



#### Talga Resources Ltd

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#### Corporate Information

ASX Code TLG/TLGO

Shares on issue 124.59m

Options (unlisted) 8.10m

Options (listed) 7.72m

#### Company Directors

Keith Coughlan

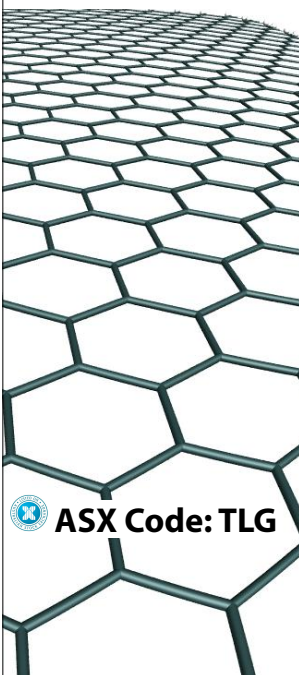
Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director



## QUARTERLY ACTIVITIES REVIEW

### For the period ending 31 December 2014

#### SUMMARY

Talga Resources Ltd (ASX: TLG) ("Talga" or "the Company") is pleased to summarise its activities for the quarter ending 31 December 2014.

The quarter was highlighted by the positive scoping study results from the Vittangi graphite-graphene project, significant and high grade drilling results from the same and ongoing corporate and commercialisation work. Other highlights included:

- Vittangi project scoping study released targeting dual production of ~47,000tpa of combined graphite and graphene. Robust financial metrics demonstrated using conservative inputs
- Bulk sample mining permit application completed
- Commenced research program on graphene for conductive ink applications with Friedrich Schiller University Jena in Germany
- Extensive international marketing and relationship building with end users of graphite and graphene
- Major extensions of high grade Vittangi graphite intersected in drilling north and south from resource area. New and parallel zones indicate potential for future resource growth
- Appointment of New York based EAS Advisors to broaden North American investor awareness
- Promising cobalt-rich gold/copper drilling results from Kiskama 'IOCG' project
- Talga entered into formal broking relationship with Canaccord Genuity, a leading international mid market financial services firm

#### SWEDEN GRAPHITE PROJECTS

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. Work by Talga has defined two JORC-compliant graphite mineral resources<sup>1</sup> at the Nunasvaara and Raitajärvi graphite projects (see Fig 1 for location and Appendix 1 for Resource details).

#### Vittangi Graphite Project - Nunasvaara Deposit (Talga 100%)

##### Background

The Nunasvaara deposit ("Nunasvaara") within the Vittangi project ("Vittangi") contains the highest grade graphite resource in the world defined under JORC or NI43-101 codes (Ref: Technology Metals Research Graphite Projects Index, updated 5 October 2014) and is favourably located 3km from transport links to major European graphite and graphene markets. The project's JORC resource<sup>1</sup> estimate totals 7.6 million tonnes at 24.4% graphitic carbon ("Cg") (see Appendix 1 and ASX:TLG 8 November 2012) and less than 10% of the mapped outcropping graphite unit has been drilled to date (see ASX:TLG 15 November 2012).

Talga's work has demonstrated that high quality graphene can be produced directly from Nunasvaara raw ore in the same single step process that liberates graphite but without the crushing, grinding and other multiple processing steps common to graphite milling and purification steps common to graphene production. Nunasvaara natural graphene therefore retains a state of high quality/low defects but can potentially be produced in bulk scale at much lower cost. Graphene is renowned as the world's strongest material, a million times thinner than paper but 200 times stronger than steel. Discovered only 10 years ago, it is a material with an extremely wide range of applications that are in the early stages of commercialisation.

### Economic Study

During the period Talga published its scoping study ("Study") which incorporated financial modelling undertaken by Snowden Mining Industry Consultants ("Snowdens") and processing and engineering analysis by Independent Metallurgical Operations Pty Ltd ("IMO"). The Study (see TLG announcement dated 9 October 2014) used only the JORC Indicated portion of the current Nunasvaara resource (0-125m depth) which is 5.6Mt @ 24.6%Cg and adopted extremely conservative mining and processing assumptions. Encouragingly the results demonstrated a circa 20 year mine life operation with a pre-tax net present value ("NPV") in excess of \$490 million against a capital expenditure outlay of \$29 million.

