



# Quarterly Activities Report



**KRUCIBLE METALS LTD**  
*Mineral Discovery Company*

ABN:12 118 788 846 ASX Code: **KRB**

## ASX ANNOUNCEMENT

For the three months ending 31st December 2013 (30<sup>th</sup> January 2014)

### About Krucible

**Sean Kelly**

*Non-executive Chairman*

**Allan Branch**

*Managing Director & CEO*

**Ray Koenig**

*Non-executive Director*

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*Senior Geologist*

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Listed on Australia's main stock exchange since 2007, Krucible is an Australian-based resources company with an enviable history of discovery in phosphorus and heavy rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and others, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on tenements in the mineral rich Mount Isa area of north western Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.

## HIGHLIGHTS

 Krucible completed the sale of its phosphate assets for \$12m in cash to Australia New Agribusiness & Chemical Group Ltd on 16 January 2014 including a 25% instalment on 20 December 2013.

 Krucible has confirmed it will be issuing free options to reward the loyalty of its shareholders, while saving its cash, and applying to make those options tradeable on the Australian Stock Exchange.



 Krucible has confirmed its business development plans for 2014 which includes potential M&A or JV projects to create an alternative revenue stream for the Company.

 Krucible has 16 tenements in the far north west Queensland area with an allocated exploration budget of approximately \$2m for 2014. The first exploration field trip has been scheduled for February 2014.



Lag Sampling at Tobermorey EL28170



Sampling in council pit at Coorabulka

 Krucible is presenting at the 4th Annual Rare Earths and Strategic Metals Conference in Sydney in February 2014.

 Krucible announced it has been participating in the research and development of innovative rare earth refinement technology with LogiCamms in Brisbane which is expected to allow cost effective processing of our rare earth samples at Coorabulka.

 Krucible has agreed to participate in the R&D and field testing of state-of-the-art biogeochemical sampling technology at its Toomba tenement.



Local Flora at Toomba



## 1. COMPANY BUSINESS ACTIVITIES

### 1.1. SUMMARY

December 2013 saw the successful culmination of Krucible Metals Limited's ("Krucible", "Company") year-long strategy to commercialise its discovery of phosphate at Korella (ML90209).

Krucible received \$12m cash into the bank.

Krucible will continue to protect and grow shareholder wealth by doing several things:

- Invest heavily in exploration
- Minimise the tax position and maximise shareholder wealth
- Reward shareholder loyalty
- Identify and invest in appropriate ventures to generate alternative cash flow
- Commercialise more of its existing resources
- Invest in research and development (R&D)

### 1.2. BUSINESS BACKGROUND AND STRATEGY

Krucible is a Junior Explorer in the high-risk but high-reward Australian mining industry. Juniors are the critical front-end to the mining industry with the highest risk and as such the Company's Business Model is specific to this sector. As is typical, this part of the mining sector ordinarily receives no revenues. Krucible's business strategy is therefore focussed on the unique requirements for this Company to remain a sustainable entity while ensuring that shareholders' expectations of potentially high reward for high risk are met by maximising the chances of discovery.

The current quarter has seen an improvement in the mining industry in Australia with the Australian dollar dropping to below 90 US cents and several analysts suggesting the worst effects of the Global Financial Crisis are behind us. While there have been some interesting large investments in the majors, there is little improvement in the low-end mining investment market.

For instance it was reported last week by SNL Metals & Mining that more than half of all drilling projects around the world reporting results were for the majors, and only 65 of 351 were early-stage. Even so Australia topped the global exploration expenditure with \$1.6 billion over 90 projects reporting significant drill results. It is clear that investment in drilling will continue to be fundamental to Krucible's exploration plans.

***"It is evident that exploration spending in countries with the highest levels of junior activity resulted in far more reported significant drill results ..."***  
**SNL said.**

SNL also said that without renewed investor interest in 2014 small producers will have little choice but to further restrict their exploration efforts, something that Krucible had identified as a potential threat very early on and has quite successfully avoided. Our objective now is to continue being a leader in the junior exploration industry, involved in policy and industry debate and decision making, and to focus on the best use of our funds.



