



ASX Release

17 July 2017

## JUNE 2017 QUARTERLY REPORT

Danakali Ltd (ASX: DNK) (**Danakali** or the **Company**) is pleased to provide this quarterly update on its Colluli Potash Project (**Colluli** or the **Project**), located in Eritrea, East Africa.

### HIGHLIGHTS

#### CONTINUED SUCCESSFUL ADVANCEMENT OF THE WORLD CLASS COLLULI POTASH PROJECT

- **Increased expected production capacity** following debottlenecking of plant configuration to deliver an additional **47kt per annum** of SOP
- **Advancement of offtake discussions** which are tracking to plan and are now advancing towards binding agreements
- **Discussions with commercial lenders advanced**
- **Commissioning of the telecommunications tower** at the Colluli site completed
- **FEED level evaluation** of in-country infrastructure, construction facilities, concrete production facilities and road transport delivery capacity completed
- **Civil engineering site visit and in-country pre-construction evaluation** completed
- **Earthworks tendering packages** developed and distributed
- **Completion of pre-construction geotechnical investigations** at the Colluli site
- **Optimisation** of plant site and pond material volumes commenced
- **Improvement in brine circuit configuration** to potentially reduce pond sizes
- **Refinement of mining schedules and initiation of formal tendering process** for the mining contract
- **Completion of revised power consumption requirements** for FEED production capacity
- **Completion of comprehensive logistics survey** for future construction activities
- **Detailed procurement lists and tender packages** for the FEED design developed and distributed
- **Appointment of Turner & Townsend** as project management consultants for the execution contract scope
- **Appointment of Inglett and Stubbs** as the preferred power provider for the project
- **Advancement** of commercial terms and conditions for power generation



### Planned For September Quarter

- **Progress negotiations** towards final binding offtake agreements
- **Advance** discussions with commercial lenders
- **Prioritisation of** procurement packages and selection preferred vendors
- **Commencement of evaluation of vendor packages for** revised FEED capital costs
- **Evaluate** revised recovery pond sizes
- **Evaluate** revised cut, fill and surface preparation for ponds and processing plant
- **Progress draft contract and** commercial terms for the power generation facility
- **Assessment** of the mining contractor proposals
- **Finalise** the request for tender package for the EPC execution of the project

### CORPORATE

- Successfully completed a placement to large institutional investors to raise **A\$12.35m**
- Strong cash position of **A\$18.3m** (30 June 2017)
- **Appointment** of Tony Harrington as **construction Project Manager** to lead the execution phase of the Colluli project
- **Appointment** of Stuart Tarrant as **Chief Financial Officer**
- **804,545** options exercised along with the issue of **1,840,000** options and **150,000** performance shares



*Figure 1: Colluli Process Plant Design*



## PROJECT

### PROJECT UPDATE – FEED FURTHER ADVANCED AND KEY CONTRACTS UNDER DEVELOPMENT

During the second quarter of 2017 the engineering and mining schedule optimisation phases were successfully completed and the key contracts including project execution, mining and power were progressed. The Colluli project has continued to attract well regarded and highly reputable contractors, consultants and service providers from across the globe.

As the Project advances towards the bidding and award of an EPC contract, Tony Harrington was appointed to the role of Project Construction Manager (see corporate update for details) and has commenced working with Turner and Townsend on the EPC contract bidding documents.

Project highlights include:

- **Debottlenecking** of plant configuration to deliver an additional **47kt per annum** of SOP
- **Optimisation** of plant site and pond material volumes
- **Refinement of mining schedules** and **Initiation of formal tendering process** for the mining contract with the appointment of AMC consultants
- **Selection and advancement** towards commercial terms and conditions of **Inglett and Stubbs International** as the preferred power provider for the project
- **Completion of pre-construction geotechnical** investigations at the Colluli site
- **Appointment of Turner & Townsend** as project management consultants for the execution contract scope

### Positive progress advancing FEED, optimising design and unlocking plant capacity

Global engineering, procurement and construction company, Fluor, has continued to successfully advance the front-end engineering design (**FEED**) of the Colluli Project. During the quarter, a systemic debottlenecking process delivered an outstanding result, with a 47ktpa increase in SOP production relative to the definitive feasibility study<sup>1</sup> (**DFS**) design. This increased module capacity of 472ktpa will form the basis of the FEED<sup>2</sup>. All the material assumptions underpinning the production target, or the forecast financial information derived from the production target in that announcement, continue to apply and have not materially changed.