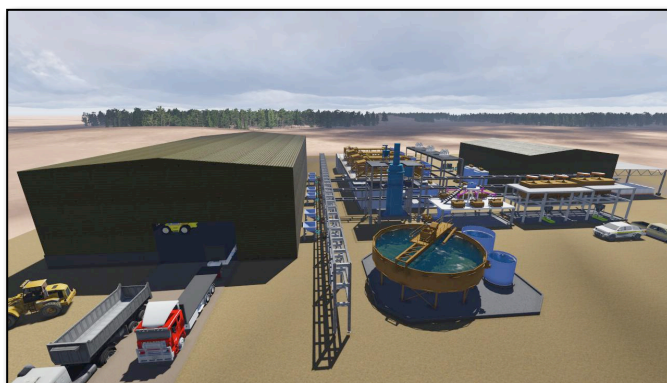
### Study highlights included:

- Vittangi project targeting dual production of ~46,000tpa graphite and ~1,000tpa graphene over approximately 20 years from low capex 250,000 tonnes per annum mill (see Fig 2)
- Project low risk with Capex ~AUD\$29m and capex payback 1.4 years including construction
- Indicative pre-tax NPV in excess of AUD\$490m based only on current JORC Indicated portion of resource
- Project viable on graphite production alone – graphene is a natural by-product of processing pathway
- ~AUD\$84/t feed costs for 2% graphene recovery and ~77% total graphite recovery
- Economic metrics hoped to become even more robust as graphite and graphene recovery yields increase with future optimisation work
- Minimal environmental footprint with low impact single-step comminution technology an metallurgical route tested at R&D and bench-top scales with permitting underway for pilot plant production
- Metallurgical work undertaken on fresh rock – samples not subject to naturally elevated graphite purity by virtue of oxidation
- Conservative Study numbers - graphene price severely discounted to current type minimum pricing and low-end yields assumed
- Study contemplates simple steep pits to depth. Economics may be significantly improved were adjacent shallow resources along ~30km strike proved up
- Results provide confidence and a business case to advance the project towards trial mining, pilot plant design and construction

Fig 1. Talga Resources project locations in north Sweden.



Fig 2. Model of process plant for Nunasvaara used in scoping study.



## Exploration

Prior to the period a ten hole diamond drilling program was completed at Vittangi for 1,091 metres at five separate sites. The program tested an additional 6 kilometres of strike extensions from the current Nunasvaara resource and all holes intersected the targeted prospective graphite horizons (see Fig 3). The drill sample assay results were received and announced during the December quarter (see ASX:TLG 13 November 2014) and highlighted wide zones of very high graphite ("Cg") grades from shallow depth and represented the best intercepts encountered in the projects history.

Key intercepts included:

- ▶ NUN14005: from 1m depth **47m @ 30.8% Cg** including **10m @ 40.6% Cg** and new footwall zone of **20m @ 14.4% Cg** from 102m;
- ▶ NUN14006: from 52m depth **46m @ 31.4% Cg** including **10m @ 44.9% Cg** and new footwall zone of **18m @ 19.9% Cg** from 168m; and
- ▶ NUN14001: from 15m depth **27m @ 25.4% Cg** located 350m southeast from current resource.

Intersections correlate perfectly with the previously logged graphitic units, the high grade rock chip results and the EM conductors. The grades and character of graphite intercepted was identical to that hosting the Nunasvaara resource, with broad zones exceeding 30%Cg and assays up to 48.3% Cg over several metres downhole.

Significantly, at the drill site 2km north from Nunasvaara, a second layer of high grade graphite was intercepted underneath the main target unit. This points to a potential increase in tonnage available along the total 32km of strike identified to date in the 337km<sup>2</sup> project area.