Our business strategy is sixfold:

- Krucible holds 16 tenements including lease applications, some of which are green-field so we will be the first explorers on those tenements, while we have already conducted exploration on others and are continuing those programs this year. Investing heavily in exploration means that Krucible will ensure as much as possible of its recent cash asset is allocated to exploration. Hence no cash dividend has been offered to shareholders and cash funds will not be used in any alternative venture acquisition. Instead of a dividend Krucible has offered free options, which will be tradeable and therefore cash generating for those shareholders preferring cash. Krucible has a clear profile of a suitable alternative cash flow generating venture, and intends to use innovative acquisition models rather than cash to execute them.
- Since Krucible has a capital gain on its tenement sale, the Company has ensure expert taxation guidance is used to legally minimise our tax exposure and thereby retain as much as possible of the asset for exploration.
- On 24 January 2014, Krucible announced its intention to issue free options to shareholders as described in a later section of this report. Throughout 2014 Krucible will also move its executive management agenda from P&L management to balance sheet management in an effort to ensure the real value of the company is reflected in its share price.
- Krucible has increased its search for joint venture or other partner opportunities in revenue generating mining activities and has conducted several assessments and a site visit over the last quarter. There are bargains at the moment, and there are duds, so the company is not rushing to quick decisions.
- The Company has also continued developing its strategies to commercialise its rare earth metals discoveries, which has involved Krucible's involvement with LogiCamms towards a new low cost processing technology. Krucible has also conducted rigorous analytical research into the global supply and demands as it has affected other rare earth producers, to ensure our efforts will be inexpensive and successful. Other discoveries will require similar innovation to commercialise them given the persistent lack of investment and low commodity prices. These are management activities our Company has shown it is competent at.
- Apart from the rare earths refinement and pricing research, Krucible continues to be at the forefront of emerging exploration technologies and has a policy of continuous staff development and engaging industry-best experts to supplement its inhouse technical expertise. These activities are to increase the chances of future discoveries.

### 1.3. FINANCES

On 27 May 2013, Krucible received into a trust account \$960,000 as a conditional deposit towards the contracted completion date of the sale and purchase agreement with ANB which was originally set for October 2013. On 20 December 2014 Krucible received an instalment of 25% or approximately \$3m of the purchase price of \$12m from Australian New Agribusiness and Chemical Group Limited (“ANB”) and the deposit was also released from trust to the Company. At that time Krucible transferred its Korella mining lease (ML90209) to ANB but held a first ranking mortgage over the ML as security until the remaining funds were paid. The remaining purchase price of around \$8m was paid on 16 January 2014. ANB took possession of the remaining tenements and the security was released.

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Even after tax, these funds will ensure a long period of well-funded exploration.

Krucible now holds 16 tenements that it will explore in 2014, with ground surveys, geophysical surveys, RC and diamond drilling. The exploration budget for this year is \$2m.

Krucible's financial position for the past quarter and projections for the next quarter are detailed in the attached Appendix 5B.

#### **1.4. RECOGNITION OF SHAREHOLDER LOYALTY**

At the Company's Annual General Meeting on 28 November 2013, directors indicated that shareholders will be rewarded for their loyalty once the funds arrived from the asset sale to ANB. This was a repeat of information that had been released to the market several times over the last year. On 24 January 2014 Krucible announced that it was issuing free bonus options pro-rata to eligible shareholders on the basis of one free option for every four shares held. The options, which are being issued at no cost, have an exercise price of \$0.05 and will expire on 23 January 2016. The Indicative timetable for the offer is:

Options announcement	24 January 2014
Options Prospectus lodged with ASIC and ASX	4 March 2014
Record date to determine entitlements to Bonus Options	14 March 2014
Trading in Options commences on a Deferred Settlement basis	7 March 2014
Allotment of Options	28 March 2014
Normal trading on ASX	31 March 2016

#### **1.5. CONFERENCES**

Krucible is an invited keynote presenter at the 4<sup>th</sup> Annual Rare Earth and Strategic Metals Conference in Sydney on the 18<sup>th</sup> and 19<sup>th</sup> of February 2014. Krucible's market research and business model development towards commercialisation to towards rare earths is the topic of this presentation.

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## 2. EXPLORATION

### 2.1. GENERAL

Krucible now has the long anticipated funds from ANB and has brought forward the 2014 exploration year because of the low rainfall to date this wet season. The company plans to spend approximately \$2million on exploration this year on a number of its 100% owned tenements. In all Krucible holds 16 tenements (Figure 1) including new ground applied for at Mosses Bore (EPMA25487). Over the last quarter we have relinquished 142 sub-blocks and released EPM 15831 (GE1).

In addition Krucible has retained first right of refusal to enter into joint ventures with ANB whenever ANB wishes to develop any non-phosphate minerals found on the tenements it has purchased. It is anticipated that that rare earths at Korella might fit into this category.

### 2.2. ISA WEST

#### 2.2.1. Mosses Bore EPMA25487

Krucible has submitted an EPM application to the Department of Natural Resources and Mines (DNRM) which was accepted on the 9<sup>th</sup> January 2014. This EPM is located 25km NW of the world class Mt Isa copper, lead, zinc, silver mine in western Queensland, 10km west of the lead, zinc Hilton Mine and 12 km SW of the Valhalla uranium, copper mine (Figure 2).

