

QUARTERLY ACTIVITIES REVIEW FOR THE PERIOD ENDING 30 SEPTEMBER 2015

Talga Resources Ltd

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Corporate Information

ASX Code **TLG/TLGO**

Shares on issue **138.6m**

Options (unlisted) **15.8m**

Options (listed) **7.7m**

Company Directors

Keith Coughlan

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

OVERVIEW

Australian advanced materials company, Talga Resources Ltd (**ASX: TLG**) ("**Talga**" or "**the Company**") is pleased to report its activities for the quarter ending 30 September 2015. The quarter marks a strong period of activity with trial mining and pilot test-work activities setting the stage for future commercial advances.

Highlights included:

Project Development

Trial mining and ore delivered to Germany

- Ore blocks excavated from Vittangi project and transported to German pilot test facility;
- Trial mining programs de-risks the novel mining method - no impediments to future trial mining campaigns;
- TU Dresden tests achieve graphite concentrate grades 98-99%;
- Phase 1 of the pilot test equipment designed and fabricated;
- Pilot testwork processing of trial mined graphite ore underway at Rudolstadt; and
- Graphene and nano/micro graphite samples produced for commercial evaluation post the period end.

Exploration

Talga trebles total graphite resource

- Maiden JORC Inferred resource at Jalkunen project (Talga's 3rd graphite resource in Sweden) - 31.5 million tonnes @14.9% graphite. Trebling of Talga's global graphite resource inventory.

Commercial and Corporate

Flexible strategy to tailor material for industry collaboration

- North America-based strategic business development manager appointed to assist with commercial graphite and graphene opportunities;
- Talga executes up to \$AUD1.0 million Option Agreement for the sale of three of its four Australian gold assets to Beatons Creek Gold Pty Ltd;
- Collaboration term sheet signed with UK based graphene functionalisation company, Haydale Graphene Industries Plc. Agreement unites emerging industrial-scale graphene developers to jointly explore business opportunities and refined graphene products; and
- Talga presentations at a range of local and national events/meetings and a slew of media interest in the Company.

PROJECT DEVELOPMENT

Trial mining and ore delivered to Germany

The Company's objective is to become a substantial and profitable producer of graphite and world leading supplier of graphene. During the quarter these goals were significantly progressed with laboratory level processing breakthroughs and commencement of trial mining and pilot test-work activities.

Talga is busily undertaking its strategic transition from being a pure resource company, to one that is now strongly developing leverage to the high growth materials sector. All project development activities during the quarter were driven by Talga's plans to participate in both large volume additive material markets and traditional graphite markets. To that end execution and de-risking of the mining technique and commencement of internal processing operations were key milestones achieved during the period.

Trial Mining - Vittangi Project Background

Talga's Vittangi Project ("Vittangi") contains the highest grade graphite mineral resource in the world*, the Nunasvaara deposit (see Figure 1, Appendix 1 and Note 1). Testwork by numerous university and commercial laboratories has shown the graphite mineralisation to be unique in character and ability to produce graphene via simple and bulk scale processes.

Talga's activities to commercialise the project follows a successful initial economic study ("Scoping Study") released in October 2014.

The Scoping Study demonstrated a circa 20 year mine life operation with a pre-tax net present value ("NPV") in excess of A\$490 million (using 12% discount rate) with a required capital expenditure outlay of A\$29 million. See ASX:TLG 9 October, 2014 for details (Note: since the publication date all material assumptions continue to apply and have not materially changed).

The high grade and unique character of the Vittangi graphite ore enables a smaller and simpler processing route so the capital expenditure requirement is smaller than most global graphite developments.

Additionally, the robust Scoping Study economics allow for the development path to be compressed, advantageously avoiding the lull in material news flow suffered by Companies requiring support for larger capital expenditure.

Talga's commercialisation strategy is to conduct trial mining and processing stages, while permitting for full scale development occurs in the background. This is intended to allow close collaboration with industry to ensure product and market development scales up at a rate to meet large end user requirements.

Trial Mining Commences

During the period Talga completed its trial mining program at Vittangi for 2015 following securing of a trial mining permit covering the excavation of up to 2,000m³ (approximately 5,000 tonnes) of graphite ore adjacent to a historically mined pit. Talga extracted a portion of the permitted tonnes in 2015 and can extract the balance of graphite tonnes in the same window each year up to 30 September 2018.

