

Quarterly Activities Report

30 June 2017

Dear fellow Southern Gold shareholder,

Your company has entered the new 2017-18 financial year after a strong finishing quarter and a 12 month performance rating arguably second to none among our junior Australian gold exploration and mining peers.

Strategically, the outlook for Southern Gold over the next 12 months is equally as strong, including our potential move to underground gold mining at Cannon in Western Australia where we recorded robust cash generation from our maiden open-pit mining operations.

Few junior miners in the Australian resources sector have delivered such levels of cash, a maiden dividend, and an advanced portfolio of near-term development and mining opportunities over such a short timeframe.

Our year end highlights to June 30, 2017 include:

- Significant cash flow, with more cash to come and actively developing other sources of cash flow from our expanding gold project portfolio;
- Drilling at multiple very prospective exploration projects, several with kilometre scale mineralisation trends; and
- Maintaining a very tight capital structure and paying a dividend of 3c per share in cash, or shares under our Dividend Reinvestment Plan.

As a result, Southern Gold now stands apart from the crowd of junior explorers. We are cashed up, have a clean balance sheet, have only 47 million ordinary shares on issue, are actively developing projects with the potential to generate more cash and are very active in the exploration space. Your Board and management team have effectively positioned Southern Gold such that we are organically funding our exploration by monetising assets in our portfolio. And we have done it using the unique Cannon model of financing and development, where we minimised the need for dilutive capital raisings and generated significant funds for the Company.

Two and a half years ago, Southern Gold had a market capitalisation of \$4 million. Today, it has generated several multiples of this in cash, made three corporate acquisitions and transacted a significantly value-releasing deal with London's Bluebird Merchant Ventures on a portion of one of the acquisitions. We are generating a healthy return for our shareholders from each of these acquisitions, effectively providing a free option on development and discovery in the case of the South Korean deal.

Total Shareholder Return in each of the past two financial years has been around 35% per annum on a pre-tax basis, the past financial year including a 3c per share unfranked dividend.

Issued Shares: 47.3M

Share Price: \$0.275

Market Capitalisation: \$13.0m

Cash at 30 June 2017: \$5.3m

Debt: Nil

Enterprise Value: \$7.7m

Directors

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We now stand at an important juncture for the company. We are working hard in two flagship jurisdictions, Australia and South Korea, to deliver new gold production and cash flow and maintain the organic funding model. At the same time, we are using this organic funding to look for world class gold deposits that will truly transform the company.

Our scheduled drilling campaigns over the coming 12 months offer substantial exploration upside.

Thank you for your support over the past year and I invite you to join our promising journey over 2017-2018.

Simon Mitchell
Managing Director

Key Points for the June Quarter 2017

- **Cash flow continues:** \$4.0m received in June quarter, taking the total received to date of \$11.5 million from the Cannon open pit in Kalgoorlie, WA;
- **Maiden dividend declared:** A special unfranked dividend of 3c per share cash, or equivalent in shares, was declared for shareholders registered on 4 July 2017;
- **Drilling results have started to come in:** First results from drilling at Glandore Project, WA, and pending on successful structural target intercept at Weolyu South Project, SK;
- **Multi-kilometre scale mineralised systems being defined in South Korea and Australia:** Fieldwork in first half of current calendar year has defined significant systems at Weolyu, Kochang and Lake Consols (Glandore, WA).

Corporate

- Maiden special unfranked dividend of 3c per share cash or equivalent in shares under the Dividend Reinvestment Plan (DRP) declared during the quarter with record date on 4 July 2017.
- Cash position at quarter end was \$5.4 million.
- Final cash payment based on the profit share after completion of the Cannon open pit is expected in August 2017.
- A placement to entity controlled by Colin Patterson, CEO of Bluebird Merchant Ventures Ltd. The placement was for \$250,000, or 647,668 Southern Gold shares at \$0.386 per share, a 35% premium at the time of the original agreement execution in March 2017.

Cannon Gold Mine

- Quarterly production of 4,388oz Au (4koz was forecast last quarter) from the ninth processing campaign with metallurgical recovery averaging 91%.
- RC drilling programme designed to firm up the grade and distribution of the Cannon resource was completed post quarter with results pending.

Exploration – South Korea

- Diamond drilling at Weolyu South has intersected a broad zone of stockwork and vein breccia from 168m to 179m (11m downhole width), including 169.13m to 174.74m (5.61m downhole width) of epithermal quartz vein and vein breccia (Photo 1). Drilling of hole continues and assays pending.
- Field work by mapping experts at Weolyu and Kochang has identified multi-kilometer scale mineralised systems and augmented the overall project prospectivity significantly.