The magnetics indicates strong alteration in the Eastern Creek Volcanics and the Gunpowder Creek Formations. These units form a strong magnetic aureole surrounding a granitic intrusion (Sybella Granite) aged approximately 1665-1680Ma. There are numerous regional scale folds as well as the large Mt Isa Fault to the east and numerous other structures are interpreted which have deformed and altered the Proterozoic units in this EPM.

Government mapping indicates Cambrian Beetle Creek Formation may outcrop in the area. This unit hosts the sedimentary phosphate deposits in Queensland including Phosphate Hill (Incitec Pivot) and Korella (ANB).

This application is expected to be granted mid-2014 from which time Krucible will complete a reconnaissance program to help identify target areas.

#### 2.2.2. Flemington Fault EPM19099 and Big Toby Creek EPM19095

These newly granted tenements lie approximately 50km west of Mt Isa in Queensland. Both areas have interesting geophysical anomalies and outcrop of Proterozoic units are mapped in the Big Toby Creek EPM. Krucible has not completed any work on the ground nor has there been any intensive previous exploration. These areas will be the focus of Krucible's early exploration program, with a reconnaissance trip planned in February. Grab sampling and mapping will be the primary techniques used in this sampling program.

### 2.3. CANNINGTON

#### 2.3.1. Cowie Mag EPM17921

This EPM situated in the interpreted Cannington Structural Corridor (Figure 3) has been the subject of a number of surface geochemical sampling programs which have highlighted geochemical anomaly including a zinc, copper, lead anomaly in an area where previous



drilling by Aberfoyle in the 1990's recorded weakly anomalous zinc in weathered Proterozoic units at shallow depths (>40m). Further south Krucible has identified a molybdenum, lead anomaly from lag sampling, this extends south into Krucible's Tertiary (EPMA19717) application. Work is expected to continue on this prospect once this application is granted which is expected in mid-2014.

During a review of the tenement's prospectivity Krucible has relinquished 13 sub-blocks from this EPM in areas where sampling and interpretations failed to locate any features indicating potential mineralisation.

#### **2.3.2. Squirrel Hills EPM15354**

This EPM lies in the Cannington area and previous exploration by Krucible has included a number of reconnaissance programs and RC drilling at the Garnet prospect where anomalous copper, gold, and REE were discovered.

At the Crackenback prospect historic workings show abundant malachite staining in the abandoned shallow pits. These workings host copper mineralisation in shear zones close to the geological contact of the Kuridala Formation (equivalent to Soldiers Cap Group) and the Squirrel Hills Granite (part of the Williams Batholith). Krucible has previously completed rock chip sampling in this prospect area with up to 977ppm copper from creek float. A sampling program is being considered by Krucible for the Crackenback prospect.

### **2.4. ISA SOUTH**

#### **2.4.1. Georgina East 1 EPM15831**

This EPM lies in the Georgina Basin adjacent to the Corella Bore and Merlin Tank EPMs now held by ANB. Krucible has only completed reconnaissance exploration on this tenement. Desktop geological interpretations suggest the location GE1 is not prospective for phosphate as the deposition environment was not favourable for development of phosphate enrichment zones. Recent interpretations of depth to Proterozoic basement completed by the Geological Survey of Queensland (GSQ) suggests these units may be over 500m below surface which is considered non-prospective as no strong sub-surface anomalies have been identified. Krucible has since applied to surrender this EPM in January 2014.

#### **2.4.2. Lukes Plot EPM17613**

Krucible is currently planning a geophysical survey over this prospect area in the coming months to further define the broad government magnetics image. Krucible has previously completed surface geochemical sampling which outlined a silver, gold, lead, arsenic anomaly as well as a broad zone of copper anomalism which corresponds to the trend of the magnetic high. This geochemical/geophysical trend also follows on from the Lucky Luke (copper/gold) deposit owned by Inova Resources (Figure 3). Proterozoic basement is expected to be shallow in this area with interpretations suggesting in places it may be less than 50m.

Krucible completed a review of EPMs late last year and as a result 17 sub-blocks were relinquished from this EPM. These areas were not considered to hold prospective targets based on a review of current information.

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#### **2.4.3. Coorabulka EPM19286**

This EPM was granted in November 2013 and Krucible has begun planning an intensive exploration effort with a surface sampling program to potentially locate further rare earth sites and to assess the distribution of any further anomalous rare earths. Krucible has previously collected grab samples from council pits (Figure 4) which have returned strong results of up to **0.62kg/t dysprosium oxide, 4.49kg/t neodymium oxide, 1.07kg/t praseodymium oxide, and 3.16kg/t yttrium oxide** (refer to ASX announcement 30<sup>th</sup> January for full results).

