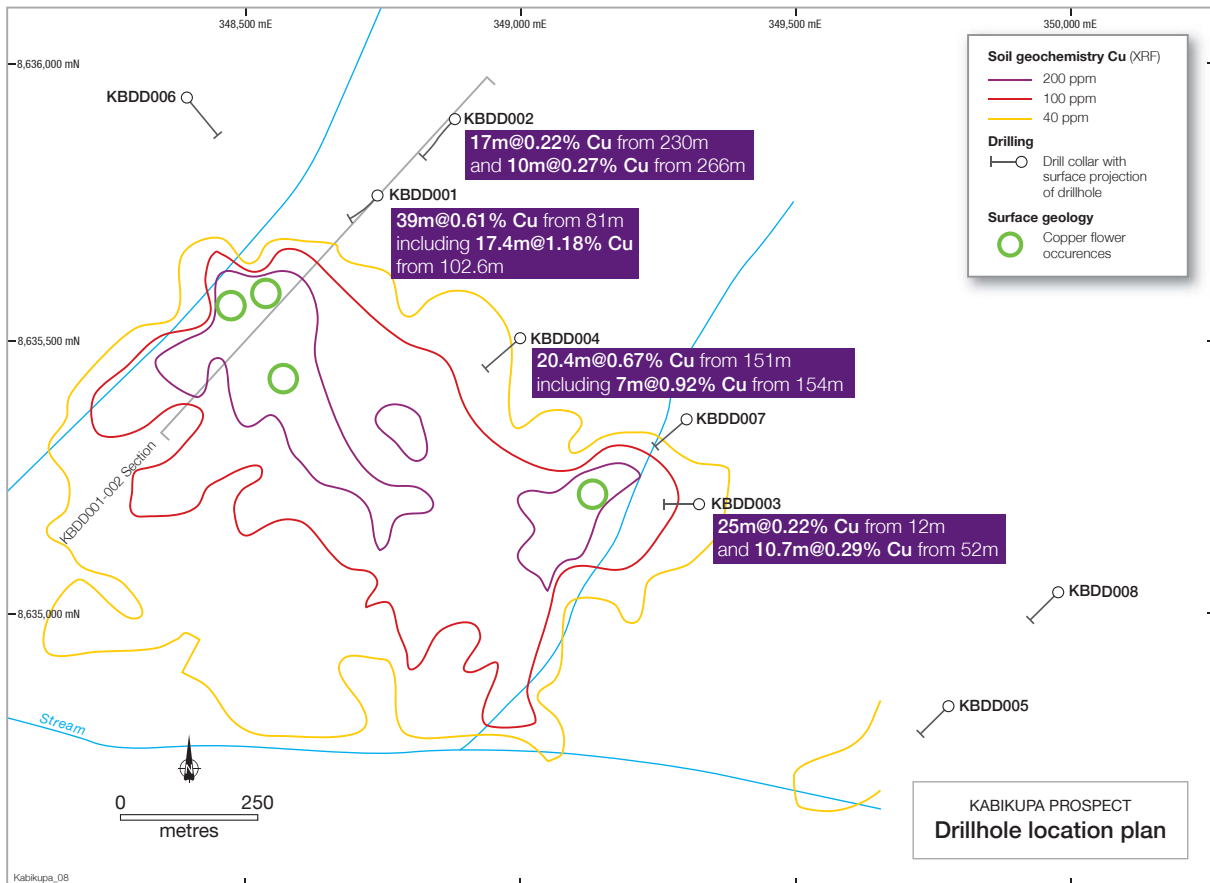


Figure 3: Kabikupa prospect soil geochemistry and drill intercepts and collar positions of holes drilled in the Quarter.

