



Quarterly Activities and Cashflow Report for quarter ending 31 December 2014

DECEMBER QUARTER HIGHLIGHTS:

- **Batangas Gold Project Definitive Feasibility Study demonstrates robust cash flows and strong IRR:**
 - Interim Definitive Feasibility Study (DFS) results 20 November 2014, updated 23 January 2015 at gold price of A\$1,600/oz/US\$1,290/oz and lower fuel costs improves net free cash flow to **A\$45m**.
 - Low Capex (**A\$18.4 million**), low pre-tax operating costs (US\$703/oz Au **A\$873/oz Au**), for initial **100,000oz of gold over 5.2 years** of mining and processing only existing Indicated gold resources.
 - Strong projected operating cash flows net of taxes/royalties of **A\$67m**.
 - Debt funded Internal Rate of Return (**IRR**) **65%** and Net Present Value (NPV, 8%) **A\$28.5m**.
 - Final engineering/design stage of the DFS has commenced, targeting completion June 2015.
- **Final Permitting advanced with local government endorsements:**
 - Final permitting significantly advanced through endorsement of the Company's Social Development Management Plan (SDMP) and the development and production plan or Declaration of Mining Project Feasibility (DMPF) by the Barangay (township) Local Government Units (LGU's).
 - Environmental Impact Statement (EIS) being assessed by the Environmental Management Bureau prior to further consultation then expected grant of an Environmental Compliance Certificate (ECC) .
- **Encouraging high-grade gold and silver-copper results:**
 - High grade silver-copper drilling results from **Camo lode**, including **LB 119: 5.5m @ 200 g/t Ag, 0.25 g/t Au, 0.65% Cu, 1.25% Pb from 27.5m** (released 2 October 2014).
 - New high-grade gold trenching results from Limestone covered southern extensions of South West Breccia (SWB) epithermal vein system, including **Trench 32a: 2.5m @ 14.1 g/t Au including 0.5m @ 38.9 g/t Au** (released 12 December 2014). Open in all directions along vein structure under limestone cover. Testing continues in March quarter 2015.
- **Strategic Funding Partnership Agreement to fund DFS, permitting and initial development:**
 - Funding Agreement with Bluebird Merchant Ventures Ltd (**BMVL**) signed.
 - Two stages totalling US\$5.5m (**A\$6.7m**), to earn BMVL up to 50% of the wholly owned subsidiary, Red Mountain Mining Singapore Ltd (**RMMS**), holder of the Philippines Projects.
 - Stage 1, US\$1m, funding DFS, final permitting and exploration.
 - Stage 2, US\$4.5m, to fund initial development subject to completion of DFS and mine permitting.
- **The Company had A\$0.68 million cash and no debt at the end of the quarter.**