Further to the REE Coorabulka is also prospective for lead with assay results of up to 1050ppm. Strontium is also anomalous in samples with up to 9.47% received in assay results. Strontium is a metal used in aluminium alloys to increase strength and ductile properties of the alloy.

Krucible has participated in a new rare earth extraction technology research project (ASX announcements 8 October 2012, 14 November 2012) with LogiCamms Ltd.

A bench-scale test of a low intensity leaching system for Coorabulka nodules has been built and is currently operational. This system is leaching REE values from Coorabulka samples with leaching kinetics and recovery currently being evaluated. Subject to acceptable REE recovery during the leaching trials, it is proposed that the test work will be extended to include the recovery of REO values from the leach solution and the production of REO concentrates. Krucible is expecting results from the initial phase of testing in the March quarter.

#### **2.4.4. Valroy EPMA25126**

Valroy was applied for after reconnaissance exploration on the Coorabulka EPM identified further widespread rare earth anomalism in surface samples. The EPM surrounds the Coorabulka EPM which lies approximately 100km south of Boulia in western Queensland. This application is progressing through the Government's new streamlined granting process and is expected to be granted mid-2014. After granting of the Valroy application Krucible intends to complete an intensive geochemical sampling program over prospective areas to define any rare earth enrichment.

### **2.5. DIAMANTINA**

#### **2.5.1. Toomba EPM15367**

This is an exciting EPM in which Krucible has previously completed exploration that discovered a number of copper occurrences at surface and in drilling (see KRB Annual Report 2010). Since that discovery Krucible has been unable to complete further field work until now.

Krucible currently holds a Collaborative Drilling Initiative grant for this EPM from the Queensland Government. These grants are designed to promote exploration in Queensland. Krucible's grant includes up to \$150,000 to assist with drilling costs. Drilling in this environment is logistically challenging with numerous 12m high sand dunes and lack of tracks but Krucible is keen to test the deeper extents of the shallow mineralisation previously intersected at the Champ Prospect (Figure 4) and also extend the area of drilling to test the western extents of the EPM.

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Krucible plans to complete a field program in March/April on a number of identified sites in the tenement. A drilling program will then be organised for later in the year.

### 2.5.2. Tobermorey EL28170

The EL lies on the Northern Territory side of the Queensland border on the edge of the Simpson Desert (Figure 4) in an area where no previous work has been completed. The tenement lies in an arid desert environment with a number of sand dunes on the edge of the Simpson Desert in eastern Northern Territory. Access to parts of the EL is difficult due to this terrain.

Areas of interest were located using Google Earth imagery and Government geophysical and topographical data. A number of these areas were large resistant ridges composed of young siliceous sediments which are not considered prospective. Areas where these units appear to be thick (>100m) were relinquished in September 2013 as depth to basement considered prohibitive.

Sampling in this transported environment is problematic with limited outcrop and sand covering a great deal of the EL, however Krucible completed Lag sampling at 3 areas within the tenement in 2013. These sites were selected based on field observations and previous reconnaissance sampling which recorded a number of anomalous lead values up to 428ppm in a quartz breccia sub-crop (See ASX announcement 31 July 2013). Rock chip sampling from this exploration showed anomalous values in an iron rich quartz breccia with results including:

 **TYRK19 (796000E, 7421819N) 0.17ppm silver, 291ppm lead, 264ppm zinc**

 **TYRK21 (794755E, 7422283N) 0.27ppm silver, 159ppm lead**

(Anomalous results were announced 31 July 2013)

Assay results from this sampling showed a zone 1.0km by 1.5km of anomalous lead with corresponding silver, zinc and copper anomalism. The most anomalous results included 0.093g/t gold, 0.54ppm silver, 228ppm copper, 264ppm lead and 269ppm zinc (ASX announcement 31st July 2013). Geological mapping completed at the same time also identified numerous quartz veins as well as quartz and iron rich breccia zones prospective as economic fluid conduits and trap sites.

The surface anomalism identified corresponds with a large magnetic ridge with low resolution in government images. An airborne magnetic survey is planned to acquire high resolution data to help identify structures, sub-surface geological trends and exploration targets.

## 2.6. OTHER TENEMENTS

Krucible is continuing to assess its current tenements and further exploration on these will be completed if determined to be warranted. The company currently has 4 EPM applications and work will begin on these areas once they are granted. Krucible owns all of its 12 granted EPM's and 5 EPM applications 100%.

Krucible still holds Lily Hole Creek EPM Application however this will be transferred to ANB upon granting.