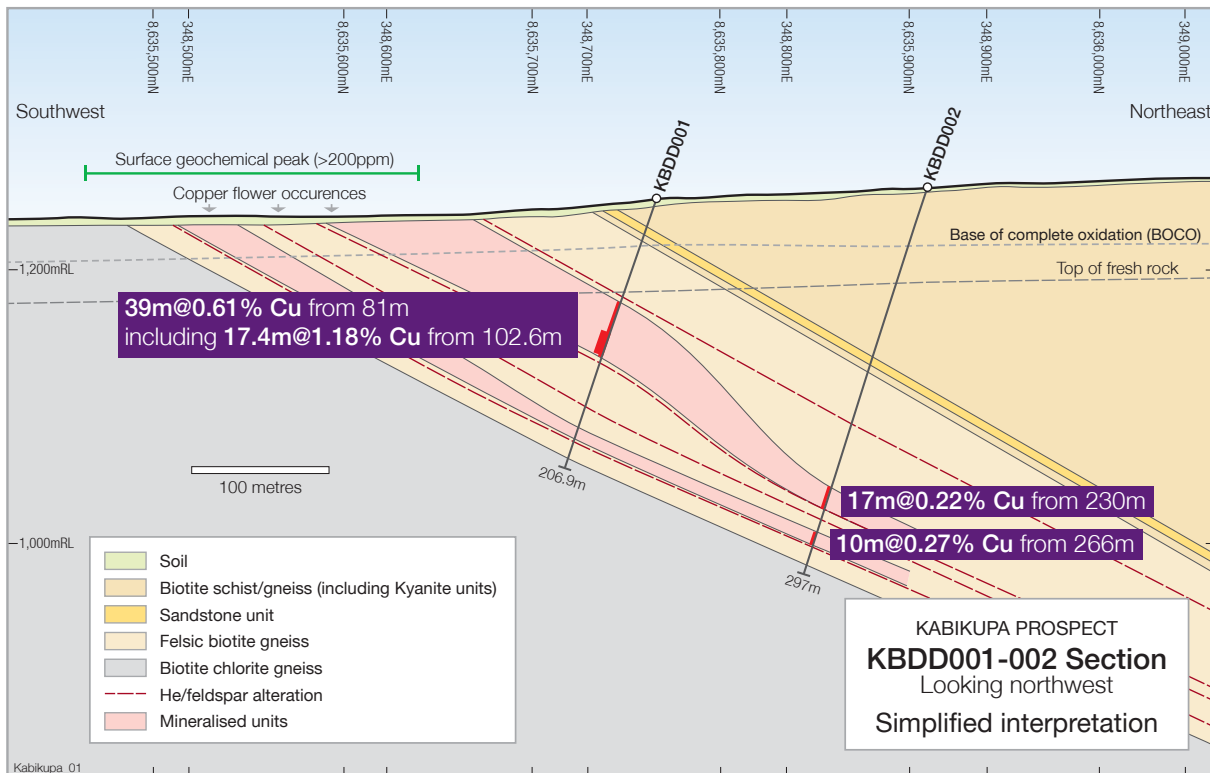


Figure 4: Preliminary interpretive cross-section through the Kabikupa prospect.

## 2015 Kabikupa Drilling

The drilling completed during the Quarter at Kabikupa seeks to extend the strike extent of the main mineralised zone, as defined by drilling, from 800m to 1,800m.

Four drill holes for 970m were completed at Kabikupa in the Quarter (Figure 3).

- Drill hole KBDD005 targeted a south-eastern extension for the soil anomaly.
- Drill hole KBDD006 targeted a western extension to the known Kabikupa mineralisation.
- KBDD007 targeted the eastern end of the main surface geochemical anomaly.
- KBDD008 was drilled down-dip of KBDD005 to further test for a south-eastern extension.

Results are pending for all drilling completed during the Quarter.

## Regional Drilling

Four regional targets defined by 2014 soil sampling and structural geology interpretation undertaken in the previous quarter have undergone drill testing.