Figure 1. Location of Talga's mineral projects in Sweden.



The trial mining program is, to Talga's knowledge, the first adaptation of quarrying saw and wire mining techniques to graphite ore extraction. Vittangi ore was shown to be readily amenable to Talga's mining method (see Figures 2-4). The ore body has proven consistent with the Company's understanding from drilling and the mining method has now been significantly de-risked.

Ore was extracted in manageable sized blocks for transport and trucked to Germany for storage in Talga's Rudolstadt facility. Post the period blocks were trimmed into slabs to accommodate pilot equipment feed sizing. Slabs are now being liberated into graphene and graphite rich streams straight from the raw ore.

The quarter has been a major success for the Company in validating its mining approach and it has also provided sufficient feedstock, hundreds of tonnes more than was available from drilling programs, for the various phases of pilot scale testing.

The goal of enabling at least 12 months supply of graphite ore for the production of large graphene samples for industry has been achieved. Additionally, each trial mining exercise builds Talga's expertise towards full scale development and the Company will go forward into the 2016 trial mining season armed with improved operational efficiencies.

Research and Metallurgy

Talga's research and development programs continued throughout the quarter in Germany with Technische Universität Dresden (TU-Dresden) playing a pivotal role in process flowsheet development. Production runs for sampling ceased in Australia the prior period and TU Dresden provided the support necessary to bridge process optimisation work while facility permitting and equipment fabrication took place for the Rudolstadt pilot testwork site.

Commissioning of Phase 1 pilot testwork equipment was completed at TU Dresden ahead of processing commencement in Rudolstadt. Excellent performance was demonstrated with Talga's graphene output producing both graphene powders and stable graphene dispersions. Measurements by TU-Dresden and the Max Planck Institute for Polymer Research confirmed the graphene is high quality and suitable for targeted applications.

Additionally, the ultra-fine highly crystalline graphite particles produced by Talga's process have excellent characteristics for large volume

Figure 2. Talga staff inspecting a trial mine ore bench.

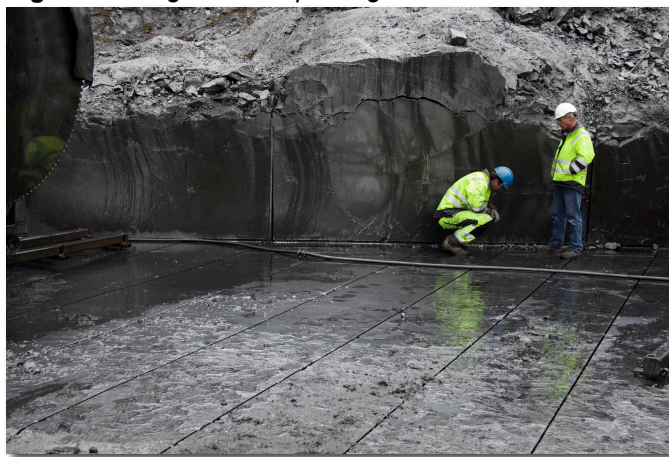


Figure 3. The mining technique precisely and efficiently shapes the graphite ore to suit Talga's processing path.