Importantly for Talga, despite having a sense of comfort around its current resource and the estimated 20 year production profile, it has always been maintained that there is no geological restriction on massive size increases to the resource. These drill results validate that theory.

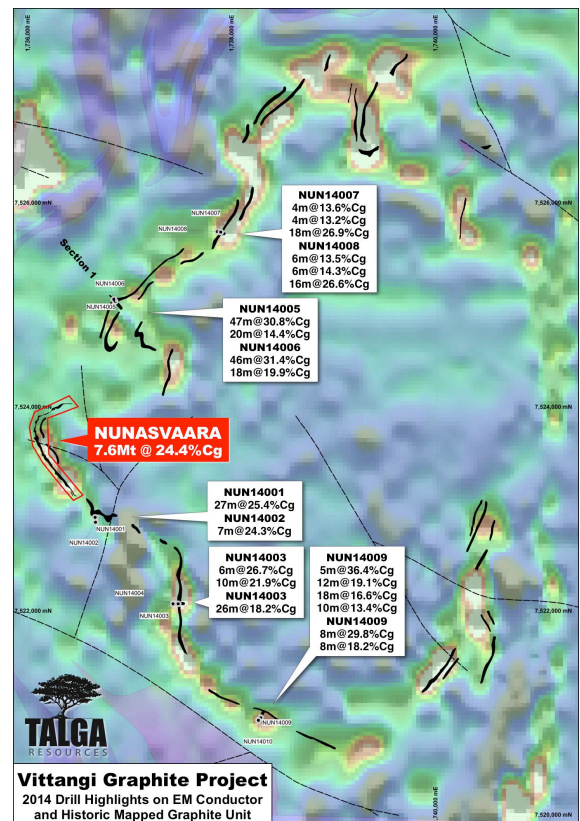
## Metallurgy

Talga's iterative metallurgical work continued at pace during the period, with the processing technology program focused on the design of larger scale lock-cycle process parameters ahead of a smaller scale pilot/demonstration processing facility in Europe. For commercial reasons the details must remain confidential at this point but subsequent to the period Talga's graphene from raw ore process has now been successfully replicated by four organisations in two different countries. A detailed process flowsheet is in place and samples to feed the testwork have come from surplus graphite from drilling. Talga continues towards processing progressively larger samples which will be supplied in future by the bulk sample/test mining program.

## Test Mining

Having completed the consultation process and lodging the application, Talga awaits the permitting outcome on its proposed interim trial mining program (bulk sample extraction of up to 2,000m<sup>3</sup>). Talga anticipates that the permit decision will be made in the first half of calendar year 2015. If successful, Talga will conduct a 6-week trial mining program with a view to processing test samples in its proposed small scale European plant over the remainder of the year.

Fig 3. Vittangi project drilling location and results over EM image and Nunasvaara resource area.





## Jalkunen Graphite Project

The Jalkunen graphite project ("Jalkunen") is located approximately 50km southeast from Vittangi and similarly comprises a cluster of graphite prospects defined by historic trenching, geophysics and drilling (see Fig 4). Talga previously completed geological logging and sampling on archived historic diamond drill cores from several of the Jalkunen prospects (see ASX:TLG 21 August 2012). During the September 2014 quarter, Talga conducted fieldwork after an existing set of airborne EM survey data covering the Jalkunen project was acquired and analysed.

Reconnaissance and rock chip sampling of historic workings and EM conductor targets returned very high grade results including 41.3%Cg at the Nybrannan prospect and 29.8%Cg from the Jalkunen conductor. A 5kg Jalkunen sample from the Nybrännan prospect was tested and successfully liberated graphene and graphite in exactly the same manner as the material processed from Vittangi. The Company considers that the Jalkunen graphitic geological units were once spatially connected or formed under near identical conditions to that of Vittangi. Combined, the projects form a province with approximately 60km strike of graphite formation uniquely suited for low cost bulk graphene production methods.