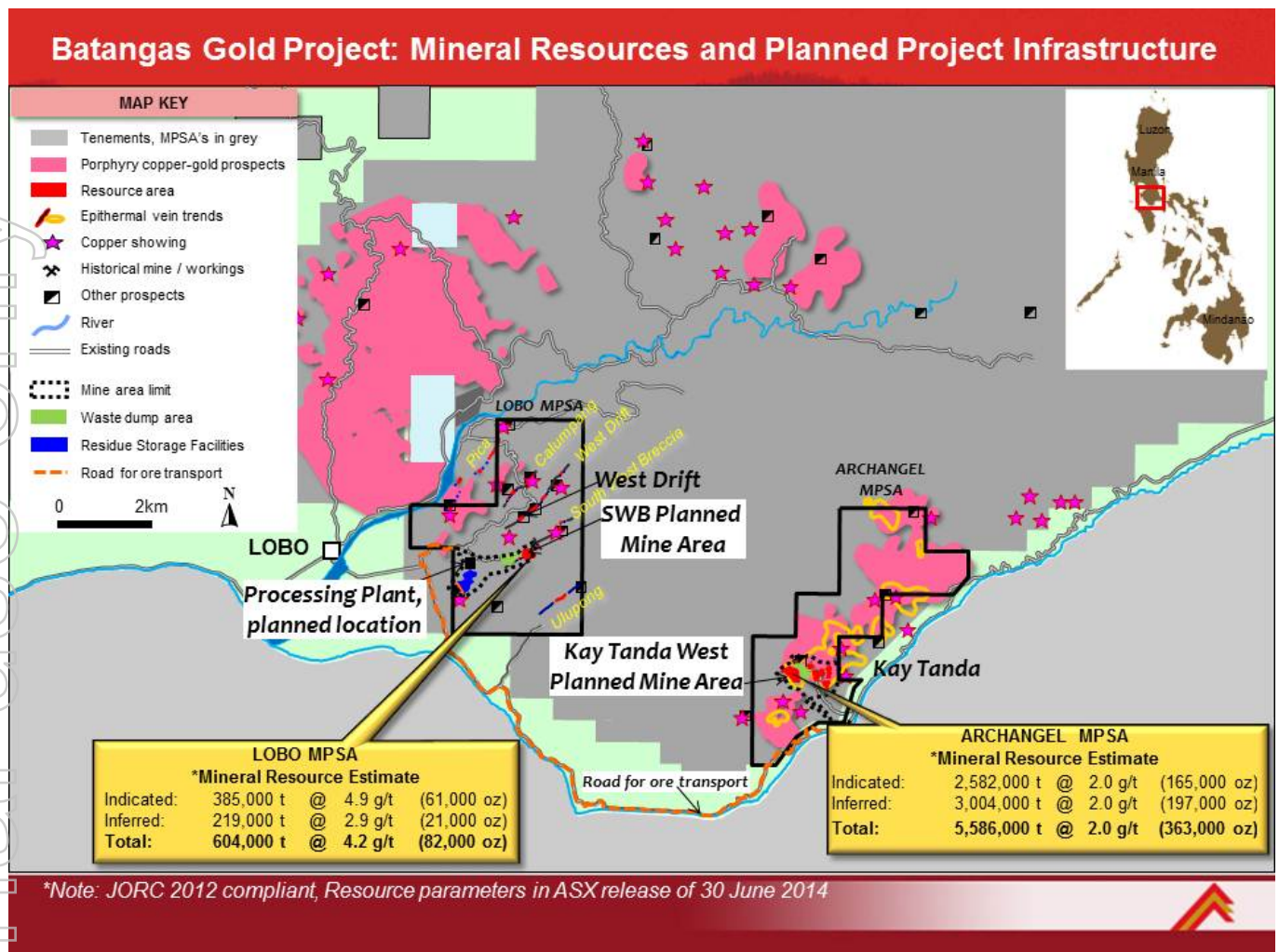


Figure 1: Batangas Gold Project Mineral Resources (JORC 2012) and planned project infrastructure

BATANGAS GOLD PROJECT

Definitive Feasibility Study (DFS) Progress

The DFS is approximately 50% complete. An interim DFS financial model released on 20 November 2014, and updated in January 2015 to incorporate the current Australian dollar gold price of A\$1,600/oz and reduced diesel fuel costs in the Philippines, confirmed low Capex, low operating costs, a high IRR and economically robust cash flows over the initial 5.2 years of mining and processing of existing gold resources at the Batangas Gold Project, 120km south of Manila, in the Philippines (Figure 1).

The first phase of the DFS focussed on mining and processing costs and recovery inputs for the initial 5.2 years production target of **100,000oz of gold (Au)** and **250,000oz of silver (Ag)**. The initial two years of production is expected to be from the high grade South West Breccia (SWB) open pit at Lobo, mining and processing **174,000 tonnes @ 6.8 g/t Au** (diluted). The second, 3.25 year production phase is planned to mine and process **854,000 tonnes @ 2.6 g/t Au, 12 g/t Ag** (diluted) from the Kay Tanda West (KTW) orebody, at Archangel, 15 kilometres by road to the east of the Lobo plant (Figure 1).

Updated capital cost inputs are preliminary at this stage, and will be the main focus of the second, detailed engineering phase of the DFS.

Updated highlights from the interim DFS cash flow model for the initial 5.2 years of production include:

- Mining Inventory ¹ for 5.2 years totalling **1.03 million tonnes @ 3.3 g/t Au, 10.3 g/t Ag**.
- Production target of **100,000oz Au and 250,000oz Ag** from processing of 1.03 million ore tonnes.
- Operating costs (excluding taxes, royalties and sustaining capital) **US\$703/oz Au (A\$873/oz Au)**.
- Pre-production capital of **A\$18.4 million**, including A\$15.4 million installed (inc. 10% contingency).
- Operating cash flows of **A\$67 million²**, free cash flow after capital of **A\$45 million²** (exc. financing).
- Assuming approximately 50% debt financing and repayment in 3 years (5% interest) the Internal Rate of Return (IRR) is **65%²** and NPV (8% discount rate) is **A\$28.5 million²**.

¹Mining Inventory based on Indicated Resources, expected to be convertible to Probable Ore Reserves on completion of the DFS.

²Assuming "current" gold price of US\$1,290/oz Au /A\$1,600/oz Au (A\$:US\$ exchange rate:0.805)

Based on these encouraging initial DFS results, the Red Mountain Board has approved proceeding to the final, detailed design phase of the DFS, which is targeted to be completed, in parallel with final mine permitting of the project, in mid 2015.

Final Permitting Update

The Company continues to progress the key permitting applications in the Philippines, namely the Declaration of Mining Project Feasibility report (DMPF) and the Environmental Impact Statement (EIS) that, with other environmental permit applications, forms the submission for the grant of an Environmental Compliance Certificate (ECC).

The Company further advises it has now achieved endorsement from all of the 10 potentially affected Barangay (township) Councils for the Batangas Gold Project development and production plan (Declaration of Mining Project Feasibility (DMPF)). The next step is to seek Lobo Municipal Council endorsement, following which the DMPF will be lodged with the central Mines and Geosciences Bureau (MGB) for final processing and approval.

The Environmental Impact Statement (EIS), submitted in March 2014, is being assessed by the Environmental Management Bureau (EMB) prior to further consultation then grant of an Environmental Compliance Certificate (ECC).