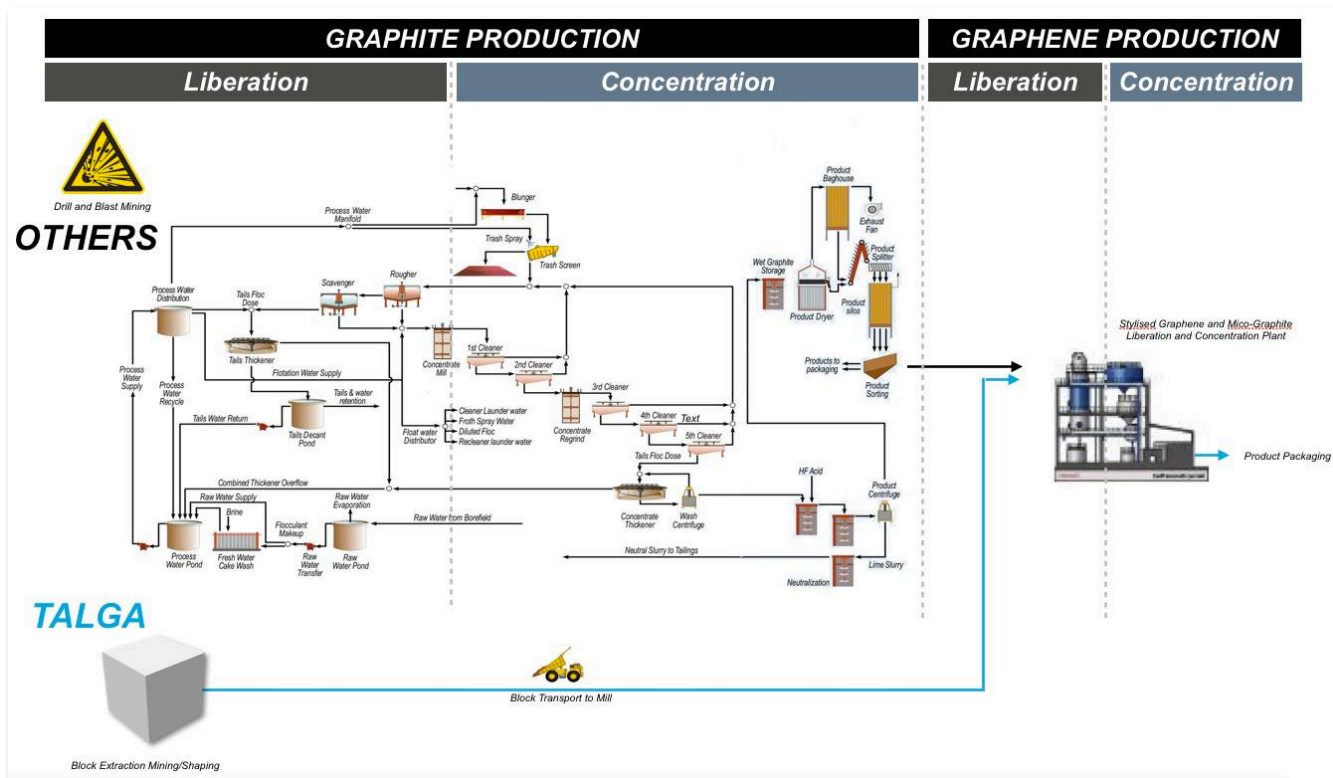
Figure 4. Contracting Project Manager Mark Wickstead and Talga Group Geologist Simon Coxhell inspecting graphite ore blocks for loading and transport.



material applications thanks to liberation and recovery stages that do not mill (micronise) the material. Concentrate grades of highly crystalline, graphitic carbon have been measured to 98.9%C by TU-Dresden thermogravimetric tests and recoveries have been recorded up to 93% of non-milled ultrafine graphite (90% <20 micron) (see ASX:TLG release 7 September 2015).

Research is also ongoing at Friedrich Schiller University (“FSU Jena”) to test and develop better, high efficiency conductive inks suitable for printable, flexible electronics and other materials for energy storage applications including batteries and supercapacitors. Results saw a hiatus as FSU Jena awaited new samples from pilot testwork commissioning however this program will gather pace as Talga’s production runs gain momentum in Rudolstadt. In addition to conductive ink research, FSU Jena will be responsible for ongoing product specification work on sample materials.

Figure 5. Schematic of Talga’s direct graphite ore to graphene processing path advantage.



Pilot Test-work Facility

With the successful completion of the 2015 trial mining program in Sweden, transported ore blocks have provided at least 12 months feed for the German testwork program. Additional ore to feed longer term upscaled processing is available from already permitted future trial mining programs in Sweden.

During the quarter, Talga announced that processing of the Company’s trial mined graphite ore had commenced at its Rudolstadt site in Germany following commissioning of the equipment with TU-Dresden. The significance of this is two fold, Talga now has in-house graphene and nano/micro graphite production capabilities for industry analysis, and secondly, Talga’s facility allows larger scale testwork to be undertaken which will facilitate the design and construction of subsequent phases of the processing equipment towards future full scale production in Sweden. Output and yields are optimisable to suit new product data and feedback from industry, so the focus for Talga is to tailor sample production runs and ensure that the right material is in the hands of the most appropriate end users with high volume requirements. Collaboration with industry to enable large scale graphene product development programs and align with real world application specifications is critical.