Photo 1: Zone of epithermal quartz veining intercepted in WUDD005 (3rd drill hole). Assays pending and drill hole still in progress.



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Exploration – Australia

- With the Aboriginal heritage survey completed a Section 18 submission was made to the WA Government covering Southern Gold's proposed programme at Glandore.
- Diamond drilling at Glandore returned a best result of **18.2m @ 3.7g/t Au from 4.9m including 3m @ 6.84g/t Au from 20.1m.**
- Assessment of open pit mining scenarios at Doughnut Jimmy and Lavaeolus is currently in process with the potential for small but high grade deposits based on a new JORC resource to be defined over the next quarter.
- Surface mapping and sampling in the Lake Consols region has identified a **significant mineralised trend over 1km in length.**

Cannon Gold Mine

Mine Operations

All open pit mining at Southern Gold's flagship Cannon Mine, 35km east of Kalgoorlie, WA, was completed in the previous quarter with only haulage of stockpiles from the Cannon ROM to SKO undertaken. The Cannon Open Pit Mine is being financed and operated by development partner Westgold Resources Ltd ('Westgold') in a profit share arrangement, with both parties entitled to 50% of the profits after repayment of costs which are charged on an "at-cost open book" basis by Westgold.

The Cannon Adit was commenced and completed within the June quarter with a total of 10,640 t @ 9.16 g/t for 3,131 oz. of gold mined. The adit development was completed in May for 50m advance with stoping and bogging of the ore completed by the end of June. Ore was mined using an excavator and open pit haul trucks, with remaining ore remoted out using an underground loader. Mining of the stope ceased when significant waste began rilling from the ramp area into the draw point of the ore.

Milling of the final 9th Cannon ore parcel through the Jubilee mill commence on the 16th of June and concluded on the 27th of June. A total of 39,103t of Cannon material was milled at 3.84 g/t for 4,388 Ounces of Gold produced at a recovery of 91% over the 12 days. (See **Table 1** and **Figure 1** below)

Grade has steadily increased with depth in the Open Pit, with the dip in grade associated with Campaign 8 attributed to the eastern wall slip and increased dilution. The high-grade nature confirmed at the base of the pit strongly supports the rationale of developing an underground scenario.

Rehabilitation of the Cannon waste dumps, ROM pads and other infrastructure has commence and will be completed in early August with the removal of all temporary buildings. The Cannon haul road, a section of the ROM pad and the site office will be left in place until a determination of the Cannon underground has been finalised within the coming quarter.

The Cannon Operations Committee resolved to pay further net profit distributions of \$8 million, or \$4 million to each of Southern Gold and Westgold Resources during the quarter. See Corporate section below for further details.

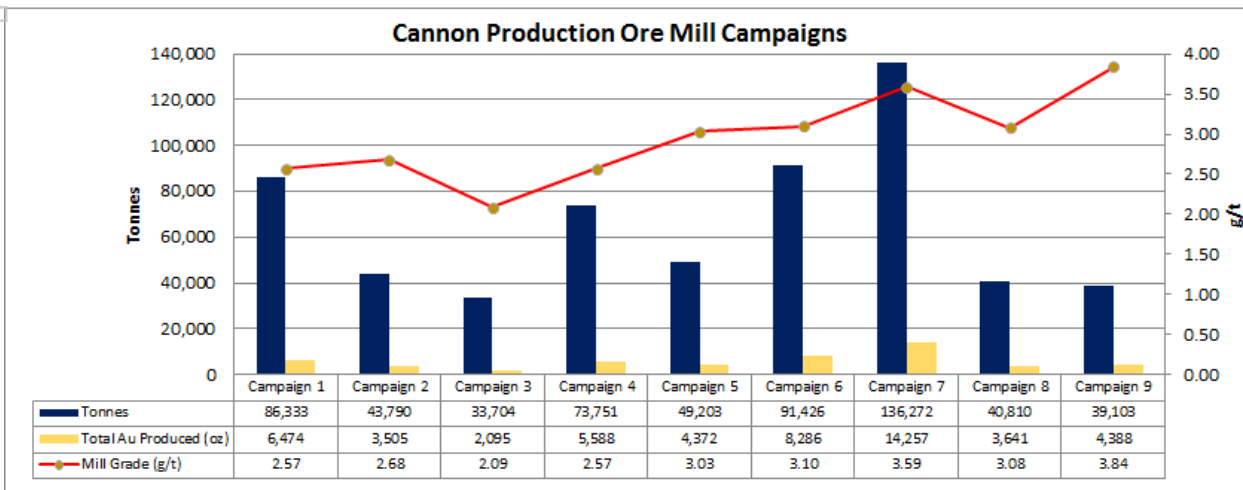
Photo 2-4: Cannon Adit - portal, development drive with first firing and stope blast.