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Allan Branch

**Allan Branch**  
**Managing Director & CEO**  
**Krucible Metals Ltd.**  
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**Further Information:**  
Mr Allan Branch  
Phone (07) 4772 5880  
30<sup>st</sup> January 2014



*About Krucible Metals Limited:*

*Listed on Australia's main stock exchange since 2007, Krucible is an Australian-based resources company with an enviable history of discovery in phosphorus and rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and strategic metals, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on its tenements in the mineral rich Mount Isa area of Northwestern Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.*

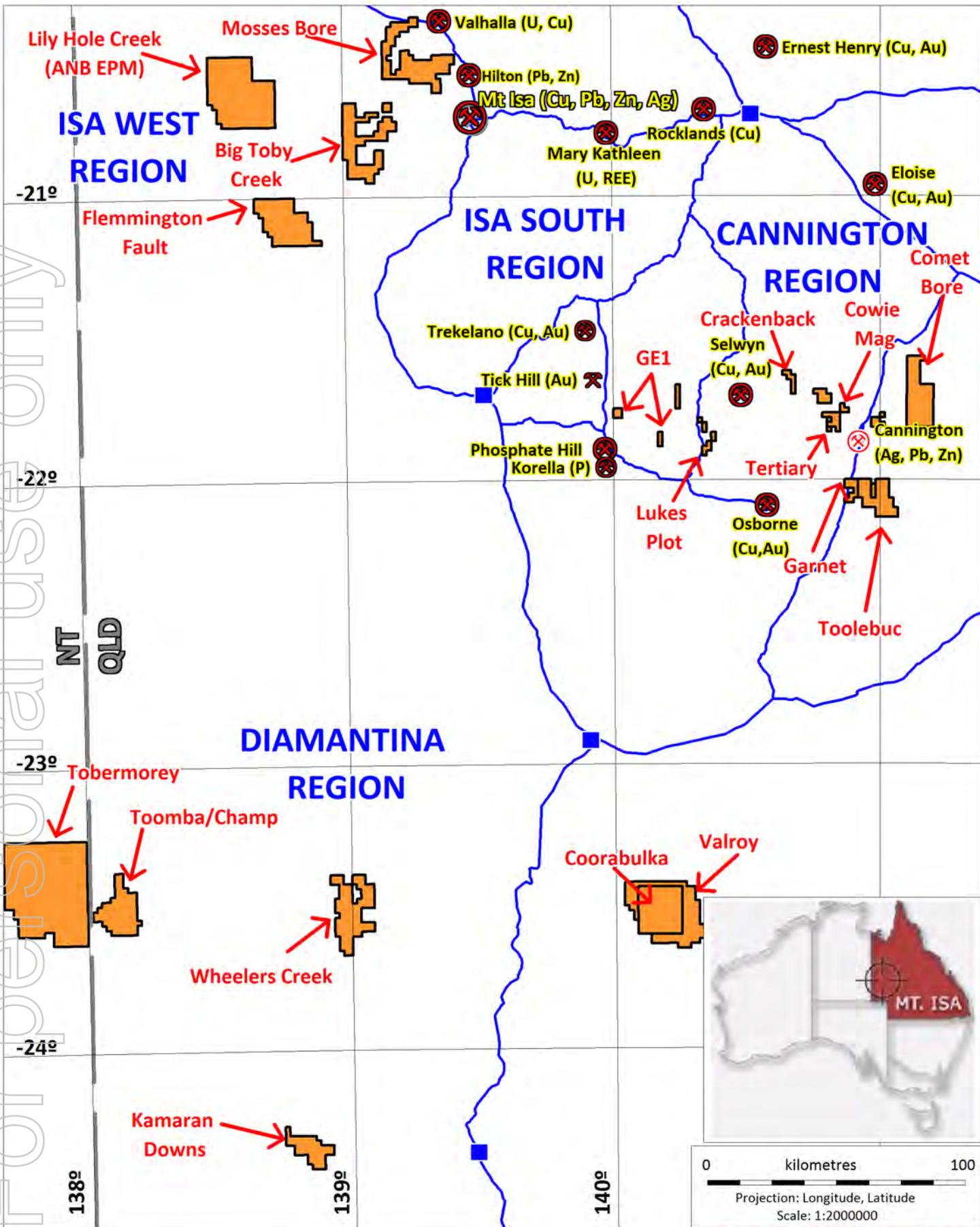
COMPETENT PERSON STATEMENT

*"The information in this report that relates to Mineral resources and Exploration Results is based on information compiled by Mr Andrew J Vigar who is a Fellow of The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Limited, Hong Kong. Mr Vigar has sufficient experience which is relevant to the style of mineralisation and type of deposit 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr Vigar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears".*

This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements.