Exploration Targeting, Lobo Prospect:

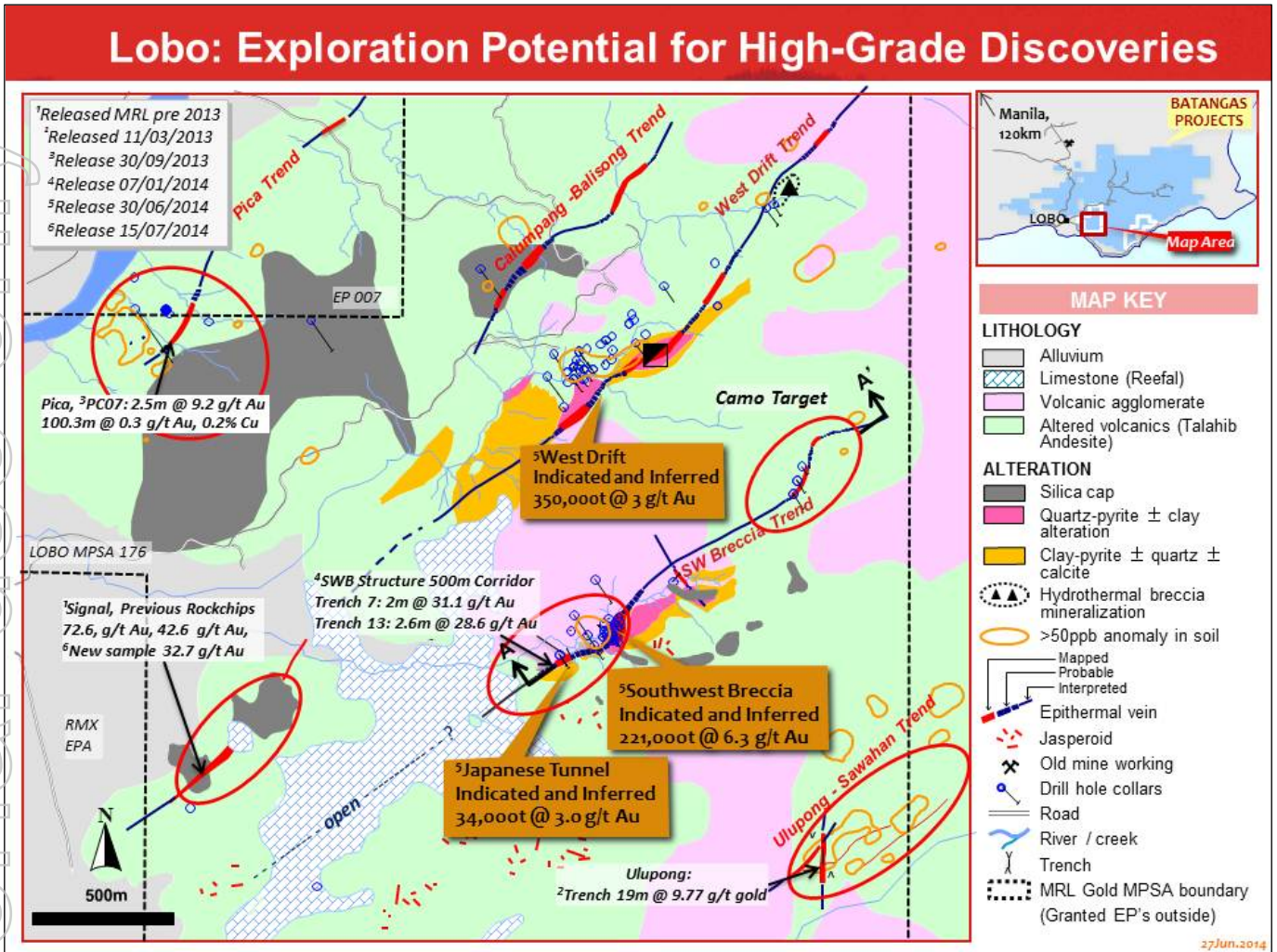


Figure 2: Plan of Lobo epithermal gold prospect with resources and high priority targets

Camo Target:

Drilling of the **Camo** silver-copper and high grade gold target resulted in the definition of a new, high-grade silver (Ag) Exploration Target with copper (Cu) and gold (Au) credits.

Note: The potential quantity (tonnage) and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate Mineral Resources and it is uncertain whether further exploration will result in the estimation of Mineral Resources.

The initial Exploration Target at Camo is based on 8 drillholes and two trench/rockchip channel samples across the **Anomaly 1** zone of the 500 metres strike length Camo Lode corridor (see plan view, Figure 3).

The drilling and trench/channel sampling have tested the steeply dipping lode at approximately 25 metres cross section spacing and 50 metres dip spacing over a 125 metres strike length and to a maximum 100 metres vertical depth. The mineralisation is open down plunge to the northeast towards Anomaly 2 (see longitudinal projection Figure 4). Average lode true width is approximately 4.0m.