Table 1: Cannon December Quarter (Campaign 9) and Project to Date Processing Statistics

Campaign 9	June 2017	Project To Date
Ore Tonnes	39,103	594,393
Grade (g/t Au)	3.84	3.02
Total Au Produced (oz)	4,388	52,605
Total Au to Mill (oz)	4,825	57,753
Recovery (%)	90.96	91.10%

Figure 1: Cannon Gold Production by Campaign (1 to 9)



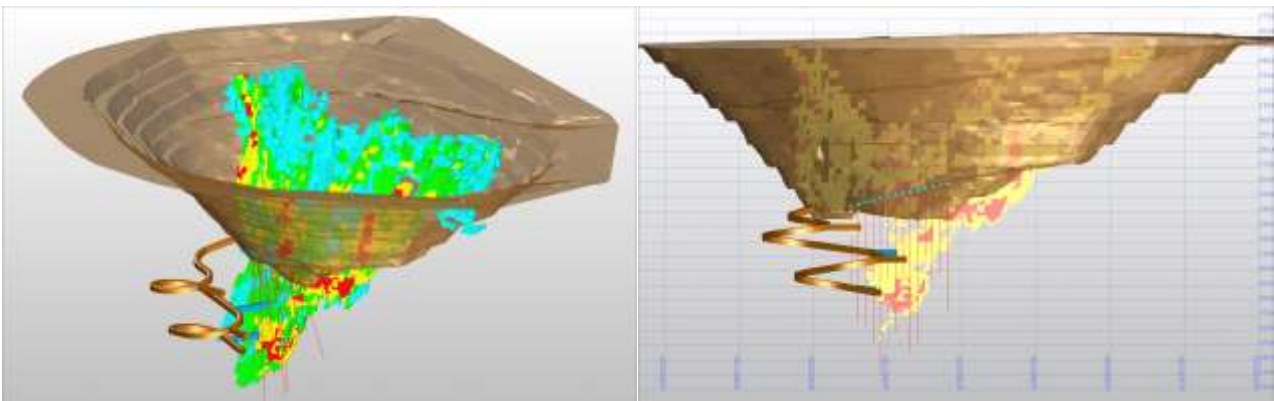
Evaluation of Cannon Orebody at Depth

The review for Cannon Phase 2 Underground has begun defining the remaining resources below the Cannon Pit within ML25-333 (i.e. excluding Georges Reward) and below the pit floor between 240mRL to 160mRL. Based upon the mineralisation geometry, it is not clear if all resources will be recoverable from underground mining, due to the distribution between different lodes but it is evident that an economic underground project over at least 3 horizontal levels can be developed. A re-modelling of the resource and assessment of the ore shoots being mined in parallel will form part of the ongoing underground review.

As part of this review, an in-pit RC drilling program (**Figure 2**) has been designed to 'de-risk' the issue surrounding any underground option, by consolidating the remnant resource. Its aim is to improve the confidence of the high-grade mineralisation continuity, along strike and down dip as well as potentially increased metal endowment within the highest grade lodes.

Evaluation of potential underground mining partners will also be advanced dependent on the scope of the total exploitable resource, mine design, capital expenditure and operating cost requirements.

Figure 2: Proposed Cannon RC program to consolidate resource and extend high grade lode definition



Exploration – Australia

Glandore Farm In and JV

Southern Gold is farming into the Glandore Project, currently held by Aruma Resources, and can earn up to 90% of the project after expenditure of \$1.2m (see ASX Release 4 April 2016). Southern Gold has completed expenditure of \$300,000 during the first year and earned the right to 50% of the project. Southern Gold is currently in the second expenditure period where another \$400,000 increases project ownership to 75%.