Three drill holes were completed at the Kamafamba prospect, two holes were completed at Sharamba, one hole was drilled at the Luamvunda target and one additional drill hole was completed at the Mufuka prospect (Figure 2)

These seven regional diamond core drill holes totalled 1,036m. All core has been cut and sampled and results are pending.

## Regional Soil Sampling

1,028 regional soil samples were collected at Lumwana West during the Quarter. These samples were collected across two grids covering intrusive granites and certain thrust structures, adjacent to the granite margins.

## Overlying Agreement

In April 2014, Argonaut announced the execution of the Overlying Agreement with Antofagasta for the exploration and development of the Lumwana West project in Zambia.

The Overlying Agreement covers all phases of the project's development from regional exploration to the completion of a feasibility study and, in the event the project is feasible and Argonaut elects not to fund its pro-rata share of the project, Argonaut will either be carried into production or bought-out at the value of its interest.

### OVERLYING AGREEMENT - PRINCIPAL COMMERCIAL TERMS

The Overlying Agreement between Antofagasta and Argonaut Resources NL is in five phases. The principal commercial terms are described below.

**Phase I** involves the input by Antofagasta of **US\$5M** within the first period in exchange for a 25% interest in the project. The funding is in two parts: US\$3.9M for exploration works nearing completion plus a US\$1.1M placement in Argonaut completed by the companies in May 2014. Placement funds were used by Argonaut to secure an additional 39% interest in the project via the underlying Lumwana West Joint Venture. This increased Argonaut's interest in the project to 90%.

**Phase II** involves **expenditure of US\$15M by Antofagasta within four years** of the completion of Phase I at a minimum expenditure rate of US\$2.5M per year. Antofagasta can earn an effective 51% interest in the project by completing Phase II.

**Phase III** involves the **completion of a feasibility study to international standards**. Antofagasta may conduct additional work necessary to commence the feasibility study, such as a preliminary feasibility study, prior to electing to commence the definitive study. Antofagasta will have up to two years to complete additional work and four years to complete the feasibility study. Antofagasta can earn an effective 70% interest in the project by completing the feasibility study.

**Phase IV** is the period following the delivery of the feasibility study, but prior to a development decision. Argonaut may elect not to contribute during this period provided it reimburses Antofagasta from future dividends.

**Phase V** is the period after a development decision when, if Argonaut decides not to fund its pro-rata share of the project, Antofagasta may elect to **either carry Argonaut into production**, with Argonaut's development costs being funded by 60% of future dividends, **or buy-out Argonaut's interest** for its pro-rata share of the project's net present value<sup>2</sup>.

Antofagasta may elect to stop contributing at certain stages in which case various provisions including standard dilution and drag-along/tag-along rights will apply.

Argonaut will be the operator under the Agreement during Phase I and part of Phase II. Antofagasta may elect to become operator at any stage during Phase II.

<sup>2</sup> Using a discount rate of 12%.

## The Underlying Agreement

The Lumwana West Joint Venture was executed in July 2011 (*the Underlying Agreement*) and involves large scale prospecting licence 16121-HQ-LPL. Under the terms of the Underlying Agreement, Argonaut's 100% held subsidiary, Lumwana West Resources Ltd, has earned a 90% shareholding in Mwombezhi Resources Ltd, the Zambian registered company which holds 16121-HQ-LPL.

## Lumwana West – Project Setting

The Lumwana West project is located on the western lobe of the Mwombezhi Dome in the Central African Copperbelt. The Mwombezhi Dome is one of several domes in an area of the Copperbelt known as the Domes Region. (Figure 1).

The Domes Region is host to the new generation of Copperbelt mines (Figure 1 and Table A) with copper production in the area set to reach 870,000 tonnes per annum. Nearby mines include Barrick Gold Corporation's Lumwana Mine on the eastern lobe of the Mwombezhi Dome and First Quantum Minerals Ltd's Kansanshi, the largest copper mine in Africa. The recently commissioned Sentinel Mine located to the west is also owned and operated by First Quantum.