Talga’s strategy in Germany through the remainder of 2015 is for the 10kg feed per unit ‘batch’ processing in Phase 1 to provide data that will guide options for the Phase 2 iteration. Phase 2 will be a larger 50kg feed per unit ‘semi-continuous’ test-bed and in turn guide the full upscaled ‘partly automated’ Phase 3 to follow later in 2016. Stated timelines remain on track with major equipment for Phase 2 now fabricated and on site. Subsequent to the period, Talga prepared first German samples for commercial evaluation and preparations have commenced for the second sample production run for industry end users.

EXPLORATION

Talga trebles total graphite resource to global scale

Swedish Graphite

Talga wholly owns five graphite projects located in the Fennoscandian Shield of northern Sweden, a historic graphite producing area and major mining province of Europe. Each project has a number of historically explored or defined graphite deposits, of which the first three, Vittangi, Raitajärvi and Jalkunen have now been drill tested to define JORC 2004 and 2012 compliant graphite mineral resources (see Figure 1 for location and Appendix 1 for Resource details). The multitude of remaining untested deposits within each project form a large pipeline of strong growth potential.

Talga has defined approximately 60km total strike of graphite unit through the Vittangi and Jalkunen projects (see Figure 6), and during the June quarter announced Exploration Targets# across these two projects. The total Exploration Target figures were adjusted during the September quarter (see Table 1 and ASX:TLG 27 August 2015) with part of the Jalkunen Target being drill tested and converted into a maiden JORC inferred resource (see Table 2). Minor exploration work was undertaken during the quarter on the remaining projects.

#Note the Vittangi and Jalkunen JORC Exploration Targets are based on numerous assumptions and limitations with the potential grade and quantity being conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource Estimate in accordance with the JORC Code and it is uncertain if future exploration will result in the estimation of a Mineral Resource.

Table 1. Updated JORC Exploration Targets# for Jalkunen and Vittangi graphite projects.

Project	Exploration Target	Length (m)		Width (m)	Tonnes (0-100m v.depth)		Graphite (%Cg)	
		Min.	Max.		Min.	Max.	Min.	Max.
Vittangi	Nunasvaara	12,000	18,000	20	62,400,000	93,600,000	20	30
	Kotajärvi	3,200	5,800	20	16,640,000	30,160,000	20	25
	Maltosrova	4,000	10,000	20	20,800,000	52,000,000	20	25
Jalkunen	Tiankijokki	500	1,000	20	2,600,000	5,200,000	20	25
	Nybrännan	1,000	2,000	20	5,200,000	10,400,000	20	30
	Suinavaara	500	1,100	20	2,600,000	5,720,000	15	25
	Lautakoski	5,000	10,000	20	26,000,000	52,000,000	15	25
TOTAL:					136,240,000	249,080,000	19	27
ROUNDED:					136,000,000	250,000,000	18	25

Jalkunen Graphite Project (Talga 100%)

The Jalkunen project (“Jalkunen”) is situated 50km southeast from Vittangi and comprises a number of exploration licences covering ~88km² and five graphite prospects - Jalkunen, Tiankijokki, Nybrännan, Suinavaara and Lautakoski (see Figure 1 and 6).

During the quarter Talga announced a maiden Joint Ore Reserves Committee (“JORC”) 2012 mineral resource at Jalkunen. The inferred mineral resource estimate for Jalkunen totals 31.5 million tonnes at 14.9% graphitic carbon (“Cg”) for 4.7 million tonnes contained graphite, based on a 10%Cg lower cut-off (see Table 2 and ASX:TLG 27 August 2015).

Preliminary metallurgical testwork demonstrated that the Jalkunen ore type responds to the same 1-

Figure 6. Talga’s 100% owned Vittangi and Jalkunen graphite projects over summary regional geology.