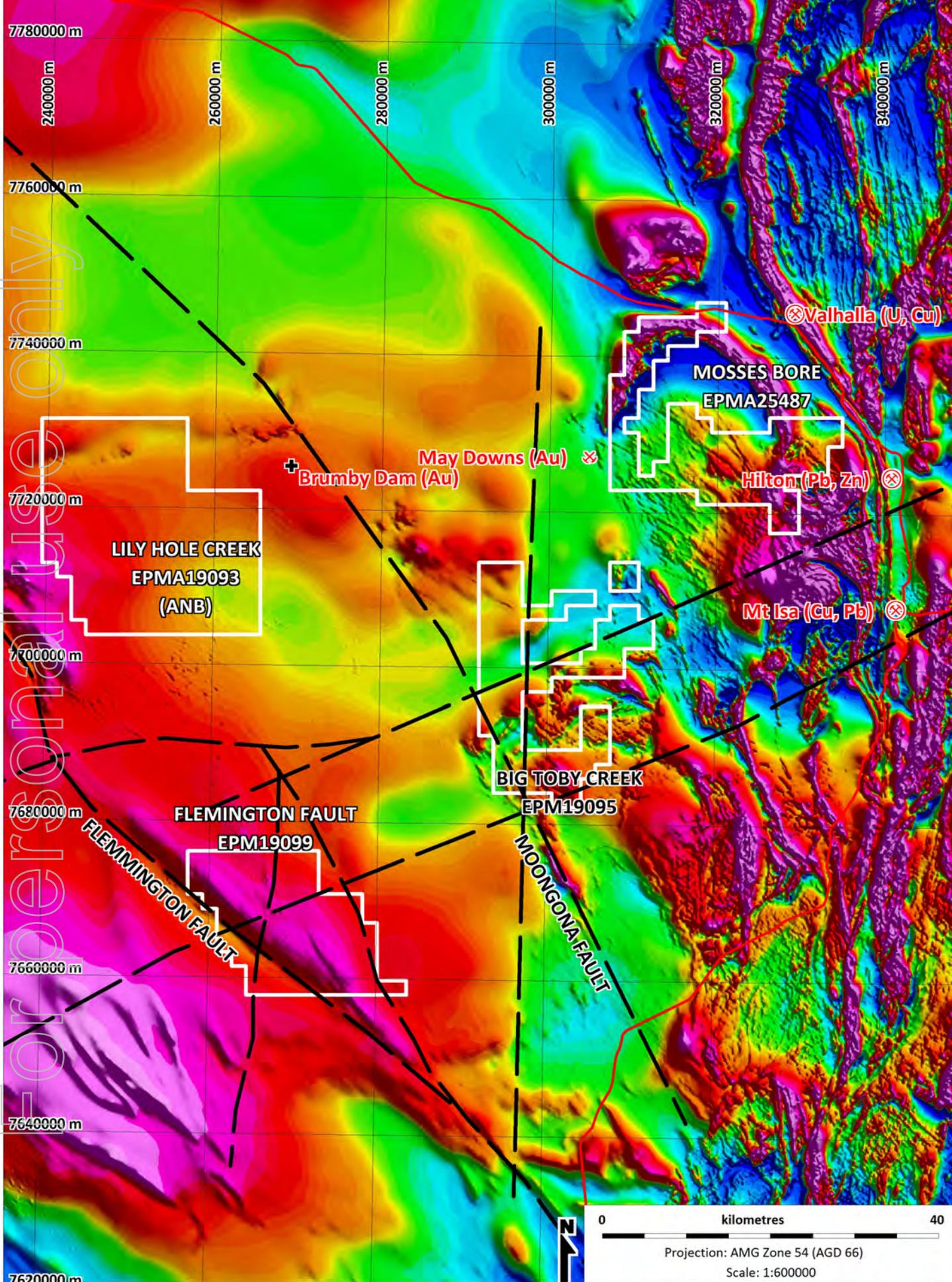
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LOCATION PLAN SHOWING KRUCIBLE TENEMENTS