Peak intersections to date include **LB 51: 5.5m @ 487 g/t Ag, 0.17 g/t Au, 1.83% Cu from 25.8m** (released pre 2012); **LB 119: 5.5m @ 200 g/t Ag, 0.25 g/t Au, 0.65% Cu, 1.25% Pb + Zn from 27.5m** (released 2 October 14) and **Trench C1-14: 4m @ 379 g/t Ag, 2.0 g/t Au, 0.62% Cu** (released 25 August 2014).

The Exploration Target, detailed in Table 1 below, is estimated in a range of **110,000 to 140,000 tonnes** grading from approximately **230 to 280 g/t silver *equivalent** containing from approximately **0.9 million to 1.3 million ounces of silver equivalent**.

Table 1: Camo Lode, Anomaly 1, Exploration Target Estimation:

Exploration Target, Camo Lode					Tonnage Range		Grade			Ag Equ. Range		Ag Oz Equ. Range	
DH/Tr	Thick	Dip	Strike	SG	90%	110%	Ag g/t	Au g/t	Cu %	90%	110%		
LB 51	5.3	50	25	2.5	15,000	19,000	487	0.2	1.83	583	713	281,000	435,000
LB 49	6.5	50	25	2.5	18,000	22,000	80.5	0.3	0.34	115	140	66,000	99,000
LB 116	1.7	50	25	2.5	5,000	6,000	61.2	0.0	0.14	66	81	11,000	16,000
LB 117	2.4	50	25	2.5	6,000	8,000	45.4	0.1	0.15	56	68	11,000	18,000
LB 118	2.0	50	25	2.5	5,000	7,000	86.5	0.8	0.28	150	183	24,000	41,000
LB 119	5.5	50	25	2.5	15,000	19,000	200	0.2	0.65	242	296	117,000	181,000
LB 120	6.4	50	25	2.5	18,000	22,000	45.4	0.2	0.32	82	100	47,000	71,000
LB 122	1.4	50	25	2.5	4,000	4,000	67.7	0.1	0.18	82	100	11,000	13,000
Tr C1	4.0	50	25	2.5	12,000	14,000	379	2.0	0.60	500	611	193,000	275,000
RKCP C2	5.0	50	25	2.5	14,000	18,000	162	0.6	0.42	212	259	96,000	150,000
10 H/Tr	4.0	100	125	2.5	110,000	140,000	178	0.5	0.6	230	280	900,000	1,300,000

*Note: The silver equivalence calculation represents total metal value for each metal summed and expressed in equivalent silver grade in grams per tonne (g/t). The prices used in the calculation being A\$20/oz Ag, A\$1400/oz Au, and A\$3.50/lb Cu. Metallurgical recoveries for silver (85%) and gold (90%) are based on metallurgical testing completed by the Company. Copper recovery in concentrate is 90%, as indicated by publically available metallurgical testwork on an identical epithermal ore assemblage at Mt Carlton in Queensland, Australia. Calculation Ag Eq = (((Grade Ag g/t / 31.1035) x Price Ag per Oz x Ag Recovery) + ((Grade Au g/t / 31.1035) x Price Au per Oz x Au recovery) + ((Grade Cu %) x (Price Cu per lb x 2204.6) x (Cu Recovery))) / (Price Ag per Oz)) x 31.1035. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Metallurgical testing and resource modeling is planned within the next 6 to 12 months to determine the economic validity of the Camo Lode, Anomaly 1, Exploration Target and potentially convert to Mineral Resource.

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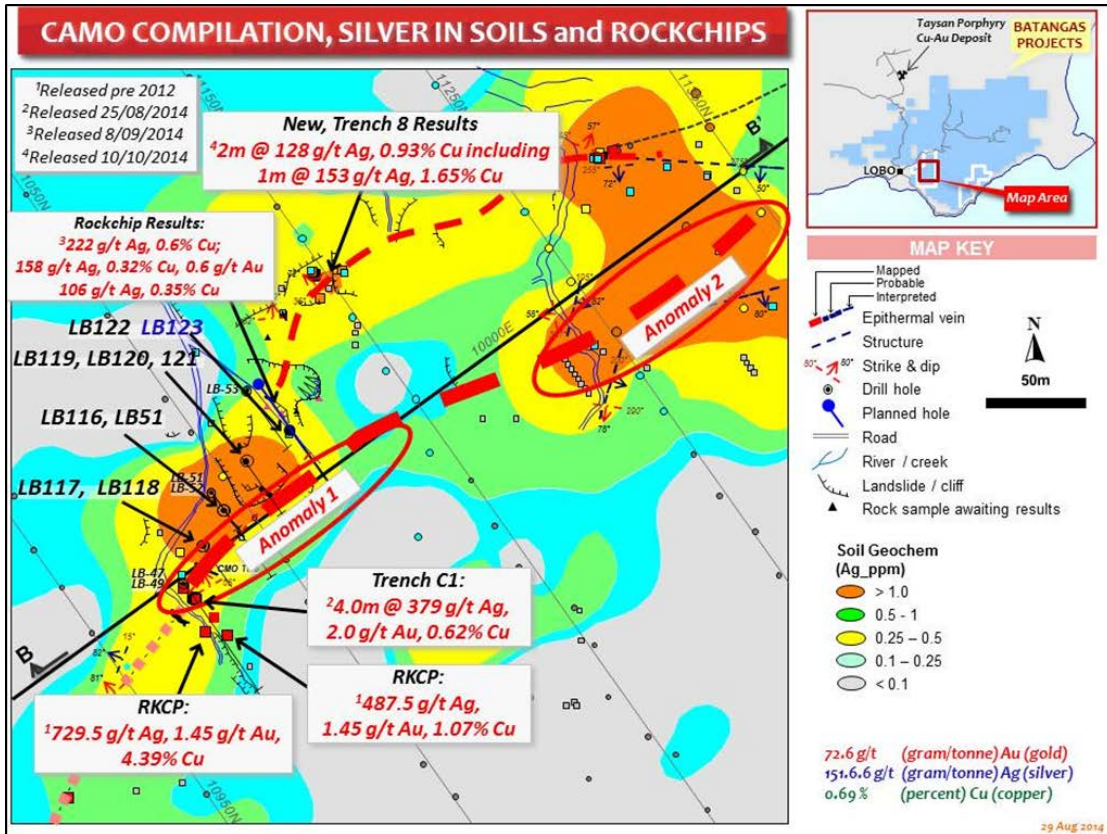