**Table A Geologically comparable copper deposits and production in the Domes Region, Central African Copperbelt.**

	Barrick LUMWANA <sup>^</sup>	First Quantum KANSANSHI <sup>#</sup>	First Quantum SENTINEL <sup>#</sup>
<b>Resource*</b>	1.1Bt at 0.50% Cu	1.1Bt at 0.81% Cu	1.2Bt at 0.50% Cu
<b>Reserves</b>	594Mt at 0.56% Cu	504Mt at 0.65% Cu	774Mt at 0.50% Cu
<b>Production</b>	120,000t in 2013 170,000tpa nameplate	262,000t in 2014 Planned expansion to 400,000tpa	Production commenced Jan 2015. Est 150,000 to 200,000tpa in 2015 increasing to 300,000tpa

<sup>^</sup> Lumwana Ore Reserve and Mineral Resource at 31 December 2013

<sup>#</sup> Kansanshi and Sentinel Ore Reserve and Mineral Resource at 31 December 2012

\* Measured, Indicated and Inferred Resource estimations combined by weighted average

## Australia

### Alford, South Australia (Argonaut 100%)

The Alford Project on South Australia's Yorke Peninsula lies 20km north-east of Wallaroo within the geological province known as the Olympic Domain. The tenement is prospective for Iron Oxide Copper-Gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside, however, mineralisation at the Netherleigh Park prospect is interpreted to be comparable to skarn-style mineralisation rather than IOCG.

### Exploration Program

During the Quarter, Argonaut's partner, Sandfire Resources NL, completed a two-hole, 750m diamond drilling program at the Netherleigh Park area on the Alford licence.

Sandfire geophysically modelled the magnetic and gravity data from the Netherleigh Park area and sited the drill holes on the basis of these models and existing drill data. Drill hole ALDDH027 targeted a down-dip extension of mineralisation intercepted by Argonaut in drill hole ALDDH04 (Figure 5).

Assays of samples for the drilling completed in April 2015 reported the intercepts shown in Table B.

**Table B Alford significant drill intercepts.**

Hole	Width downhole (m)	Depth from	Cu (%)	Ag (ppm)	Core recovery (%)	Comment
ALDDH026	5	131	0.11		99	
ALDDH027	10.04	180	0.32	6.69	93	Core loss of 0.7 m between 187 and 189m
ALDDH027	10.37	216.9	0.28	66.64	70	Core loss of 0.4m between 216.9 and 217.6m and 2.3m between 222.3 and 225.7m
ALDDH027	12.3	258.3	0.09	6.67	93	Core loss of 1m between 259.5 and 261.6m
ALDDH027	3.9	287.3	1.19	6.7	87	Core loss of 0.6m between 287.3 and 289.2m

Sampling was hampered by significant core loss in mineralised zones. Core loss occurs when drilling through zones of incompetent rock. The drilling pulverises weak rock leaving gaps in the core sample. It is not clear whether lost core contained elevated or depleted levels of copper and silver mineralisation.

## Previous Exploration Results

Argonaut previously reported the following drill intercepts from Netherleigh Park (Figure 6):

- ALDDH01: 76m at 0.95% copper from 138m;
- ALDDH04: 20m at 0.75% copper from 131m;
- ALDDH09: 122m at 0.63% copper from 95m including 14m at 2.26% from 111m; and
- ALDDH10: 98m at 0.64% copper from 138m.

These previous drill intercepts relate to both copper oxide and copper sulphide mineralisation and were reported under the JORC Code 2004.

## Alford Farm-in Joint Venture

On 9 November 2012, Argonaut announced it had signed a farm-in joint venture letter agreement with Sandfire Resources NL (ASX: SFR) for the exploration of the Company's 100% owned exploration licence 5212 (previously EL3969), Alford, on the Yorke Peninsula in South Australia.

Under the terms of the letter agreement, Sandfire may earn a 49% interest in the Alford tenement by sole funding \$4,000,000 of exploration within three years (the First Earn-in).