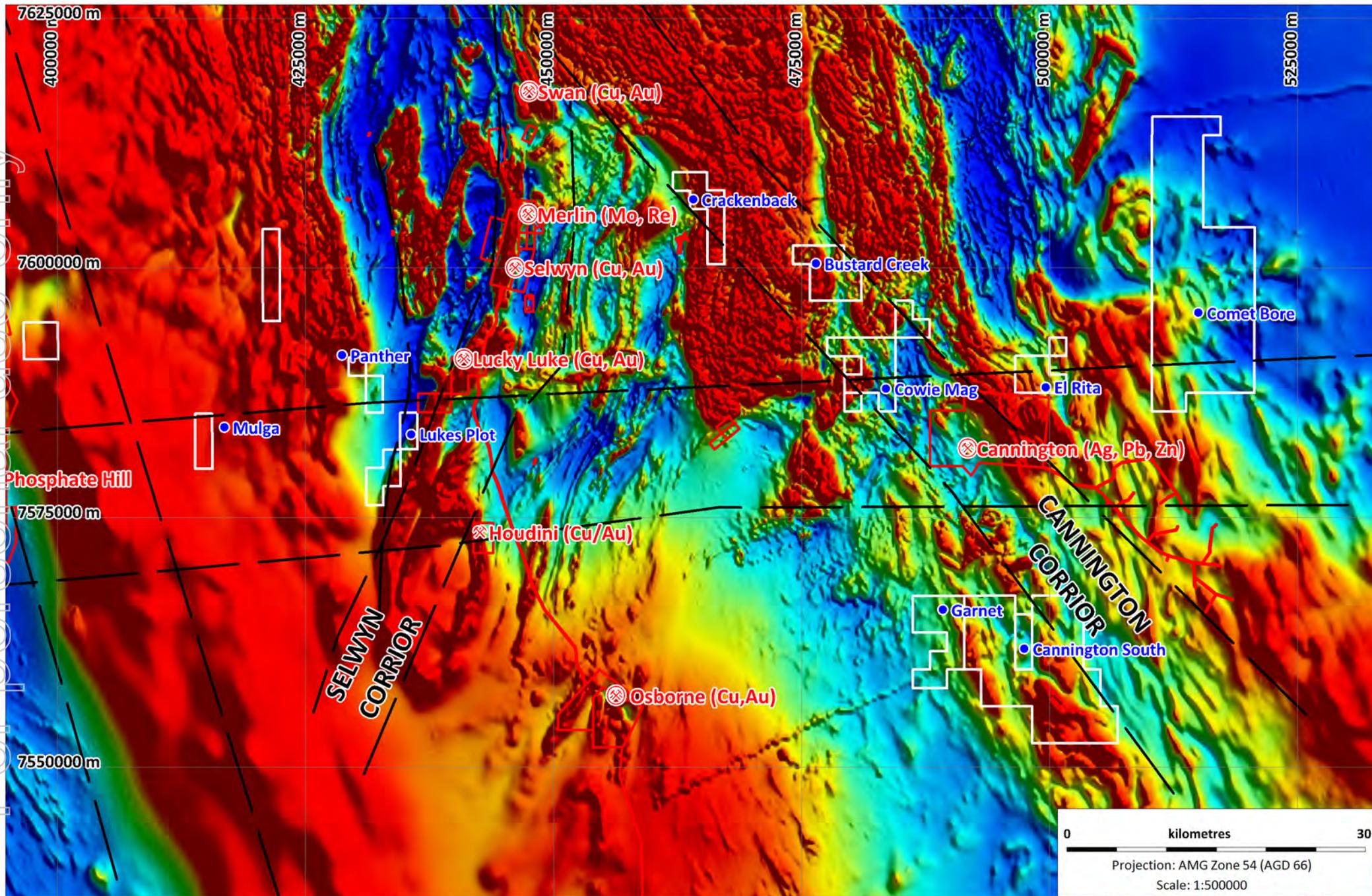
FIGURE 1



**Isa West Tenements (white) on Regional Government Magnetics Showing Structures (black)** FIGURE 2

BH.2011.115\_IsaWestMag\_ASX24012014.wor

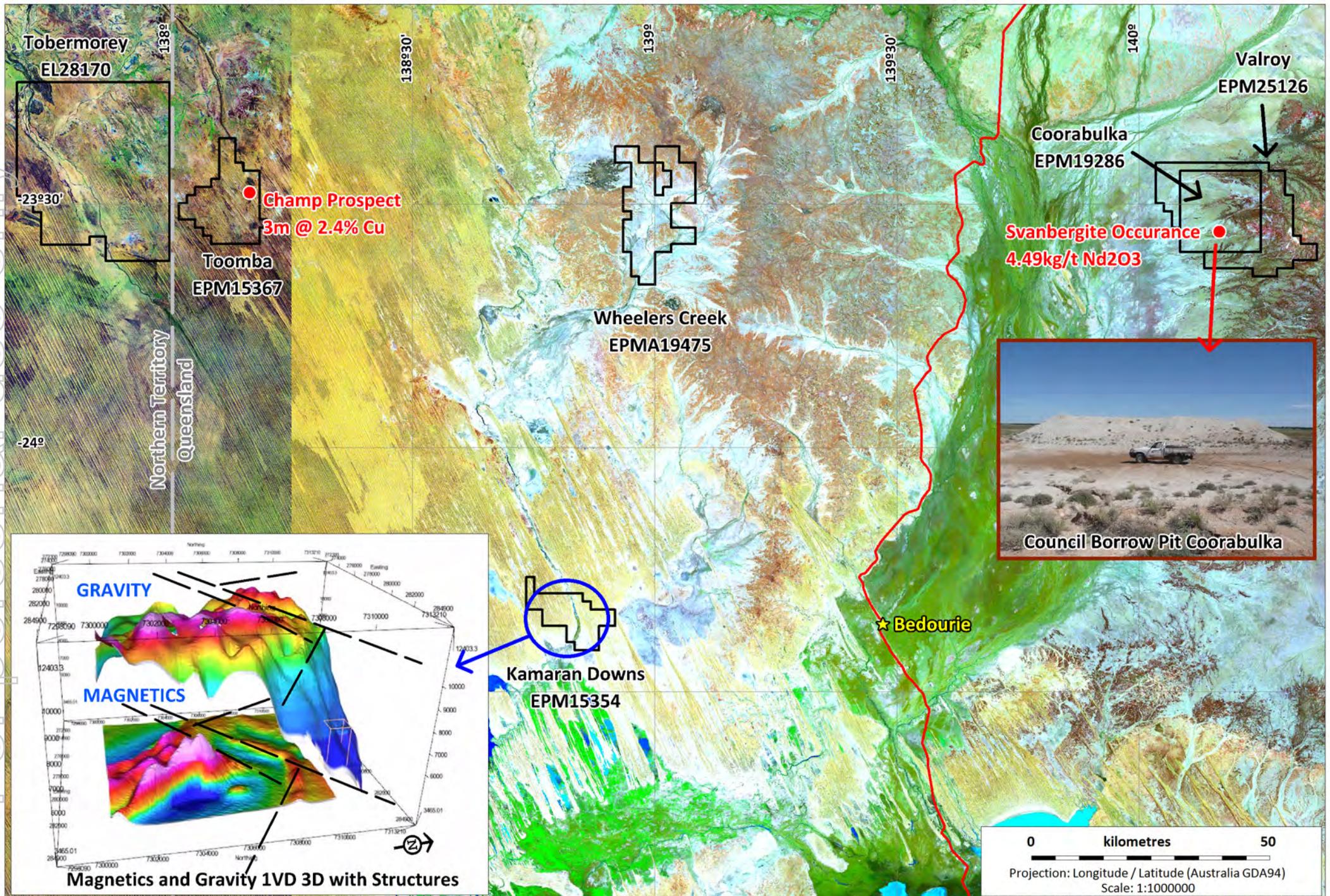
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Isa South Tenements (White) and Prospects (Blue) on Regional RTP Magnetics with Structures (Black) and Mines (Red)

FIGURE 3

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Diamantina Exploration Tenements on Landsatellite Imagery

FIGURE 4

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Krucible Metals Ltd

ABN

12 118 788 846

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(251) - - (218)	(478) - - (429)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other- asset sale transaction costs	(45)	(50)
<b>Net Operating Cash Flows</b>	<b>(505)</b>	<b>(945)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (97)	- - (97)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	4,152 - -	4,286 - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other- tenement security deposits Other- unearned income- phosphate asset sale	(13) -	(18) -
<b>Net investing cash flows</b>	<b>4,042</b>	<b>4,171</b>
1.13 Total operating and investing cash flows (carried forward)	3,537	3,226

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	3,537	3,226
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	3,537	3,226
1.20	Cash at beginning of quarter/year to date	212	523
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	3,749	3,749

**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	115
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Included in Operating and Investing Cash Flows were the following items:

1. Transaction costs associated with the sale of the Group's phosphate assets totalling \$45k for the quarter.
2. The remainder of the deposit held in relation to the phosphate asset sale totalling \$826k was received during the quarter together with a further instalment of \$3,326k (incl of GST). The transaction completed on 16 January 2014.
3. Amounts paid to directors include salaries, bonuses, directors' fees, superannuation and consulting fees totalling \$115k.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	148
4.2 Development	-
4.3 Production	-
4.4 Administration ( incl asset sale transaction costs)	244
<b>Total</b>	<b>392</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	423	105
5.2 Deposits at call	3,326	107
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,749</b>	<b>212</b>

+ See chapter 19 for defined terms.

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

**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	ML90209	Mining Lease sold	100%	0%
6.2	Interests in mining tenements acquired or increased	-	-	-	-

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)	
7.1	<b>Preference securities</b> <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>	80,370,695	80,370,695	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-		

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	270,000 300,000 1,000,000 1,500,000	- - - -	<i>Exercise price</i> 24 cents 15 cents 15 cents 11.96 cents	<i>Expiry date</i> 12/08/2014 28/02/2015 08/05/2015 28/11/2015
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	150,000	-	38 cents	11/10/2013
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....Date: 30 January 2014  
(Company Secretary)

Print name: M C Meintjes

### 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.

+ See chapter 19 for defined terms.

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

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- 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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