Figure 3: Plan of Camo lode with rockchip sample results and drillhole locations

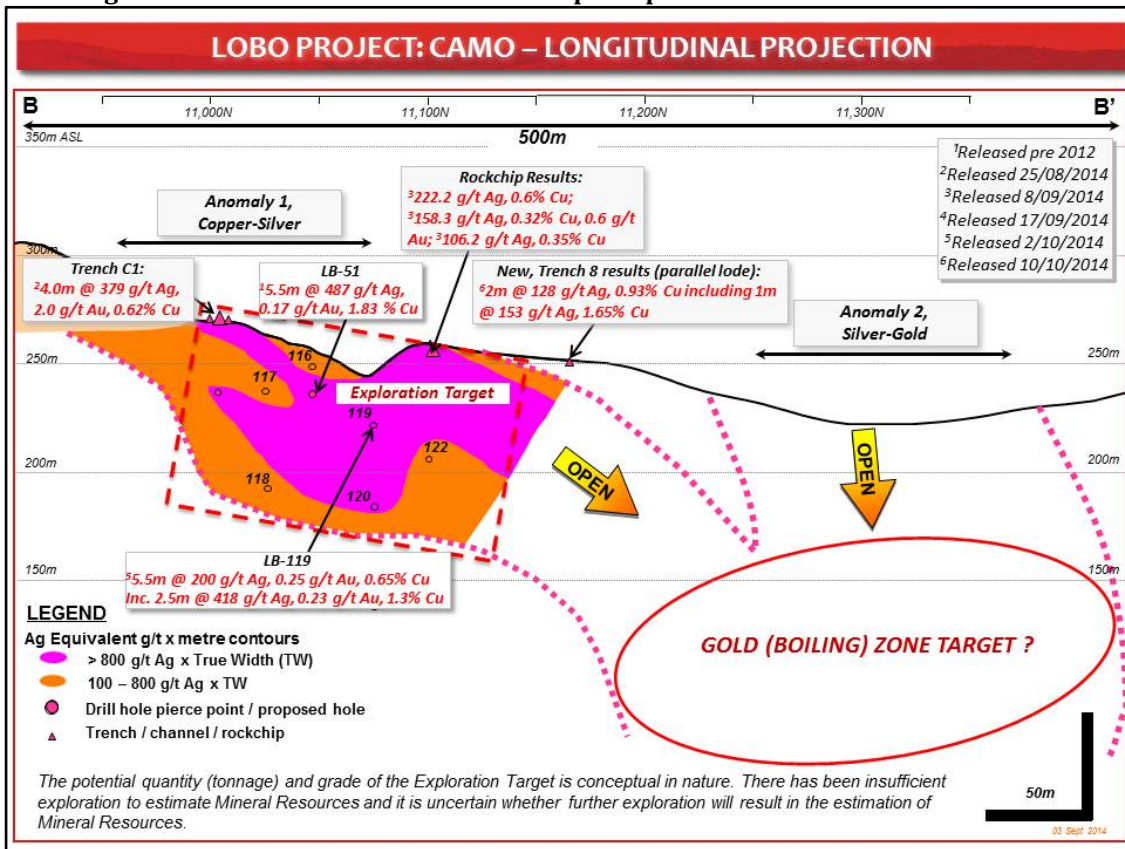


Figure 4: Camo longitudinal projection, with drilling pierce points and rockchip results

South West Breccia System Extended – Limestone Target:

Further trenching of the South West Breccia (SWB) lode structure, **Limestone Target** returned new high grade trenching results from 500m southwest of the SWB gold resource.

A 20m strike length of outcropping lode is exposed through a window, surrounded by younger limestone that covers the projections of the lode in all directions.