During the period, Talga undertook exploration target estimation work and advanced planning towards drilling on priority graphite and graphene targets with a view to adding potential production profile outside Vittangi. The results of this new estimation work are expected in Q1 of 2015.

## Other Graphite Projects

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

## SWEDEN COPPER-GOLD PROJECTS

### Kiskama Project (Talga 100%)

Talga wholly owns several copper-gold prospects in Sweden with the most advanced being the Kiskama project ("Kiskama") located adjacent and west from the Vittangi graphite project (see TLG ASX 10th February 2014). At Kiskama mineralisation comprises copper and iron sulphide-magnetite-hematite as breccia infill and has been described as a shear-hosted iron oxide copper-gold ("IOCG") style deposit. Historic work at Kiskama suggests considerable potential for mineralised zones to be more extensive than previously assumed, both in width/length and grade. Historical intercepts are viewed as highly encouraging considering proximity to bulk scale transport, nearby mines and the presence of other metals in the system that may add economic credits (such as cobalt and iron).

Considering this potential, Talga drilled four diamond core holes for 425 metres at Kiskama before the drill rig was mobilised for the most recent Vittangi drilling program. The Kiskama program was completed early in September (see TLG ASX 4th September 2014) and results received during the period (see TLG ASX 7th November 2014). A highly brecciated magnetite rich sulphide body was intersected by Talga's drilling (see Fig 5) and assay results showed peak values of **1.29% Cu** and **0.48g/t Au** (Kis04 downhole depth 96-98m) and **0.27% Co** (Kis03 downhole depth 56-58m).

Fig 4. Location of Vittangi and Jalkunen graphite-graphene projects over northern Sweden geology (Bergman 2001).

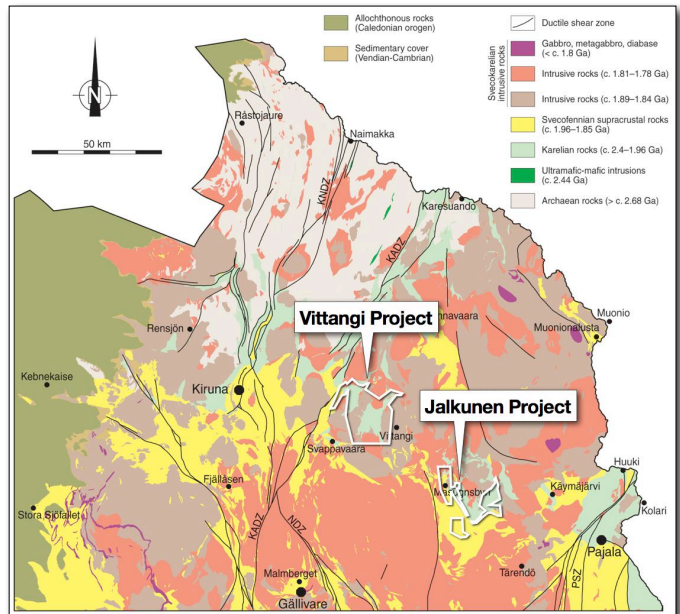
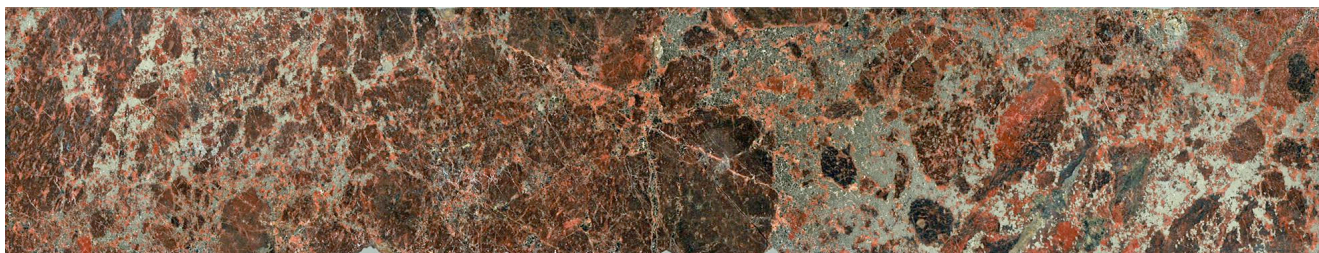


Fig 5. High sulphide cobalt-copper-gold mineralisation intercepted by Talga at Kiskama, Drillhole Kis04 66-68m depth.