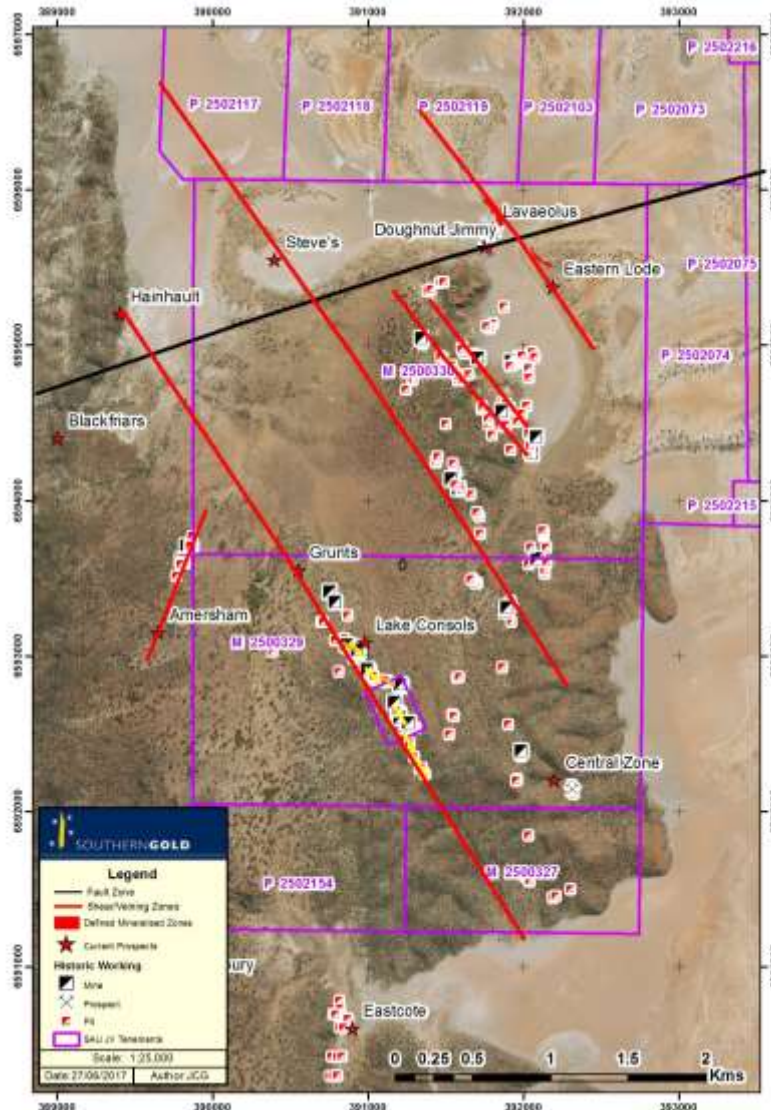
Heritage and archaeology surveys within the registered heritage Sites DAA 30602 "Lake Yindarlgooda Mammu Tjukurrpa" were completed during the previous quarter and a Section 18 Ministerial consent to disturb a heritage site application was submitted. Southern Gold does not anticipate any issues in proceeding with work in the Glandore area based on our engagement with Traditional Owners to this point.

During the quarter, nine diamond drill holes (GLDD001 – 009) for a total of 682.4m were drilled over the Doughnut Jimmy and Lavaeolus Prospects (**Figure 3**). The initial drilling program at Glandore was designed with three main goals in mind:

- To test pre-existing drill intersections;
- To generate structural information on the host to mineralisation; and
- To test the margins of the Doughnut Jimmy prospect to see if extensions could be found.

The drilling results have confirmed previous intersections at both Doughnut Jimmy and Lavaeolus prospects. The drilling around the margins of the Doughnut Jimmy deposit did not significantly extend the extent of the deposit. This is now believed to be because Doughnut Jimmy is a fault offset block of the Lavaeolus and Eastern Zone mineralisation.

Figure 3: Overview of the Glandore Area highlighting project areas Doughnut Jimmy and Lavaeolus in the north-east and the Lake Consols area to the central-south-west of the tenement group.



The highlight intersection was returned in GLDD002 which successfully intersected the high-grade pod at Doughnut Jimmy and returned **18.2m @ 3.7g/t Au from 4.9m including 3m @ 6.84g/t Au from 20.1m**. (See ASX Release 29 June 2017 for details)

South Korean Development –Farm In and JV with Bluebird Merchant Ventures

Gubong

Southern Gold wholly-owned subsidiary, Southern Gold Korea (SGK) has received approval from South Korean mining regulators enabling the re-opening of and access to the historic Gubong underground gold mine. This approval will enable Southern Gold's development partner, London Stock Exchange-listed Bluebird Merchant Ventures Ltd ('Bluebird'), to achieve access and begin its process of project assessment under the Farm-In and Joint Venture Agreement signed with Bluebird in March this year (see ASX Release 27 March 2017).

The Gubong Gold Mine was historically South Korea's second largest gold mine with multiple gold bearing quartz veins being mined over a 60 year period. Bluebird indicates that there is more than 50km of level development (and possibly up to 100km) accessed by 2 vertical shafts and 6 inclined shafts in what was a substantial mining operation in its day.

Bluebird will now proceed to re-open the mine, conduct preliminary assessment works and complete an evaluation of re-starting operations at the mine. This evaluation will take 6-9 months and cover modern era resource estimation, mining methodology, metallurgical studies, capital and operating cost estimates and financial analysis.

Bluebird has recently deployed Ground Penetrating Radar to detect the main adit and determine whether there is water built up behind the portal barrier (**Photo 5**). This work is still in progress.