<sup>1</sup> ASX announcement, Colluli Definitive Feasibility Study Results, 30 November 2015

<sup>2</sup> ASX announcement, FEED optimisation increases planned Sulphate of Potash production capacity at Colluli, 3 May 2017



In addition, the FEED team have developed optimised material volumes in concrete, steel and earthworks. The revised volumes are currently under evaluation by the FEED team. Optimisation of the plant structure and footprint has been supported by the completed modular construction and assembly strategy which balances off-site fabrication with site access and equipment logistics.

An aerial LIDAR survey, was also completed for the final site road access to the future mine site from the coastal road. This work is in addition to the detailed surveys completed during the DFS.

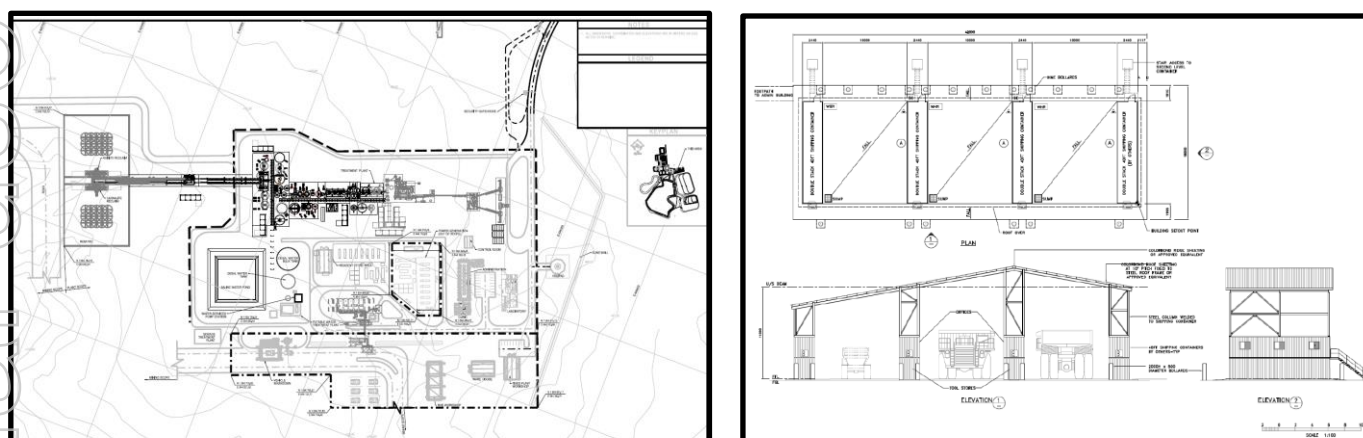


Figure 2: Optimised site layout and mobile maintenance workshop



Photo: Colluli exploration camp hosting site visit



The FEED procurement and contracts team are nearing completion of the procurement cycle which includes final selection of equipment vendors and contractors. The bids, in conjunction with the optimised material volumes, will undergo a detailed interrogation process before forming the basis of the revised capital and operational cost estimates to be delivered with the final FEED report. The procurement packages form an integral input to the procurement led funding process which is being managed by Endeavour Financial.

Site visits for contractors bidding on earthworks, concrete, installation and equipment logistics, were completed with the FEED team lead civil engineer supporting the delegation.