In the event conditions of the First Earn-in are satisfied, Sandfire has the right to either form a joint venture with Argonaut's subsidiary, Kellaray Pty Ltd, to jointly explore the tenement or to proceed to earn an additional 26% interest in the project by spending a further \$4,000,000 on exploration within an additional three years (the Second Earn-in).

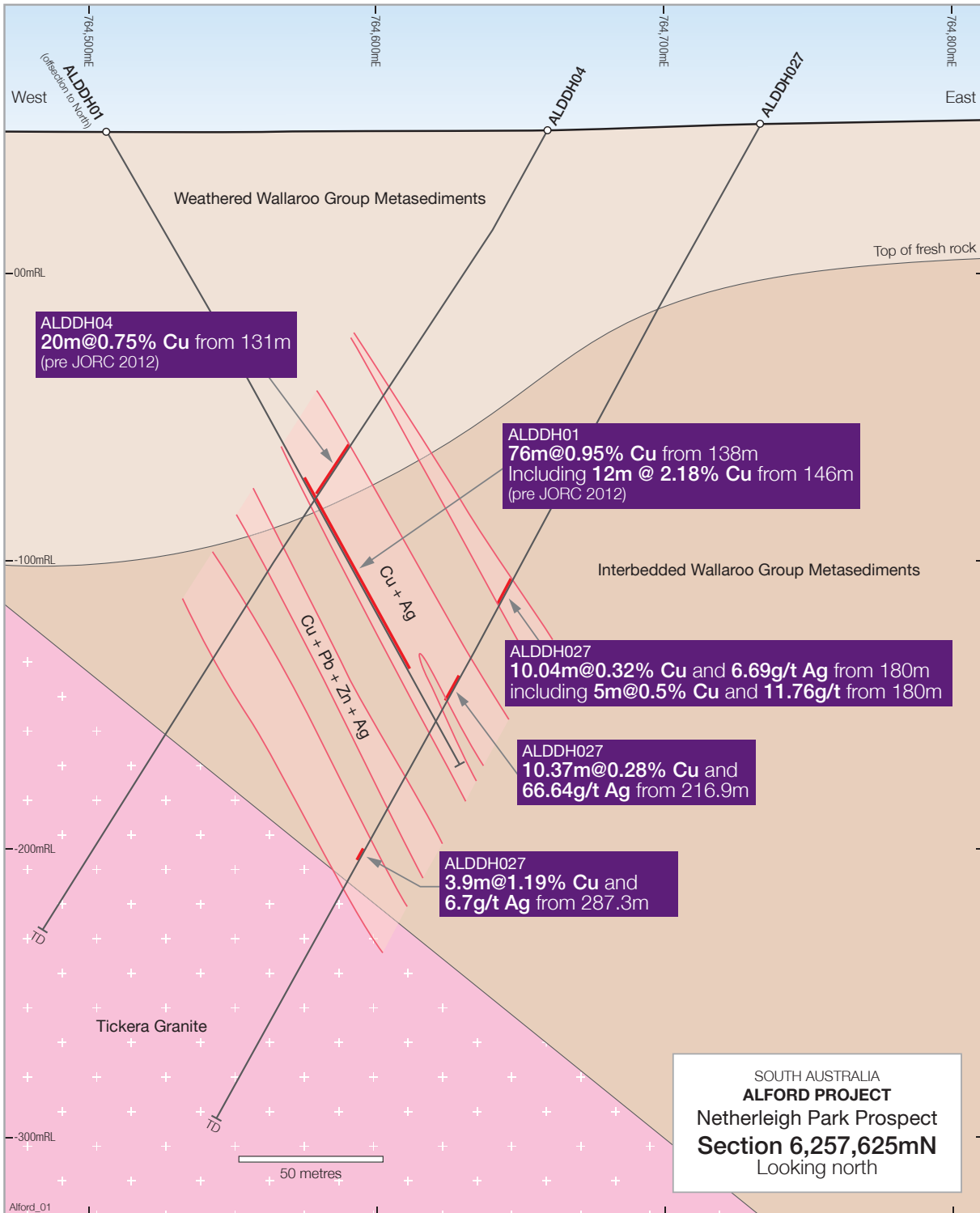


Figure 5 Netherleigh Park cross section.