Trenching has been conducted along the lode structure, through approximately a one metre thick soil cover, then channel sampled across the lode at 2.5m intervals.

The three most significant new channel sampling intersections produced, released to ASX on 12 December 2014, were as follows:

- **Trench 32a: 2.5m @ 14.1 g/t Au including 0.5m @ 38.9 g/t Au**
- **Trench 32b: 1.0m @ 9.74 g/t Au, 376 g/t Ag, 1.47% Cu including 0.5m @ 13.7 g/t Au**
- **Trench 33b: 2.0m @ 8.4 g/t Au including 1.0m @ 15.1 g/t Au**

Trenches 32a and 32b are located between previous **Trench 13 (2.6m @ 28.6 g/t Au)** and **Trench 11 (1.3m @ 8.7 g/t Au)**, released 7 January 2014. Trench's 33a and 33b are located immediately along strike to the southwest of Trench 11, against the southwestern limestone contact, under which the lode is projected to extend.

Limited previous drilling in this area included a high grade lode intersection in **LB 105 of 0.65m @ 18 g/t Au** from 10m downhole depth (released 23 April 2014), directly down dip of Trench 13 (see detailed plan Figure 5). This intersection is interpreted to be the down dip extent of a potential high grade gold shoot, where the lode remains open and will be tested with drilling planned to commence March quarter 2015.

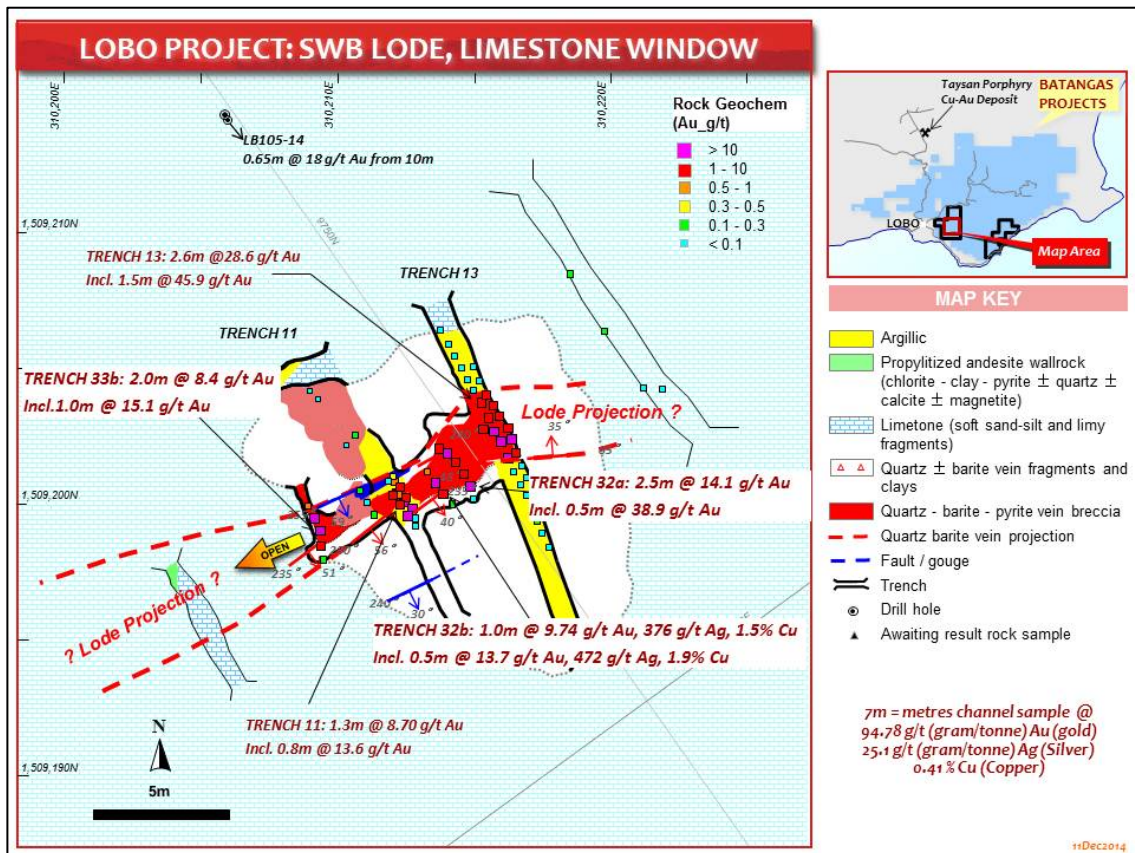


Figure 5: New trenching results from SWB lode exposed in Limestone window, released 12 December 2014

COMPANY STATUS AND OUTLOOK

Strategic Financing Partnership Agreement with Bluebird Merchant Ventures:

On 24 December 2014, a binding Strategic Financing Partnership Agreement (**the Agreement**) was entered between the Company and London backed, BVI registered private company Bluebird Merchant Ventures Ltd (**BMVL**).