#### **Mine optimisation complete and mining contract tendering underway**

AMC Consultants were appointed early in the quarter to conduct refinement and optimisation work on the DFS mine schedule and to subsequently develop the contracting strategy and lead the formal mining contract tendering process.

Mine schedule optimisation and alignment to the revised plant feed rates, which support the increased production capacity of the designed plant, as described above, has been completed with additional input acquired from the completed geotechnical investigations recommended as part of the DFS. The detailed mine schedules are under evaluation and will be utilised in the mining contractor tendering process.

Formal tendering for the mining contract has commenced following the expression of interest phase which confirmed a strong level of interest from mining contractors in Africa, Europe and India.

Site visits are planned for early August to support the mining contract bids.

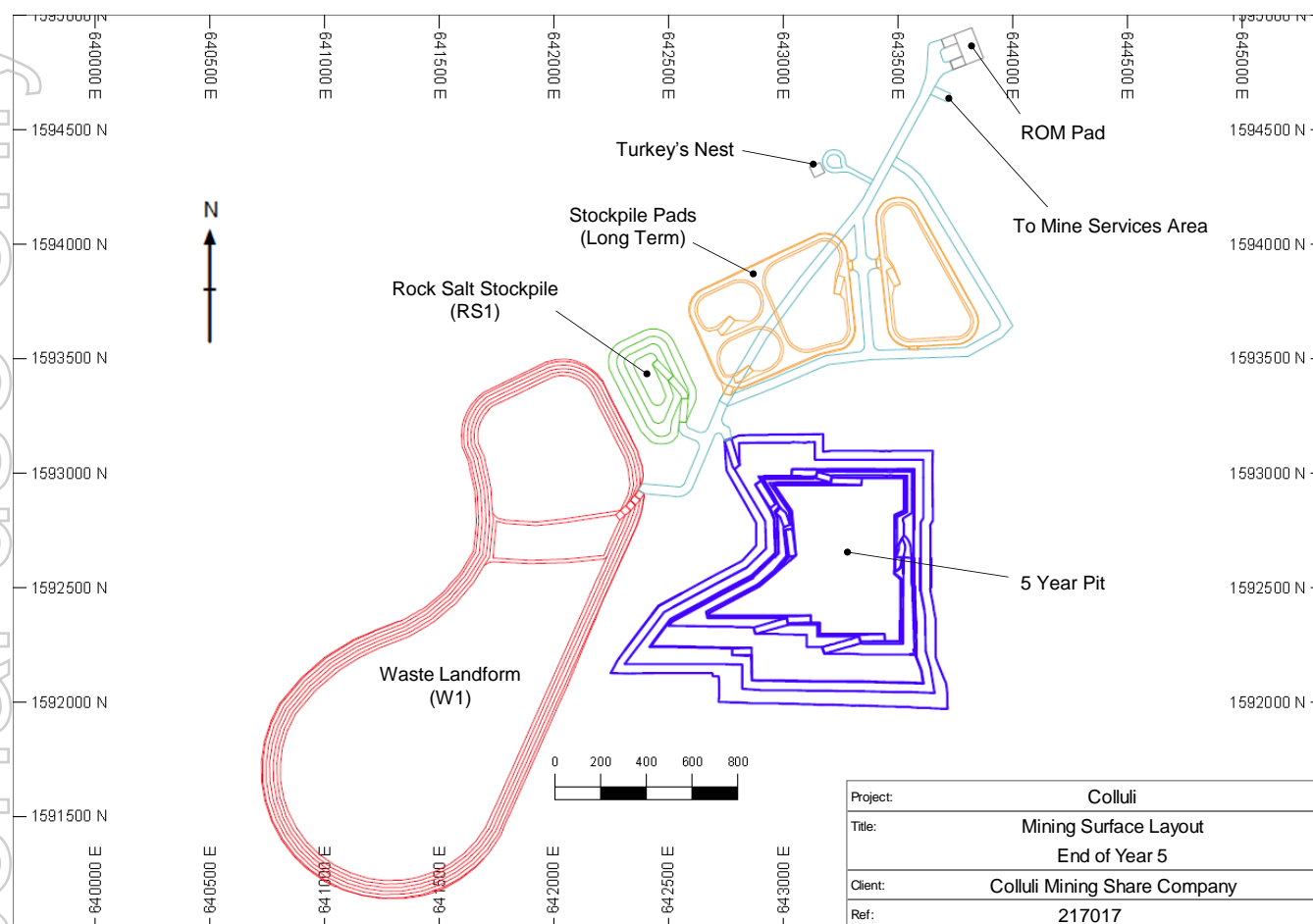


Figure 3: Mining surface layout

### Preferred power provider selected and final optimisation of solution underway<sup>1</sup>

United States based Inglett and Stubbs International (ISI), a global provider of power generation, distribution and communications facilities, was appointed as the preferred power supplier for the Colluli Potash Project. The appointment followed a competitive tendering process based on a build, own, operate (BOOT) model.

ISI are currently integrating the revised power demands of the improved FEED design with the power generation proposal as the commercial terms are progressed.

<sup>1</sup> ASX announcement, Preferred Power Provider Appointed, 31 May 2017





### Pre-construction geotechnical activities completed for Colluli infrastructure

A comprehensive pre-construction geotechnical campaign commenced on site in April and has been completed. On site and ongoing technical support was provided by Knight Piésold (KP). The scope of works completed was based on recommendations from the DFS and included 90 cone penetrometer tests, 150 mechanically excavated test pits, 130 dynamic cone penetrometer tests and 8 Shelby tube push tests.

The programme refined the geotechnical engineering properties of the soils and the delineating soil stratigraphy. This work both supports the refined brine recovery pond foundation designs and pond locations, as part of FEED and confirmed the suitability of the mine overburden soils for pond construction material to a higher level of granularity and confidence to the DFS.