Cobalt has historically been recorded at the site and is a mineral that, along with graphite, is used in lithium-ion batteries. Talga's drilling has successfully shown that significant quantities of cobalt are present in the sulphide rich portions of the mineralised breccia body at Kiskama and the potential to produce a high grade concentrate by simple flotation methods coupled to the copper and gold values suggests a number of potential economic drivers for the project.

Additionally the width and nature of host rock lithology is highly prospective for further mineralisation to be defined across strike and down dip, with the 7km long magnetic signature of the deposit prospective for strike extensions and structurally controlled higher grade zones.

Kiskama represents one of the largest known deposits of cobalt in Sweden ("The cobalt content of pyrite in copper mineralization at Kiskamavaara", Göte Persson, SGU 1977) and it is reported that the consistently high cobalt-sulphide ratio has geochemical similarities to the renowned Outokumpu mine of Finland, which was an important cobalt producer for the EU zone for many years ("A comparison of cobalt-bearing pyrite from Outokumpu and Kiskamavaara" Ekström, SGU 1978-79).

Basic metallurgical tests to scope out potential metallurgical options and concentrate specifications are currently being formulated. These will assist developing quality joint venture and divestment opportunities for the board to consider and ensure the best commercial outcomes for Talga, while retaining the focus on graphite-graphene developments.

## SWEDEN IRON PROJECTS

### Vittangi and Masugnsbyn Iron Projects (Talga 100%)

The Vittangi and Masugnsbyn iron projects host combined total (JORC 2004) Indicated and Inferred resources<sup>1</sup> of 235.6 Mt @ 30.7% Fe (iron) in skarn-style near surface magnetite deposits (see Figure 1 for location and Appendix 2 for resource details). These deposits are located near established transport infrastructure and iron ore processing facilities (see Fig 6).

Work during the quarter on the Company's iron ore assets in Sweden was restricted in order to minimise expenditure. Talga continues to seek local and international partners or buyers for the iron projects.

Fig 6. Svappavaara magnetite mine and mill owned by LKAB, approximately 30km by road from Talga's Vittangi project and 60km from Talga's Masugnsbyn project.



## GOLD PROJECTS - AUSTRALIA

### Talga Talga, Warrawoona, Mosquito Creek (Pilbara) and Bullfinch (Yilgarn) Gold Projects (Talga 100%)

Work during the quarter on the Company's gold exploration assets in Western Australia was restricted to minimal field work in order to maintain statutory expenditure requirements. Several non-core tenements at several projects were relinquished.

At the Company's Pilbara assets field reconnaissance, rock and channel sampling took place at the Talga Talga and Warrawoona projects. At Warrawoona a number of samples were collected focussing on the strike extensions of the Klondyke shear hosted resources adjacent and a number of alluvial samples from Talga Talga were collected. Results will assist in defining targets, potential future work and enhancing potential divestment.

Discussions with several potential partners or buyers of all the gold projects were materially advanced during the period. Any outcome in this regard will be announced once sufficiently definite.

## **CORPORATE**

### **Investor and Corporate Relations Activities**

During the quarter, Talga's Managing and Commercial Directors attended and presented at the Industrial Minerals Berlin Graphite and Graphene Conference. Mark Thompson participated in the graphene panel and Talga was well received.

Talga appointed EAS Advisors LLC ("EAS") in the capacity of retained corporate adviser to the Company. EAS is a New York based investment advisory firm specialising in advising and financing companies in the natural resources and commodity sectors. Specifically, Talga is working with EAS to broaden North American investor awareness of Talga and its projects (See ASX:TLG 21 October 2014).