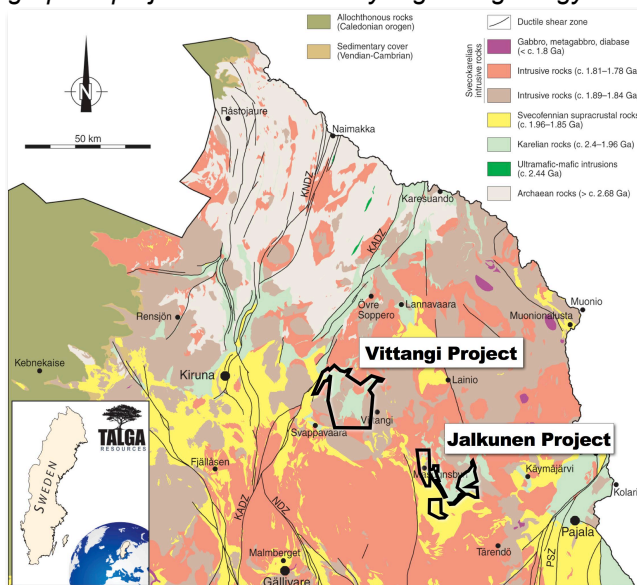


Fig 7. Isometric view looking north east of the Jalkunen Inferred resource block.

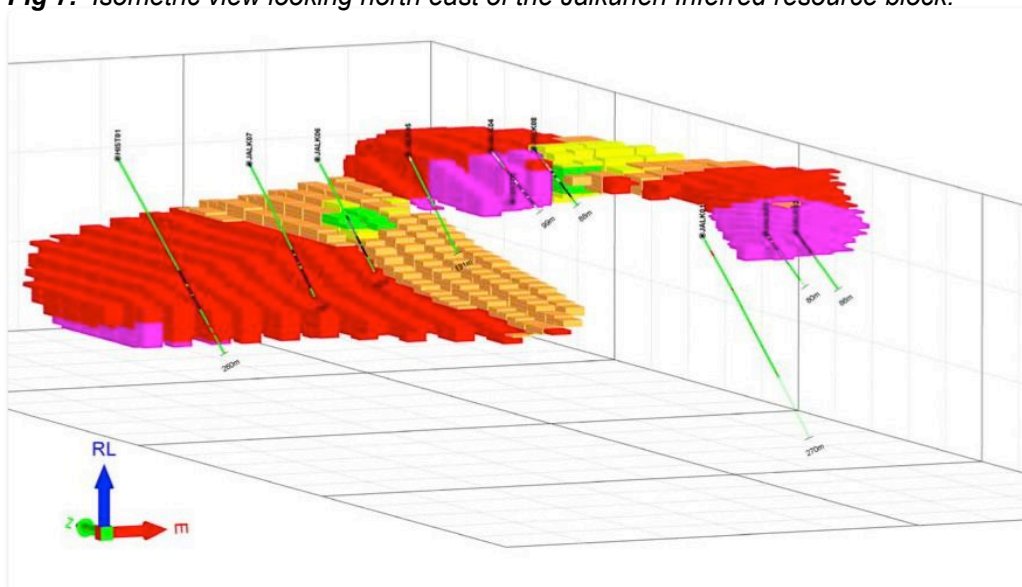


Table 2. Jalkunen JORC 2012 Mineral Resource (10% Cg low cut-off Aug 2015).

Project	JORC Classification	Tonnes	Average Grade (%Cg)	Contained Graphite (Tonnes)
Jalkunen	Inferred	31,500,000	14.9	4,693,500

step liberation method as used at the Vittangi project to produce both graphite and graphene. It is interpreted that the Jalkunen graphite unit is the eastern portion of the same unit as at Vittangi, separated during early stage regional deformation.

Jalkunen is one of Talga's five wholly owned graphite projects in north Sweden (see Figure 1), and is the Company's third graphite project with a resource estimate. It is one of two projects with dual graphene and graphite production potential (the other being the flagship Vittangi project).

The results of exploration at Jalkunen are encouraging however there is no immediate imperative to fast track further work at Jalkunen until development of the Vittangi project first matures. Talga is encouraged that it may have additional production optionality and a stronger platform for growth as required.