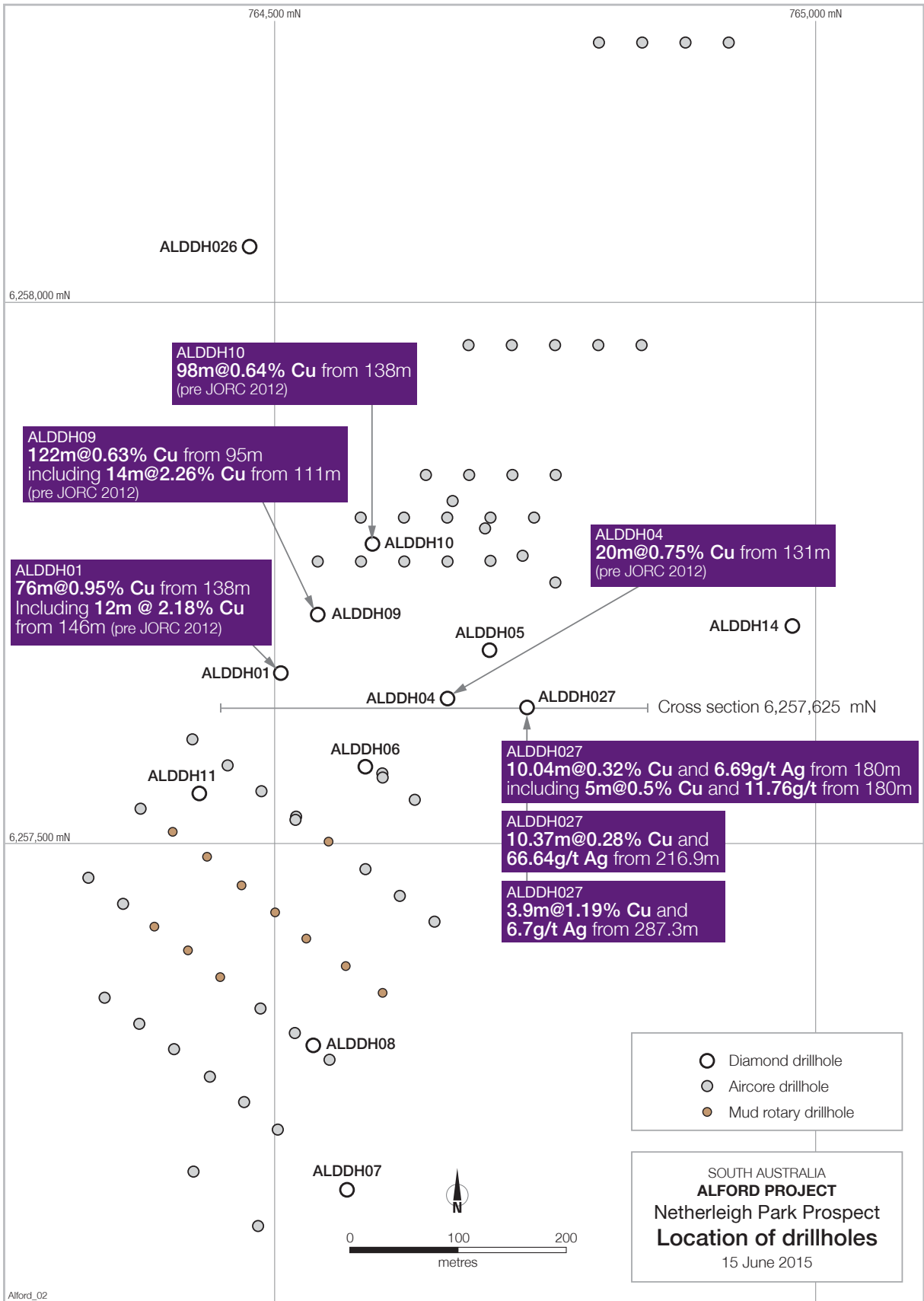


Figure 6 Netherleigh Park prospect drill collar locations.