In December 2014, Talga announced the appointment of Canaccord Genuity ("Canaccord") as sponsoring broker and financial adviser to the Company. Since listing Talga has avoided alignment with any one particular house broker however this opportunity, borne through positive company developments, is significant given the global reach of Canaccord and international nature of Talga's business. The Canaccord group is a leading independent mid-market financial services firm with global distribution (operations in 10 countries) and an in-depth research offering. Canaccord will assist Talga with its broking and business strategy requirements. Canaccord has a long standing, collaborative working relationship with EAS Advisors who are focused on broadening awareness and raising profile (see TLG:ASX 21<sup>st</sup> October 2014). The groups have complementary credentials which are well suited to Talga's corporate and business objectives.

At a more general level, the quarter has also seen a concentrated effort by management to build up knowledge on the potential worldwide volume applications for its graphene material and forge relationships with those parties that are developing applications that will rely on high volume supply. The outcome of this has given management strong confidence in future demand for the product, specifically for those large commercial applications that can be integrated into standard manufacturing processes.

The situation remains that volume availability and pricing of graphene supply is the missing component to unlocking many large scale R&D programs. Talga is well poised to 'enable' some of this large scale commercialisation by removing volume and price impediments for the largest bulk graphene applications.

### **Graphene Scientific Collaboration**

During the period Talga entered into a graphene research and development program with internationally recognised German materials research organisation, Friedrich Schiller University Jena. The program has an initial six month duration and focuses on using Talga's graphene to develop better, high efficiency conductive inks suitable for printable, flexible electronics and other applications including batteries. Talga is aiming for the 'low hanging fruit' of graphene commercialisation opportunities and the use of graphene enhanced conductive inks in high volume electronic and battery applications is certainly relevant to that objective. Graphene has been used since 2009 to replace carbon black, copper and silver formulations in batteries and the ability of graphene to singularly improve conductivity, flexibility, strength and transparency of printable electronic products creates a real volume supply opportunity (See ASX:TLG 17 December 2014) and Fig 7.



### Post-Period Corporate Activities

Post the Christmas break management have been busy continuing with end user dialogue as well as advancing research programs to effectively 'feed' end users with graphene data and application samples. The end of January saw Talga announce its commencement of a collaborative graphene and battery material research program with Dresden University of Technology and Max Planck Institute of Technology. Given Germany's proximity to Talga's Swedish assets, its industrial appetite for graphite and graphene (which is predominantly imported from China) and its significant analytical and graphene research capabilities, Talga has made a concerted effort to focus its activities in this jurisdiction. The aim is to have a complete ore-to-product pathway developing to demonstrate our graphene potential to the economic heart of Europe.

### Tenement Interests

As required by ASX listing rule 5.3.3, please refer Table 1 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.

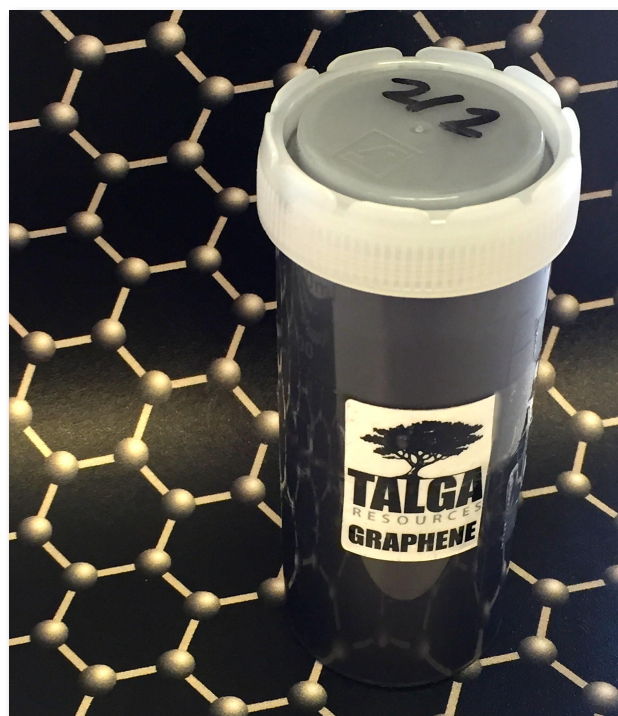
Mark Thompson

Managing Director

Tel +61 (08) 9481 6667

Email [admin@talgaresources.com](mailto:admin@talgaresources.com)