When Jalkunen is combined with the existing JORC 2004 Indicated and Inferred resources for the high grade Vittangi project (7.6Mt @ 24.4%Cg) and the coarser flake Raitajärvi project (4.3Mt @ 7.1%Cg), it gives Talga a total combined inventory of approximately 43 million tonnes of JORC classified material for approximately 6.9 million tonnes contained graphite (see Table 3), more than triple the previous total.

This new level of inventory, grade and scale provides additional support to Talga's strategy of establishing a globally significant, sustainable and long term international graphite and graphene production profile.

Table 3. Talga's combined total mineral resource inventory.

Project	JORC Classification	Total Tonnes	Grade Graphite (%Cg)	Contained Graphite (Tonnes)
Jalkunen	Inferred	31,500,000	14.9	4,693,500
Vittangi	Indicated and Inferred	7,600,000	24.4	1,854,400
Raitajärvi	Indicated and Inferred	4,300,000	7.1	305,300
	Total	43,400,000		6,853,200

Other Graphite Projects in Sweden

Minimal work was undertaken during the period on the Company's other graphite projects in Sweden.

Other Non Graphite Projects in Sweden

Quality joint venture and divestment opportunities are being investigated for the Kiskama Cobalt-Copper-Gold Project and the Vittangi and Masugnsbyn Iron Projects.

Australian Gold Assets (Talga 100%)

Surface exploration (Lag and MMI geochemical sampling) was undertaken during the period on the Bullfinch project in the Yilgarn region of Western Australia to assist attracting a potential partner. The remaining three projects in the Pilbara are subject to an option to purchase agreement (see the Commercial and Corporate section below for details).

COMMERCIAL & CORPORATE

Flexible strategy to tailor material for industry collaboration

Appointment of Business Development Manager, North America

During the quarter Talga appointed Mr Michael Lew as Business Development Manager, North America. The appointment is in response to Talga's initial engagements with North American end users with interest in graphite and graphene supply for high growth energy sector applications, particularly mobile and stationary batteries.

Mr Lew was formerly an 'Advanced Materials Applications' equity research analyst focused on cleaner energy. His sector of coverage included companies participating in the emerging electric vehicle space such as Tesla Motors, Johnson Controls and Maxwell Technologies and also included high performance material suppliers such as Hexcel, Polypore (acquired by Asahi Kasei) and Zoltek (acquired by Toray industries).

Prior to Wall Street, Mr Lew was an engineer at IBM in various capacities that included product development and global finance, following his education that includes degrees in both material science and chemical engineering. In addition, Mr Lew is an officer with NAATBatt International (an organisation focused on energy storage technology development).

Post the period, Michael has been responsible for introducing Talga to a range of well known and regarded automotive and energy storage sector participants in North America.

Gold Asset Divestment

Talga granted Beatons Creek Gold Pty Ltd ("Beatons") an option to purchase three of its Australian gold assets (the "Option"). The Option pertains to the Mosquito Creek, Talga Talga and Warrawoona Projects (collectively, "the Projects") located in the Pilbara region of Western Australia.

Beatons, an Australian subsidiary of Novo Resources Corporation ("Novo"), recently acquired 100% ownership of 3 mining leases at Beatons Creek from Millennium Minerals Limited. These mining leases form part of Novo's Beatons Creek gold project north of the township of Nullagine in the East Pilbara district of Western Australia. The Option has been executed by both parties and a non-refundable \$50,000 deposit has been received by Talga.

The Option can be exercised within an initial four month period unless Beatons pay a further non-refundable amount of \$200,000 to extend the Option period to two years. If Beatons exercises the Option, it can purchase each Project as a separate asset (in which case the purchase price for each Project will be \$250,000). Talga retains 100% equity in the Projects until the purchase price is paid in full.

Talga will be due a 2.25% gross royalty payable on the net smelter return of minerals extracted from any of the Projects prior to the exercise of the Option, and 1.5% in perpetuity thereafter.

Site visits with Talga staff and due diligence were conducted during the reporting period and the Company is confident Beatons are motivated to progress the Option agreement. Proceeds from the sale and any royalty payments will be applied directly to Talga's technology materials development program in Sweden and Germany.