Significant characterisation work has been completed in prior studies.



*Photo: Pre-construction geotechnical work at Colluli*



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*Photo: Pre-construction geotechnical work at Colluli*

### **Project management consultant to support project execution**

Global construction and project management consultants, Turner & Townsend, were appointed in early June to define the full scope of the execution contract requirements for the Colluli Potash Project. Under the management of recently appointed construction Project Manager, Tony Harrington, Turner & Townsend have progressed the development of the request for tender package for the EPC execution of the project.





### **Colluli telecommunications tower commissioned**

During the last quarter, the Eritrean Government completed the Colluli communication tower at the Colluli Mine Site (Image on right).

The solar powered mobile phone relay station provides full mobile phone coverage across the Colluli site and along 30 Kms of the site access road. Over 80% of the transport corridor from Colluli to Massawa is now covered by mobile phone reception.



### **Reserve and resource**

There have been no changes to the potassium bearing salt ore reserve since 30 November 2015 nor the rock salt mineral resource estimate since 23 September 2015.



## PROJECT FINANCE UPDATE

### Offtake

Danakali is progressing its well-defined offtake strategy. The strategy is being executed in line with the planned time line and commercial discussions are progressing well. Negotiations are moving towards final binding offtake agreements.

In line with the offtake strategy, binding agreements are expected to be finalised later in the year. Dialogue continues with a range of prominent offtake parties in Europe, Africa, America, and the Middle East including end-users, producers, and traders. Industry interest in securing Sulphate of Potash (**SOP**) offtake remains high, with the aggregate offtake volumes requested by parties significantly exceeding the Company's revised stage one production forecast of 472,000 tonnes of SOP per annum.

In May 2017, Danakali attended the IFA Annual Fertiliser Conference in Marrakesh. This is recognised as the most prominent fertiliser conference on the industry calendar, and attended by key industry participants from many parts of the globe. The event presented an opportunity to further progress negotiations with key industry players, and broaden the number of parties that are progressing discussions.