Fig 7. Graphene sample produced from Nunasvaara metallurgy program, dispersed in water for delivery.



### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Mark Thompson, who is a member of the Australian Institute of Geoscientists. Mr Thompson is an employee of the Company and has 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 consents 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 1

*Tenement Holdings*

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
<b>Jalkunen Project</b> Norrbotten County, Sweden	Jalkunen nr 1	100%		
	Jalkunen nr 2	100%		
	Kursuvaara	100%		
	Lautakoski nr 1	100%		
	Lautakoski nr 2	100%		
	Lautakoski nr 3	100%		
	Nybrännan nr 1	100%		
	Nybrännan nr 2	100%		
	Suinavaara nr 1	100%		
	Suinavaara nr 2	100%		
Tiankijoki nr 1	100%			
<b>Kiskama Project</b> Norrbotten County, Sweden	Kiskama nr 1	100%		
<b>Masugnsbyn Project</b> Norrbotten County, Sweden	Masugnsbyn nr 1	100%		
	Masugnsbyn nr 2	100%		
<b>Pajala Project</b> Norrbotten County, Sweden	Lehtosölkä nr 3	100%		
	Liviövaara nr 2	100%		
<b>Piteå Project</b> Norrbotten County, Sweden	Grålidén nr 2	100%		
	Önusträsket nr 2	100%		
<b>Raitajärvi Project</b> Norrbotten County, Sweden	Raitajärvi nr 5	100%		
	Raitajärvi nr 6	100%		
<b>Vittangi Project</b> Norrbotten County, Sweden	Maltosrova nr 2	100%		
	Maltosrova nr 3	100%		
	Mörttjärn nr 1	100%		
	Nälkävuoma nr 1	100%		
	Nunasvaara nr 2	100%		
	Vathanvaara nr 1	100%		
	Vittangi nr 2	100%		
	Vittangi nr 3	100%		
	Vittangi nr 4	100%		
<b>Bullfinch Project</b> Western Australia	E77/2139	100%		
	E77/2221	100%		
	E77/2222	100%		
	E77/2251	100%		
	P77/4106	100%		
<b>Mosquito Creek Project</b> Western Australia	P46/1632	0%		100%
	P46/1633	0%		100%
	P46/1634	100%		
	P46/1635	0%		100%
	P46/1636	100%		
	P46/1637	0%		100%
	P46/1638	100%		
	P46/1666	100%		
	P46/1667	100%		
	P46/1668	100%		
	P46/1800	100%		
	E46/1035	100%		



TABLE 1 (continued)

*Tenement Holdings*

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
<b>Talga Talga Project</b> Western Australia	M45/618	100%		
	P45/2689	100%		
	P45/2690	100%		
	P45/2691	100%		
	P45/2746	100%		
	P45/2747	100%		
	P45/2774	100%		
<b>Warrawoona Project</b> Western Australia	E45/3381	100%		
	P45/2661	100%		
	P45/2662	100%		
	P45/2781	100%		
	P45/2931	0%		100%

## APPENDIX 1

*Graphite Resources*

Nunasvaara Mineral Resource (10% Cg lower cut-off) Nov 2012

JORC 2004 Classification	Tonnes (Mt)	Grade %graphite
Indicated	5,600,000	24.6%Cg
Inferred	2,000,000	24.0%Cg
<b>Total</b>	<b>7,600,000</b>	<b>24.4%Cg</b>