Collaboration Agreement signed with Haydale Graphene Industries PLC

During the quarter Talga signed a term sheet with Haydale Graphene Industries PLC (“Haydale”) in relation to formal collaboration on the development of finished graphene composite and ink products. Talga and Haydale will jointly explore business cooperation opportunities through the supply of Talga graphene and other graphitic carbon nano-materials. The collaboration provides an opportunity to accelerate Talga’s business opportunities in refined graphene products for new end users.

Investor and Corporate Relations Activities

During the quarter, Talga pursued numerous investor relations activities to raise awareness about its status as an advanced materials company and educate about the emerging graphite and graphene marketplace.

Specifically, Talga met with and presented to a range of Perth based stockbrokers, investors, media personnel and analysts. In addition to this, management undertook a coordinated investor roadshow in Sydney and Melbourne and held a shareholders lunch with guest speaker from industry in New South Wales. Stemming from these activities an updated research note was published by Canaccord Genuity and several media pieces were published about Talga from the ABC, Australian Mining and offshore freelance pieces. Post the period, Managing director Mark Thompson appeared on prime time television on the ABC, German Director Georg Hochwimmer featured likewise on German primetime television and Seeking Alpha published a piece on Talga and its peers (see the Company’s website under ‘Media’ for full details).

On 3 August, the Company held a meeting of shareholders where a range of resolutions were approved including the ratification of previous security issues and a change to the Company name. With respect to the name change, a regulatory technicality has meant that Talga’s current name will not be changed at this time.

Post the period management presented at the Engineering, Paints and Coating Symposium while on customer development business in India before heading to Germany on ‘operations’ business.

Tenement Interests

As required by ASX listing rule 5.3.3, please refer Table 4 for details of Talga’s interests in mining tenements held by the Company. No joint ventures or farm-in/farm-out activity occurred during the quarter.

For further information, please contact:

Talga Resources Ltd.

Mark Thompson

Managing Director

Tel +61 (08) 9481 6667

Email admin@talgaresources.com

** Refer www.techmetalsresearch.com for global graphite NI43-101/JORC resources grade comparison table.*

Competent Person’s Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled and reviewed by Mr Simon Coxhell, a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy and Mr Mark Thompson, who is an employee of the Company and a member of the Australian Institute of Geoscientists. Mr Thompson and Mr Coxhell have sufficient experience which is relevant to the activity which is being undertaken to qualify as a "Competent Person" as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, mineral Resources and Ore Reserves” (“JORC Code”). Mr Thompson and Mr Coxhell consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“JORC Code”). Mr Coxhell consents to the inclusion in this report of the Matters based on this information in the form and context in which it appears.

TABLE 4
Tenement Holdings

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Jalkunen Project Norrbotten County, Sweden	Jalkunen nr 1 Jalkunen nr 2 Jalkunen nr 3 Kursuvaara Lautakoski nr 1 Lautakoski nr 2 Lautakoski nr 3 Nybrännan nr 1 Nybrännan nr 2 Suinavaara nr 1 Suinavaara nr 2 Tiankijoki nr 1	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	100%	
Kiskama Project Norrbotten County, Sweden	Kiskama nr 1	100%		
Masugnsbyn Project Norrbotten County, Sweden	Masugnsbyn nr 1 Masugnsbyn nr 2	100% 100%		
Pajala Project Norrbotten County, Sweden	Lehtosölkä nr 3 Liviövaara nr 2	100% 100%		
Piteå Project Norrbotten County, Sweden	Grålidén nr 2 Önusträsket nr 2	100% 100%		
Raitajärvi Project Norrbotten County, Sweden	Raitajärvi nr 5 Raitajärvi nr 6	100% 100%		
Vittangi Project Norrbotten County, Sweden	Maltosrova nr 2 Maltosrova nr 3 Mörttjärn nr 1 Nunasvaara nr 2 Vathanvaara nr 1 Vittangi nr 2 Vittangi nr 3 Vittangi nr 4	100% 100% 100% 100% 100% 100% 100% 100%		
Bullfinch Project Western Australia	E77/2139 E77/2221 E77/2222 E77/2251 P77/4106 E77/2135	100% 100% 100% 100% 100% 100%		
Mosquito Creek Project Western Australia	P46/1634 P46/1636 P46/1638 P46/1666 P46/1667 P46/1668 P46/1800 E46/1035	100% 100% 100% 100% 100% 100% 100% 100%		