## Torrens, South Australia (Argonaut 30%)

### The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRQ) and relates to the Torrens Project, EL4296.

The Torrens Joint Venture is exploring for iron oxide-copper-gold systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 50 kilometres of Oz Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

On 27 August 2014, the parties to the Torrens Joint Venture resolved to appoint Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, as manager of the Torrens Joint Venture. In its role as manager, Kelaray is working to secure access to the tenement for the purpose of a planned seven-hole drilling program targeting areas which have been geophysically modelled as having the physical properties of large iron oxide-copper-gold deposits.

### Litigation

The Company previously announced that the Full Court of the Supreme Court of South Australia had set aside the decision of 14 January 2011 by the Environment, Resource and Development Court of South Australia (the ERD Court) that Mining Operations (exploration) may not be conducted on EL4296.

A date for the ERD Court retrial has not been set. It is important to note that in overturning the original decision, the Full Court provided considerable guidance for the purpose of an ERD Court retrial including disallowing the original ERD Court Judge from re-hearing the matter.

In the meantime, the Federal Court of Australia commenced an overlap proceeding over the area of Lake Torrens, including the area of EL4296. This proceeding aims firstly to determine which of three Aboriginal groups with claimed interests over the lake may seek rights to the area and secondly determine at trial which claimed rights, if any, can be granted.

The Torrens Joint Venture is an active participant in the overlap proceeding and has engaged an expert anthropologist to provide opinion on anthropological matters that relate to Lake Torrens and tests under the Commonwealth Native Title Act.

The Torrens Joint Venture partners remain open to a negotiated settlement with regard to land access for the purposes of proposed drilling activities on Andamooka Island and Lake Torrens.

## Kroombit (Argonaut 100%)

Argonaut was successful in an application to amend the Environmental Authority for ML 5631 to include the area of a recent Mineral Development Licence application for the Kroombit project. The work program submitted with the application for the Mineral Development Licence has been approved also. No field based work was undertaken.

## Aroona (Argonaut 100%)

EL4358 and EL5336, Aroona, are subject to a joint venture agreement with Perilya Limited. No field based work was undertaken at Aroona during the Quarter.

## Strategy

Argonaut has adapted its exploration strategy to suit prevailing market conditions. The main aspects of the Company's strategy are:

- ✓ Continue to progress exploration projects under agreements with farm-in partners which off-set or minimise direct exploration expenditure.
- ✓ Capitalise on current low asset valuations by seeking to secure additional high quality exploration projects, capable of delivering immediate exploration results and share price uplift as markets recover.
- ✓ Preserve cash and lower company overheads by reducing directors' fees and minimising costs related to essential services.

## About Argonaut

Argonaut is an Australian Securities Exchange listed mineral exploration and development company focussed on large copper targets with projects in Zambia, South Australia and Queensland. Argonaut's projects are in the advanced exploration and feasibility stages.

The Company is exploring for copper at its flagship Lumwana West project in Zambia and copper (+/- gold and silver) at its Alford and Torrens projects in South Australia. The Company also owns a zinc-copper deposit at Mt Kroombit in Central Queensland.

Argonaut has a significant shareholding in Cuesta Coal Ltd.