Taechang

Only limited on the ground field work was conducted at the Taechang mine. Further work on securing surface access agreements with local landowners will be progressed in the coming quarter.

Photo 5. Ground Penetrating Radar being used to locate main adit entrance



Exploration – South Korean Gold

Weolyu

Detailed mapping at Weolyu by an expert in volcanic rocks and epithermal systems has been completed, and has extended to cover the Weolyu North area. This has resulted in an extension to the mineralised system about 500m to the north-east and it remains open in this direction. Significant grades have been encountered at surface with silver grades in excess of 1000g/t Ag and gold grades approaching 18g/t Au (**Figure 5**, see ASX Release 6 June for details). Importantly, several high grade sample results have been returned from the northern end of the structural corridor where there has been limited or no mining activity and certainly no historical drilling. The mineralised system at Weolyu has now been extended laterally to kilometre scale, and due to the evidence of historical underground mining at Weolyu North in the western sector there is an implied vertical extent of mineralisation approaching 300m.

Diamond drilling has commenced at Weolyu South during the quarter. Two drill holes were drilled from the first pad (see appended drill hole statistics) which constituted the easier physical access given the drill rig configuration at the time. The first drill hole was 243 meters long and targeted a deep and long strike extension of the Moonlight Vein. While intersecting a nearly 50m wide zone of hydrothermal breccia it is not mineralized with gold or silver. The second drill hole was 345m meters long targeting a deep and long strike extension of the Summit Vein. While intersecting a significantly altered volcanoclastic package it failed to intersect the structural target.

The drill rig has now moved to the second drill pad site closer to the vein targets although the drill rig has been specially modified to enable sub horizontal drilling from surface, to our knowledge a first for South Korea (**Photo 6**).

Photo 6. Sub-horizontal drilling into the mountain, Weolyu South, SK



The first drill hole from the second pad targeted the Summit Vein. This has hit the designed target returning a significant broad zone of stockwork and vein breccia from 168m to 179m (11m downhole width and open), including 169.13m to 174.74m (5.61m downhole width) of epithermal quartz vein and vein breccia. (not true width but not high angle to the core axis either, see **Photo 1** on page 3) **although assays for the interval are yet to be returned.** Core processing, courier to offshore laboratory and analysis will take 3-4 weeks with results expected in late August or early September.

While epithermal quartz vein textures are evident this is no guarantee that the zone is mineralised with gold and silver. Nevertheless, it is significant that the structural projection of the vein target mapped at surface has been intersected in diamond drilling confirming the depth extent of the principal structure and conduit to potentially mineralised fluids. The Southern Gold technical team is highly encouraged by this result. Drilling continues on this drill hole while interesting geology continues to be intersected.

A second drill hole from this second drill pad will commence directly after termination of WUD005 and will be targeting a down dip and along strike extension of the Summit Vein.

Kochang

Detailed mapping and sampling at Kochang confirms the continuity at surface of parallel veins along a 2.5km structural corridor of interest, from Kochang East and Kochang Gold Mine, through the Kochang Gap to the Kochang Silver Mine in the southwest (**Figure 6**, see ASX Release 6 June for details). A number of significant vein outcrops were identified with recognition of repeat veining in each of the creek line traverses through the Kochang Gap area enabling excellent correlation of significant along-strike continuity of individual vein or vein-breccia trends.

Hampyeong

Detailed mapping at Hampyeong has increased the level of information on a number of vein systems in the project area (**Photos 7 and 8**). This increase in detail helps to better design future drill programs. Currently, there are at least four (4) to six (6) drill targets that are along vein systems that strike over 1km in length. Multiple core drill holes can be drilled from these locations.