TABLE 4 (continued)
Tenement Holdings

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Talga Talga Project Western Australia	M45/618	100%		
	P45/2689	100%		
	P45/2690	100%		
	P45/2691	100%		
	P45/2746	100%		
	P45/2747	100%		
	P45/2774	100%		
Warrawoona Project Western Australia	E45/3381	100%		
	P45/2661	100%		
	P45/2662	100%		
	P45/2781	100%		

APPENDIX 1

Graphite Resources

Nunasvaara Mineral Resource¹ (10% Cg lower cut-off)

JORC 2004 Classification	Tonnes	Grade %graphite
Indicated	5,600,000	24.6
Inferred	2,000,000	24.0
Total	7,600,000	24.4

Raitajärvi Mineral Resource¹ (5% Cg lower cut-off)

JORC 2004 Classification	Tonnes	Grade %graphite
Indicated	3,400,000	7.3
Inferred	900,000	6.4
Total	4,300,000	7.1

Jalkunen Mineral Resource (10% Cg lower cut-off)

JORC 2012 Classification	Tonnes	Grade %graphite
Inferred	31,500,000	14.9

APPENDIX 2

Iron Resources¹

Deposit	Tonnes	Grade %Fe	JORC 2004 Classification
Vathanvaara	51,200,000	36.0	Inferred Resource
Kuusi Nunasvaara	46,100,000	28.7	Inferred Resource
Mänty Vathanvaara	16,300,000	31.0	Inferred Resource
Sorvivuoma	5,500,000	38.3	Inferred Resource
Jänkkä	4,500,000	33.0	Inferred Resource
Masugnsbyn	87,000,000	28.3	Indicated Resource
Masugnsbyn	25,000,000	29.5	Inferred Resource
Total	235,600,000	30.7	

¹ Note: This information was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Talga Resources Ltd

ABN

32 138 405 419

Quarter ended (“current quarter”)

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 Mths) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development ¹ (c) trial mining ² (d) administration	(499) (341) (336) (589)	(499) (341) (336) (589)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	29
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other: R&D Rebate net of costs	- -	- -
Net operating cash flows	(1,736)	(1,736)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (26)	- - (26)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	50 - -	50 - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – misc Other – security bond payment	- (18)	- (18)
Net investing cash flows	6	6
1.13 Total operating and investing cash flows (carried forward)	(1,730)	(1,730)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,730)	(1,730)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares/options	75	75
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 – Share issue costs	-	-
	Net financing cash flows	75	75
	Net increase (decrease) in cash held	(1,655)	(1,655)
1.20	Cash at beginning of quarter/year to date	5,673	5,673
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,018	4,018

Note

¹ Development includes costs towards the pilot plant and processing facility in and research & development Germany.

² Trial mining in Sweden.

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	121
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Amount included under 1.23 includes director's remuneration.

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

N/A

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

N/A

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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	240
4.2	Development ¹	470
4.3	Trial mining ²	310
4.4	Administration	550
Total		1,570

Note

¹ Development includes costs towards the pilot plant and processing facility and research & development in Germany.

² Trial mining in Sweden.

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	975	1,452
5.2 Deposits at call	3,043	4,221
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,018	5,673

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	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

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 (cents)	Amount paid up per security (cents)
7.1 Preference⁺securities <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
7.3 +Ordinary securities	138,571,150	138,571,150		
7.4 Changes during quarter				
(a) Increases through issues <i>Conversion of options</i> <i>Share placement</i>	215,000	215,000		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	7,712,910	7,712,910	35 cents	30 November 2015
	500,000	-	45 cents	3 October 2016
	2,000,000	-	52 cents	31 December 2016
	2,000,000	-	52 cents	31 December 2016
	2,000,000	-	60 cents	31 December 2016
	2,000,000	-	65 cents	31 December 2016
	2,500,000	-	54 cents	23 June 2019
	1,400,000	-	54 cents	20 August 2019
	1,000,000	-	54 cents	26 March 2020
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired/Lapsed during quarter	500,000	-	35 cents	21 July 2015
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Dean Scarparolo
Company Secretary

Date: 29 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.

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