Danakali was elected to Associate Membership of IFA at the General Meeting held on 24 May 2017. Membership provides a range of benefits, including the opportunity to actively participate in the work of the Agriculture, Production and International Trade, Technical and SHE and Communications and Public Affairs Committees. Following the conference, requests were made from additional prospective offtake parties for Colluli SOP samples for testing in their respective laboratories. The feedback from parties following testing is consistent with previous feedback which confirms that the SOP produced from the Colluli resource and process meets the strict quality requirements of the industry.

### Funding

During the June Quarter, the procurement packaging phase continued. The information collated is used to contact Export Credit Agencies (**ECA's**) to explore export credit loans and loan guarantees that is closely aligned with the procurement sourcing strategy.

Danakali and CMSC's debt advisor, Endeavour Financial (**EF**) have identified ECA's and Development Fund Institutions (**DFI's**) and discussions continue to develop in line with the procurement packaging. Danakali and EF are also engaging commercial lenders to complement the procurement based solution and maintain discussions with selected commercial lenders who have shown interest in providing funding for the Project.



In addition to the above, Danakali and CMSC continues to work closely with our equity advisors to optimise other opportunities that could form part of the overall funding solution.

## **CORPORATE**

### **CASH**

Consolidated cash on hand as at 30 June 2017 was A\$18.3 million.

### **CORPORATE APPOINTMENT AND RESIGNATION**

During the quarter, Mr. Tony Harrington was appointed as Project Manager for the construction phase of the World Class Colluli Potash Project.

Mr. Harrington has over 37 years' experience in the mining industry delivering EPC, lump sum and EPCM projects in the capacity of both client representative and service provider over a diverse range of commodities, with a wide range of mineral processing units, across multiple jurisdictions including East Africa, West Africa, Southern Africa, China, Continental Europe, UK and Australia.

Mr. Harrington has extensive experience in construction and assembly of surface infrastructure, materials handling systems, flotation circuits, pumping systems, tanks, cyclones, liberation circuits, thickeners and tailings storage facilities. He brings significant experience and an excellent track record in working in remote locations in developing jurisdictions.

During the quarter, Mr. Stuart Tarrant was appointed as Chief Financial Officer. Mr. Tarrant, formerly Head of Finance for DNK, is a fellow of the Association of Chartered Certified Accountants (ACCA) and a former accounting executive with both BHP and HWE Mining. Mr. Tarrant has extensive experience in the mining industry with core skills in financial modelling, financial systems deployment, procurement, budgeting, and cost analysis and optimisation.

Mr. Tarrant has established relationships with Endeavour Financial who are progressing the procurement led funding process for the project financing of the Colluli Sulphate of Potash Project, and was responsible for the development and integrity of the Colluli financial model underpinning the prefeasibility and definitive feasibility studies. Mr. Tarrant replaces Mr. Chris Els, who has resigned from DNK to pursue other opportunities.



## **EQUITY**

### **Share Capital - Placement**

During the quarter, the Company announced the completion of a \$12.35 million capital raise via the issue of 19,920,645 shares under a placement to institutional and sophisticated investors in the United Kingdom and Australia. The shares were issued at A\$0.62 per share.

### **Share Capital – Conversion of Unlisted Options**

A total of 804,545 fully paid shares were issued on conversion of unlisted options, with various option prices and expiry dates, raising a total of \$0.3 million during the quarter. Total issued capital at the end of the quarter was 246,875,868 fully paid ordinary shares.

### **Options**

During the quarter 1,440,000 unlisted options with exercise price of \$0.94, expiring 19 May 2020 were issued to the Board as approved by shareholders at the Annual General Meeting held 19 May 2017. In addition, 400,000 unlisted options exercisable at \$0.96 per option, expiring 20 June 2019 were issued.

During the quarter, the following unlisted options were converted to fully paid ordinary shares:

- 504,545 unlisted options with exercise price of \$0.35, expiring 30 March 2018;
- 100,000 unlisted options with exercise price of \$0.405, expiring 13 May 2018; and
- 200,000 options with exercise price of \$0.408, expiring 4 November 2018.