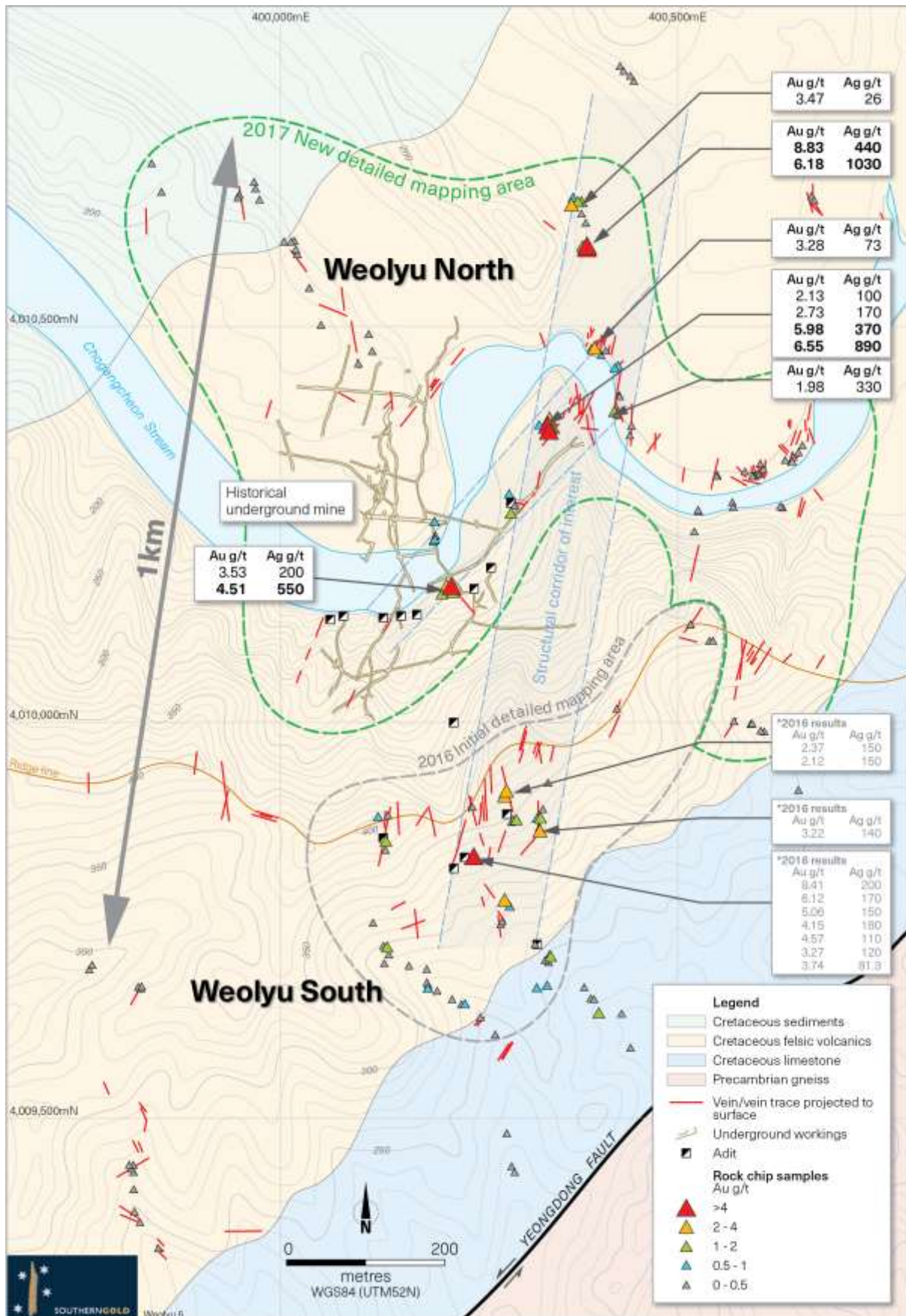
More details on the Hampyeong project will be reported in the coming quarter.

Drilling Productivity and Sample Processing

To improve drilling rates and productivity, Southern Gold is also advanced in pursuing various alternatives to the currently drilling arrangements, and it is hoped these will be put in place over the next few months. Discussions are advanced with several very experienced drill contracting companies with a track record of operating in various jurisdictions of Asia.