The Agreement includes a two stage funding arrangement totalling US\$5.5m (~**A\$6.8m**), earning BMVL up to 50% of the currently wholly owned subsidiary, Red Mountain Mining Singapore Ltd (**RMMS**), which is the holder of the Philippines based Batangas Gold Project assets.

The two stage funding Agreement includes Stage 1, US\$1m (**A\$1.2m**) to complete the Definitive Feasibility Study (DFS) and final mine permitting. This will enable BVML to earn a 15% equity interest in RMMS. Stage 2, US\$4.5m (**A\$5.5m**) to part fund the development of the Batangas Gold Project will enable BVML to earn an additional 35% equity in RMMS. Exercise of Stage 2 funding is subject to conditions precedent including completion of final mine permitting and a DFS producing a >25% internal rate of return (IRR) and producing >100,000 oz of gold equivalent over the initial mine life.

The material terms of the Agreement are described in ASX release dated 16 December 2014.

Due diligence has now been completed and the initial instalment of Stage 1 funding has been received with the balance of the Stage 1 US\$1m to be paid in monthly instalments over a maximum of 6 months or the balance on listing of BMVL on the London Stock Exchange, AIM market, whichever is earlier.

Expenditure and Outlook:

The Company completed two placements during the quarter, raising a total of **A\$0.58 million** (before costs).

Expenditure during the quarter ended 31 December 2014 totalled **\$1.15 million** and included continued exploration activities including drilling; completing the first phase of the DFS and advancing mine development permitting requirements including endorsement of the local government units.

Exploration and evaluation or "in the ground" expenditure of almost A\$0.82 million represented 72% of total expenditure of \$1.15 million for the December quarter.

The Company continues to focus on safe and efficient exploration and development activities in harmony with local communities and the environment. No lost time safety or environmental incidents occurred during the quarter.

Cash on hand at 31 December 2014 was **A\$0.68 million**, with no debt.

For further information about Red Mountain visit www.redmm.com.au or contact:

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About Red Mountain Mining Limited and the Batangas Gold Project

Red Mountain Mining (ASX: RMX) is a gold exploration and development company which listed on the ASX in September 2011. The Company's strategy is to unlock the potential of 'under-developed' gold and polymetallic projects in the greater Asian region by introducing Australian exploration and mining methods and improving efficiencies to gain significant exploration and production upside.

The Company holds a 100% direct and indirect contractual right interest in tenements in the Philippines that contain significant gold resources. Total Mineral Resources at Batangas include Indicated Resources of 2.97 million tonnes @ 2.4 g/t Au, 227,000 oz Au and Inferred Resources of 3.22 million tonnes @ 2.1 g/t Au, 218,000oz Au for a total of 6.19 million tonnes at 2.2 g/t Au, 444,000oz Au (ASX announcement 30 June 2014, JORC 2012). The Company is continuing exploration with the objectives of upgrading mineral resources at Batangas.

The Company announced Agreement with London backed, BVI registered, BMVL on 23 December 2014 which includes a two stage funding arrangement totalling US\$5.5 million (~A\$6.7 million), earning BMVL up to 50% of the currently wholly owned subsidiary, Red Mountain Mining Singapore Ltd, which is the holder of the Philippines based Batangas Gold Project assets.

Funding under the Agreement with BMVL will allow the Company to complete a DFS on the project, with initial results confirming low capital and operating costs and recovery of over 100,000 ounces of gold during the initial 5 years of production (ASX announcement 20 November 2014).

Final mine development permitting submissions have been lodged with the Philippines Government (ASX announcement 3 April 2014) and are proceeding towards approval.

Other gold opportunities will be reviewed on a continuous basis.

Cautionary Statement

The production targets referred to in this announcement were first released to ASX on 20 November 2014 and updated on 23 January 2015. They are preliminary and there is no certainty that the production targets or the forecast financial information derived from the production targets will be realised. Other than as noted in this announcement, all material assumptions underpinning production targets or forecast financial information derived from production targets continue to apply and have not materially changed.

The silver equivalence calculation represents total metal value for each metal summed and expressed in equivalent silver grade in grams per tonne (g/t). The prices used in the calculation being A\$20/oz Ag, A\$1400/oz Au, and A\$3.50/lb Cu. Metallurgical recoveries for silver (85%) and gold (90%) are based on metallurgical testing completed by the Company. Copper recovery in concentrate is 90%, as indicated by publicly available metallurgical testwork on an identical epithermal ore assemblage at Mt Carlton in Queensland, Australia. Calculation Ag Eq = (((Grade Ag g/t / 31.1035) x Price Ag per Oz x Ag Recovery) + (((Grade Au g/t / 31.1035) x Price Au per Oz x Au recovery) + ((Grade Cu %) x (Price Cu per lb x 2204.6) x (Cu Recovery)))) / (Price Ag per Oz))) x 31.1035. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Competent Person Statement