Raitajärvi Mineral Resource (5% Cg lower cut-off) Aug 2013

JORC 2004 Classification	Tonnes (Mt)	Grade %graphite
Indicated	3,400,000	7.3%Cg
Inferred	900,000	6.4%Cg
<b>Total</b>	<b>4,300,000</b>	<b>7.1%Cg</b>

## APPENDIX 2

*Iron Resources*

Deposit	Tonnes (Mt)	Grade %Fe	JORC 2004 Classification
Vathanvaara	51.2	36	Inferred Resource
Kuusi Nunasvaara	46.1	28.7	Inferred Resource
Mänty Vathanvaara	16.3	31	Inferred Resource
Sorvivuoma	5.5	38.3	Inferred Resource
Jänkkä	4.5	33	Inferred Resource
Masugnsbyn	87	28.3	Indicated Resource
Masugnsbyn	25	29.5	Inferred Resource
<b>Total</b>	<b>235.6</b>	<b>30.7</b>	

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.

**Rule 5.3**

# 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 Limited

ABN

32 138 405 419

Quarter ended ("current quarter")

31 December 2014

**Consolidated statement of cash flows**

	Current quarter \$A'000	Year to date (6 Mths) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(806)	(1,218)
(b) development	-	-
(c) production	-	-
(d) administration	(327)	(655)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:	-	-
R&D Rebate net of costs		259
<b>Net Operating Cash Flows</b>	<b>(1,104)</b>	<b>(1,583)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
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 (provide details if material)	-	4
<b>Net investing cash flows</b>	<b>-</b>	<b>(3)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,104)</b>	<b>(1,586)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Talga Resources Limited – December 2014 quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,104)	(1,586)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares/options	1	30
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	-	(45)
	<b>Net financing cash flows</b>	1	(15)
	<b>Net increase (decrease) in cash held</b>	(1,103)	(1,601)
1.20	Cash at beginning of quarter/year to date	3,825	4,322
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,722	2,722

**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	108
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

During the quarter 6,000,000 unlisted options were issued to corporate advisory firms. They were issued in 3 classes of 2,000,000 options in each class. Class 1 has a 52 cent conversion price and expire on the 31 December 2016. Class 2 has a 60 cent conversion price and expire on the 31 December 2016. Class 3 has a 65 cent conversion price and expire on the 31 December 2016.

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 (includes R&D)	700
4.2	Development	-
4.3	Production	-
4.4	Administration	280
<b>Total</b>		<b>980</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	701	3,804
5.2 Deposits at call	2,021	21
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,722</b>	<b>3,825</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	Mosquito creek Project WA			
	P46/1632	Relinquished	100%	0%
	P46/1633	Relinquished	100%	0%
	P46/1635	Relinquished	100%	0%
	P46/1637	Relinquished	100%	0%
	Warrawoona Project WA			
	P45/2931	Relinquished	100%	0%
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 <b>Preference<sup>+</sup>securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
7.3 <b>+Ordinary securities</b>	124,595,131	124,595,131		
7.4 Changes during quarter (a) Increases through issues <i>Conversion of options</i>	13,052	13,052	35 cents	35 cents
(b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	500,000	-	35 cents	21 July 2015
	500,000	-	45 cents	3 October 2016
	7,723,929	7,723,929	35 cents	30 November 2015
	2,500,000	-	54 cents	23 June 2019
	1,600,000	-	54 cents	20 August 2019
	1,000,000	-	52 cents	31 December 2016
	1,000,000	-	60 cents	31 December 2016
	1,000,000	-	65 cents	31 December 2016
7.8 Issued during quarter	1,000,000	-	52 cents	31 December 2016
	1,000,000	-	60 cents	31 December 2016
	1,000,000	-	65 cents	31 December 2016
7.9 Exercised during quarter	13,052	13,052	35 cents	30 November 2015
7.10 Expired/Lapsed during quarter	2,750,000	-	40 cents	30 November 2014
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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.

Lisa Wynne  
Company Secretary

Date: 31 January 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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