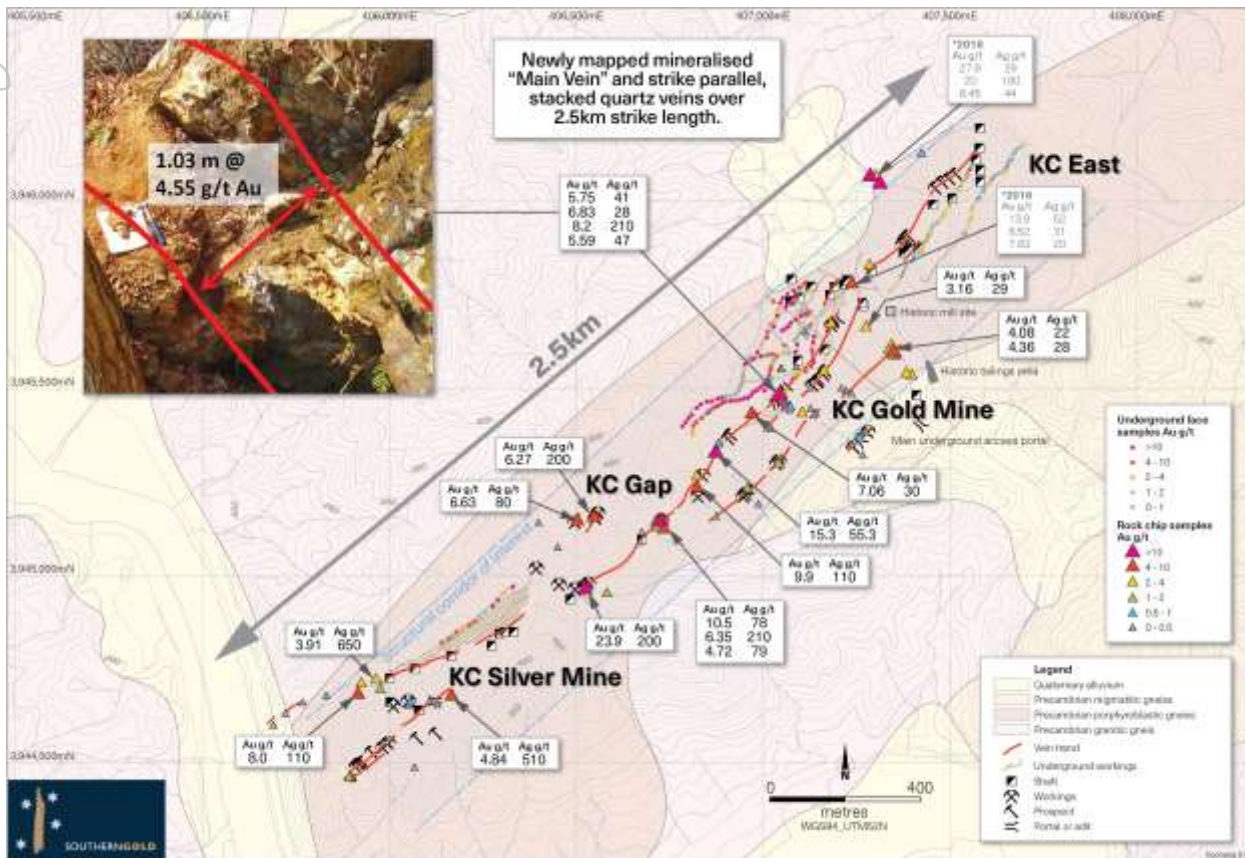
In addition Southern Gold has entered into an agreement with SGS Korea to establish a sample processing facility in country. This is currently being constructed and should be up and running during the next quarter. Discussions with SGS Korea are also taking place through Bluebird Merchant Ventures on the ultimate establishment of a purpose build analytical facility. This will negate the need to send samples offshore for processing and analysis as is currently the case.

Figure 5. Weolyu map with recent rock sample results illustrating 1km long mineralised corridor.



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Figure 6. Kochang map with recent rock sample results illustrating 2.5km long mineralised corridor.



Photos 7 and 8. New field photos from Hampyeong reconnaissance. *Left*: A 1.5m wide lode zone, cut by multi-directional quartz veining within a 30m wide NNW-SSE striking corridor of parallel and sheeted vein development. *Right*: The drive back is approximately 2-2.5m wide and is comprised of brecciated and quartz re-healed lode quartz, hosting fine- to coarse-grained sulphides (dominantly pyrite).



Corporate

The Cannon Operations Committee resolved to pay further net profit distributions of \$8 million, or \$4 million to each of Southern Gold and Westgold Resources during the quarter taking total cash received to date to \$11.5m. All outstanding debt was repaid the previous quarter.

A seventh and final Cannon net profit distribution will be paid to Southern Gold in August 2017 on conclusion of the open pit and payment of all outstanding amounts. Southern Gold's cash position on 30 June 2017 was approximately \$5.4 million.

Southern Gold announced the payment of an special unfranked dividend of 3c per share to holders of ordinary shares in Southern Gold registered at 5:00pm AEST on 4 July 2017. This special dividend represents the direct return to shareholders of economic exploitation of the Cannon Gold Mine southeast of Kalgoorlie. The dividend could be taken as cash, shares or a combination of both. Shares are to be issued at a deemed price of 25c per share under the company's Dividend Reinvestment Plan.

This declared maiden dividend implied a pre-tax dividend return to Southern Gold shareholders of 12% based on a share price of 25c per share at the time.

Southern Gold also completed a placement to an entity controlled by Mr Colin Patterson, CEO of Bluebird Merchant Ventures Ltd ('Bluebird'). The placement comprised 647,668 shares in Southern Gold priced at \$0.386 per share for total proceeds of \$250,000. This placement has been made in lieu of the placement to Bluebird Merchant Ventures Ltd under the Share Subscription, Farm In and Joint Venture Agreement - Gubong Project executed earlier this year (see ASX Release 27 March 2017). Pricing for the placement was set at the time the agreement was executed as a 35% premium to the 20 day volume weighted average price.