### **Lindsay Owler**

Director and CEO

Argonaut Resources NL

*Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, as described on page 9 of the Company's 2014 Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The information regarding previous drilling at Netherleigh Park is extracted from reports entitled 'Significant copper-silver intersections from drilling programme at EL3037, Alford, South Australia' and 'Drilling results for Alford reveal board copper zones' created on 2 May 2003 and 15 March 2011 respectively, and is available to view on [www.asx.com.au](http://www.asx.com.au). 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 or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates 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 been materially modified from the original market announcement.*

**Table 1 - Summary of mining tenements**

South Australian Mineral Exploration Licences						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
EL 5183	21/05/2012	20/05/2017	33	Campfire Bore	Coombedown Resources Pty Ltd	10% <sup>1</sup>
EL 5212	05/11/2012	04/11/2015	481	Alford	Kelaray Pty Ltd	100%
EL 5336 <sup>2</sup>	04/06/2013	03/06/2015	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 5614	18/08/2014	17/08/2019	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 5220	04/11/2014	03/11/2016	27	Mt Parry	Kelaray Pty Ltd	100%
EL 4577 <sup>2</sup>	18/10/2010	17/10/2015	119	Sandstone	Coombedown Resources Pty Ltd	10% <sup>1</sup>
EL 5359	06/12/2013	05/12/2015	170	Yardea	Kelaray Pty Ltd	100%
Queensland Mineral Exploration Permit						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
EPM 15705	28/09/2006	27/09/2016	63	Kroombit Creek	Kelaray Pty Ltd	100%
Queensland Mining Lease						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%
Queensland Mineral Development Licence Application						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
MDL 2002			0.64	Kroombit	Kelaray Pty Ltd	100%
Zambian Large Scale Prospecting Licences						
Tenement	Applied	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
16121-HQ-LPL <sup>2</sup>	21/07/2011	20/07/2015	575	North Western Province	Mwombezhi Resources Ltd	90%

<sup>1</sup> Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.

<sup>2</sup> Renewal application

**Table 2 - Summary of mining tenements acquired in Quarter**

No tenements were acquired in the June 2015 Quarter.

**Table 3 - Summary of mining tenements surrendered in Quarter**

No tenements were surrendered in the June 2015 Quarter.

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

Argonaut Resources NL

ABN

97 008 084 848

For the period ending

30 June 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(250)	(610)
(b) development	-	-
(c) production	-	-
(d) administration	(79)	(703)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – abnormal costs, fraud related recovery	-	-
<b>Net Operating Cash Flows</b>	<b>(323)</b>	<b>(1,279)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects/interest in licences	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	151
(c) other fixed assets (commercial property)	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>151</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(323)</b>	<b>(1,128)</b>

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

1.13	Total operating and investing cash flows (brought forward)	(323)	(1,128)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	57
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Joint venture contributions received	-	-
1.20	Share capital money received – shares not yet issued	-	-
1.20	Other (capital raising costs)	-	(36)
	<b>Net financing cash flows</b>	-	21
	<b>Net increase (decrease) in cash held</b>	(323)	(1,107)
1.21	Cash at beginning of quarter/ year to date	1,158	1,942
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	<b>Cash at end of the period</b>	835	835

**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
1.24	Aggregate amount of payments to the parties included in item 1.2	104
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Payment for directors fees and salaries(1.24)

**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

NA

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

NA

**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	150
4.2	Development	-
4.3	Production	-
4.4	Administration	110
<b>Total</b>		<b>260</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	Previous quarter
	\$A'000	\$A'000
5.1 Cash on hand and at bank	835	1,158
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – short term deposits	-	-
<b>Total: cash at end of period (item 1.22)</b>	<b>835</b>	<b>1,158</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of year	Interest at end of 3 months
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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

**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>	443,791,701	443,791,701		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,000,000 (Exp. 31/12/2015, \$0.10)  10,000,000 (Exp. 11/12/2015, \$0.15)  38,004,957 (Exp. 31/03/2017, \$0.06)	38,004,957 (Exp. 31/03/2017, \$0.06)		
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				



7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## 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: 31 July 2015  
(Company secretary)

Print name: Andrew Bursill  
Company Secretary

## 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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