The information in this report relating to Mineral Resources and post 1 December 2013 Exploration Results is based on information compiled by Mr Jon Dugdale who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale is a full time employee and Managing Director of Red Mountain Mining Ltd. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed. The information in this report relating to pre December 2013 Exploration Results is also based on information compiled by Mr Jon Dugdale who has sufficient exploration experience which is relevant to the various styles of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dugdale takes responsibility for and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This announcement contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on Red Mountain Mining's current expectations, estimates and projections about the industry in which Red Mountain Mining operates, and beliefs and assumptions regarding Red Mountain Mining's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Red Mountain Mining, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Red Mountain Mining cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Red Mountain Mining only as of the date of this presentation. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Red Mountain Mining will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Tenement Table: ASX Listing Rule 5.3.3

Mining tenement interests held at the end of the quarter and their location

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER/APPLICANT	AREA IN HECTARES	DATE OF RENEWAL PERIOD EXPIRATION	PERMIT TERM EXPIRY	INTEREST / CONTRACTUAL RIGHT
Lobo	MPSA-176-2002-IV	Egerton Gold Philippines Inc.	1,164	26-Sep-14	20-Nov-27	100%
Archangel	MPSA-177-2002-IV	Egerton Gold Philippines Inc.	1,012	29-Mar-14	20-Nov-27	100%
Calo	EP-IVA-006	Egerton Gold Philippines Inc.	2,493	5-Sep-14	*5-Sep-14	100%
Pica	EP-IVA-007	Egerton Gold Philippines Inc.	4,488	5-Sep-14	*5-Sep-14	100%
Biga	EP-IVA-008	Egerton Gold Philippines Inc.	977	23-Oct-14	*23-Oct-14	100%
El Paso	EP-IVA-009	MRL Nickel Phils. Inc.	5,000	12-Apr-14	*12-Apr-14	100%
Philex	EP-IVA-010	Egerton Gold Philippines Inc.	1,579	23-Oct-14	*23-Oct-14	100%
Talahib	EP-IVA-011	Egerton Gold Philippines Inc.	873	5-Oct-13	*5-Oct-13	100%
Rosario	EP-IVA-014	MRL Nickel Phils. Inc.	2,991	20-Feb-15	20-Feb-15	100%
East Lobo	EP-IVA-015	Egerton Gold Philippines Inc.	2,461	20-Feb-15	20-Feb-15	100%
SW Lobo	EPA-IVA-093	MRL Nickel Phils. Inc.	166	Application	Application	100%
Calo Extension	EPA-IVA-102	MRL Nickel Phils. Inc.	850	Application	Application	100%
Batangas Extension	EPA-IVA-103	MRL Nickel Phils. Inc.	3,033	Application	Application	100%

*Note: Exploration Permits that have reached permit expiry have been submitted for renewal.

The mining tenement interests relinquished during the quarter and their location

No mining tenements were relinquished during the quarter.

The mining tenement interests acquired during the quarter and their location

No mining tenements were acquired during the quarter.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Not applicable

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

RED MOUNTAIN MINING LIMITED

ABN

40 119 568 106

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	57	22
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(823) - - (387)	(1,612) - - (692)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,151)	(2,273)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (4)	- - (9)
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)	-	-
Net investing cash flows	(4)	(9)
1.13 Total operating and investing cash flows (carried forward)	(1,155)	(2,282)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,155)	(2,282)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	599	1,159
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)	-	-
	Net financing cash flows	599	1,159
	Net increase (decrease) in cash held	(556)	(1,123)
1.20	Cash at beginning of quarter/year to date	1,179	1,719
1.21	Exchange rate adjustments to item 1.20	55	82
1.22	Cash at end of quarter*	678	678

* Includes \$212,000 cash received (net of costs) respecting the placement issue of 61,325,000 fully paid ordinary shares as announced on the ASX 2nd January 2015.

Payments to directors of the entity, associates of the directors, 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	102
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Director fees, executive salaries and superannuation.

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

+ See chapter 19 for defined terms.

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- 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

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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	40	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	678
4.2 Development	-
4.3 Production	-
4.4 Administration	137
Total*	815

* To be funded using existing cash reserves together with expected \$814,473 in net proceeds from the pro rata Rights Issue closing 3rd February 2015 and \$1,161,944 in net proceeds from the Strategic Funding Partnership Agreement with Bluebird Merchant Ventures Ltd announced to the ASX 23rd December 2014.

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	642	1,143
5.2 Deposits at call	36	36
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	678	1,179

+ See chapter 19 for defined terms.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum 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	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	819,920,844	819,920,844	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	56,402,833	56,402,833	
7.5	+Convertible debt securities (description)	79,850,000 Performance Rights		

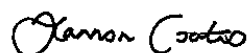
+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	51,850,500 Performance Rights	Nil		
7.7	Options (description and conversion factor)	97,839,460 95,604,869 15,000,000	97,839,460 95,604,869 -	<i>Exercise price</i> \$0.03 \$0.012 \$0.20	<i>Expiry date</i> 30 June 2016 31 March 2016 15 Sept 2016
7.8	Issued during quarter	95,604,869	95,604,869	\$.012	31 March 2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (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 5).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 30 January 2015
(Director/Company secretary)

Print name: SHANNON COATES
.....

+ See chapter 19 for defined terms.

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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