During the quarter 800,000 unlisted options (each option exercisable at \$0.408 on or before 4 November 2018) have lapsed.

The balance of unlisted options as at 30 June 2017 was 24,567,640 (various options prices and expiry dates).

### **Performance Rights**

During the quarter 150,000 performance rights were issued to employees under the Company's Performance Rights Plan. No performance rights vested during the quarter. Outstanding performance rights as at 30 June 2017 was 1,258,000.

### **Investor Presentations**

Danakali had the pleasure of presenting to the Sydney Resources Round-up a prominent conference at which Australia's miners and explorers present their stories to the richest investment centre in the country.





Brokers and investors from all over Australia come to the event and this presented an opportunity to articulate progress of the World Class Colluli Potash Project to the investment community.

#### INTERESTS IN MINING TENEMENTS

The exploration license for the Colluli Potash Project covers over 200km<sup>2</sup> and the seven mining licenses awarded to CMSC span over 60km<sup>2</sup> of the 100km<sup>2</sup> Agreement area. Further details are provided below. There was no change in tenement holding during the quarter.

Tenement:	Colluli, Eritrea	License Type:	Mining Licenses
Nature of Interest:	Owned	Current Equity:	50%

#### For more information, please contact:

Paul Donaldson  
Managing Director  
+61 8 6315 1444

-ENDS-



DANAKALI

### About Danakali Ltd

Danakali is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. Danakali is currently developing the Colluli Potash Project with its joint venture partner Eritrean National Mining Corporation (ENAMCO). Danakali and ENAMCO each have a 50% ownership interest in the joint venture company, the Colluli Mining Share Company (CMSC).

The project is located in the Danakil Depression region of Eritrea, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest potash deposit. The resource is amenable to open pit mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining and is highly advantageous for modular growth.

The company has completed a definitive feasibility study for the production of potassium sulphate, otherwise known as SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride. Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) with which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world's fastest growing markets.

Our vision is to bring the Colluli project into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.

### Competent Persons Statement (Rock Salt Resource)

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 347Mt @97% NaCl. The resource contains 28Mt @ 97% NaCl of Measured Resources, 180Mt @ 97% NaCl of Indicated Resources and 139Mt @ 97% NaCl of Inferred Resources.

The information relating to the Colluli Rock Salt Mineral Resource estimate was compiled by Mr. John Tyrrell. Mr. Tyrrell is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of AMC. Mr. Tyrrell has more than 25 years' experience in the field of Mineral Resource estimation. He has sufficient experience relevant to the style of mineralisation and type of the deposit under consideration, and in resource model development, to qualify as a Competent Person as defined in the JORC Code.

Mr Tyrrell consents to the inclusion of the information relating to the rock salt Mineral Resource in the form and context in which it appears.

### Competent Persons Statement (Sulphate of Potash Resource)

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K<sub>2</sub>O. The resource contains 303Mt @ 11% K<sub>2</sub>O of Measured Resources, 951Mt @ 11% K<sub>2</sub>O of Indicated Resources and 35Mt @ 10% K<sub>2</sub>O of Inferred Resources.

The information relating to the 2015 Colluli Mineral Resource estimate was compiled by Mr. John Tyrrell, under the supervision of Mr. Stephen Halabura M. Sc. P. Geo. Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and as a geologist with over 25 years' experience in the potash mining industry. Mr. Tyrrell is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of AMC. Mr. Tyrrell has more than 25 years' experience in the field of Mineral Resource estimation.

Mr. Halabura is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, a Recognised Professional Organisation (RPO) under the JORC Code and has sufficient experience 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 (the JORC Code).

Mr. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the 2015 Resource Statement in the form and context in which it appears.

### Competent Persons Statement (Sulphate of Potash Reserve)

The November 2015 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,113Mt @10% K<sub>2</sub>O Equiv. The Ore Reserve is classed as 286Mt @ 11% K<sub>2</sub>O Equiv Proved and 827Mt @ 10% K<sub>2</sub>O Equiv Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years' experience in the mining industry. Mr. Chesher is a Fellow of the AusIMM, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd, and has sufficient open pit mining activity experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, AMC Consultants Pty Ltd acted as an independent party, has no interest in the outcome of the Colluli Project and has no business relationship with Danakali Ltd other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC Consultants Pty Ltd and the Competent Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.



### Quality Control and Quality Assurance

Danakali Exploration programs follow standard operating and quality assurance procedures to ensure that all sampling techniques and sample results meet international reporting standards. Drill holes are located using GPS coordinates using WGS84 Datum, all mineralisation intervals are downhole and are true width intervals.

The samples are derived from HQ diamond drill core, which in the case of carnallite ores, are sealed in heat sealed plastic tubing immediately as it is drilled to preserve the sample. Significant sample intervals are dry quarter cut using a diamond saw and then resealed and double bagged for transport to the laboratory.

Halite blanks and duplicate samples are submitted with each hole. Chemical analyses were conducted by Kali-UmwelttechnikGmbH Sondershausen, Germany utilising flame emission spectrometry, atomic absorption spectroscopy and ionchromatography. Kali- Umwelttechnik (KUTEC) Sondershausen1 have extensive experience in analysis of salt rock and brine samples and is certified according by DIN EN ISO/IEC 17025 by the Deutsche AkkreditierungssystemPrüfwesen GmbH (DAR). The laboratory follows standard procedures for the analysis of potash salt rocks chemical analysis ( $K^+$ ,  $Na^+$ ,  $Mg^{2+}$ ,  $Ca^{2+}$ ,  $Cl^-$ ,  $SO_4^{2-}$ ,  $H_2O$ ) and X-ray diffraction (XRD) analysis of the same samples as for chemical analysis to determine a qualitative mineral composition, which combined with the chemical analysis gives a quantitative mineral composition.

### Forward Looking Statements and Disclaimer

The information in this document is published to inform you about Danakali Limited (the "Company" or "DNK") and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company's intentions. All statements in this document, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company's filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve and financial assumptions made in this presentation are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 4 March 2015, 19 May 2015, 23 September 2015, 30 November 2015, 15 August 2016 and 1 February 2017 which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.

## 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, 01/05/13, 01/09/16

#### Name of entity

Danakali Limited

#### ABN

57 097 904 302

#### Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(131)	(221)
(e) administration and corporate costs	(248)	(534)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	85
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(336)</b>	<b>(670)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Funding of Joint Venture	(2,775)	(4,187)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,780)</b>	<b>(4,192)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	12,351	12,351
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	299	621
3.4	Transaction costs related to issues of shares, convertible notes or options	(671)	(671)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>11,979</b>	<b>12,301</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,481	10,905
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(336)	(670)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,780)	(4,192)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,979	12,301
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>18,344</b>	<b>18,344</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1    Bank balances	18,344	9,481
5.2    Call deposits	-	-
5.3    Bank overdrafts	-	-
5.4    Other (provide details)	-	-
<b>5.5    Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>18,344</b>	<b>9,481</b>

**6.    Payments to directors of the entity and their associates**

- 6.1    Aggregate amount of payments to these parties included in item 1.2 and 2.5
- 6.2    Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3    Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

142

-

Item 1.2 includes aggregate amounts paid to directors including salary, directors' fees, and superannuation.

**7.    Payments to related entities of the entity and their associates**

- 7.1    Aggregate amount of payments to these parties included in item 1.2
- 7.2    Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3    Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

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

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
Nil	Nil
Nil	Nil
Nil	Nil

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

**9.7 Total estimated cash outflows**

-

-

-

163

250

2,822

**3,235**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Joint Company Secretary)

Date: 17 July 2017

Print name: Catherine Grant-Edwards

### **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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.