In addition the company received an additional \$80,000 through the exercise of call options.

Upcoming Quarterly Outlook

- Results of the Cannon RC drilling are expected and underground mining scenarios advanced in more detail. A revised resource, prepared in accordance with the JORC code, will be completed.
- Follow up shallow drilling and resource definition for the Doughnut Jimmy and Lavaeolus projects at Glandore and potentially pit optimisation results.
- Heritage clearance for the Lake Consols area will be undertaken and a drill programme initiated as soon as practical. This is a high priority target with excellent grades returned from surface sampling.
- Maiden drill programme at the highly prospective Cowarna project should commence during September, starting with percussion drilling of the Bamf and Nightcrawler projects.
- Results from the first Weolyu South drilling programme in South Korea will be collated and reported, particularly from the structure intercepted in the 3rd drill hole. Diamond drilling will continue.
- Underground access and assessment works are expected to commence at the Gubong Project, under the Farm In and Joint Venture Agreement with Bluebird Merchant Venture (LSE: "BMV").

Recent ASX Releases

- Cannon Open Pit 9th Processing Campaign Results 12 July 2017
- Sixth Profit Distribution of \$1m Received 03 July 2017
- Placement Completed to CEO Bluebird Merchant Ventures 30 June 2017
- High Grade Rock Chips at Lake Consols 29 June 2017
- Glandore Diamond Drilling Confirms Historical Results 29 June 2017
- Cannon RC Drilling for Underground Grade Control 28 June 2017
- Access to South Korean Gold Mine Granted 21 June 2017
- AMEC Conference Presentation 07 June 2017
- Kilometre Scale Systems at Weolyu and Kochang, South Korea 07 June 2017
- Special Dividend Declared of 3c Per Share 06 June 2017
- Cannon Mine Update 30 May 2017
- Quarterly Activities Report and 5B to 31 March 2017 27 April 2017
- Fifth Cannon Mine Profit Distribution \$3m Received 26 April 2017
- Cannon Gold Mine – 8th Processing Campaign Results 24 April 2017
- Drill Operations Update 12 April 2017
- ERA Research Report 11 April 2017
- Sale Facility for Unmarketable Holdings 07 April 2017

Drill Hole Parameters – Weolyu South, SK

Drill Hole ID	East	Northing	RL	Azi	Azi Mag	Dip	End of hole, m	
WUDD003	400224	4009700	285	55	62	-45	243.4	
WUDD004	400224	4009700	285	310	317	-45	348	
WUDD005	400186	4009750	316	330	337	-6	~183*	
							total	774.4

*Note WUDD005 is still currently drilling and not at end of hole.

Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer and producer listed on the Australian Securities Exchange (under ASX ticker "SAU"). The Company's main focus is its Bulong Gold Project located 30 km east of the world renowned gold district of Kalgoorlie (WA) with the flagship Cannon Gold Mine projected to produce around 50koz gold by open pit methods. Mining at Cannon is being conducted by Westgold Resources Ltd, which financed and developed the deposit under a 50/50 profit share arrangement. Westgold is responsible for all mining, haulage and processing activities.

Southern Gold is also exploring at projects such as Glandore, Transfind Extended and Cowarna, looking for additional small high grade open pit-able gold resources and potential new discoveries.

In addition to its cornerstone position in Kalgoorlie, Southern Gold owns a portfolio of high grade gold projects in South Korea. These projects are a combination of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold targets. Southern Gold's aim is to move one or more of the orogenic gold mines such as Gubong and Taechang into production in the short to medium term utilising the technical expertise of its joint venture partner and London Stock Exchange listed Bluebird Merchant Ventures Limited as well as explore for world-class epithermal gold deposits.

Competent Person's Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Mr. Justin Gum (MAIG). Mr Gum who is an employee of Southern Gold Limited and a Member of the Australasian Institute of Geoscientist, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Gum consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Exploration Results has been compiled under the supervision of Dr Chris Bowden (FAusIMM(CP)). Dr Bowden, who is an employee of Southern Gold Limited and a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bowden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Forward-looking statements

Some statements in this release regarding estimates or future events are forward looking statements. These may include, without limitation:

- *Estimates of future cash flows, the sensitivity of cash flows to metal prices and foreign exchange rate movements;*
- *Estimates of future metal production; and*
- *Estimates of the resource base and statements regarding future exploration results.*

Such forward looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. Such statements are expressed in good faith and believed to have a reasonable basis. However the estimates are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from estimated results.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this release, except as may be required under applicable laws. Readers should make their own enquiries in relation to any investment decisions and obtain advice from a licensed investment advisor.

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

SOUTHERN GOLD LIMITED

ABN

30 107 424 519

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(810)	(2,346)
(b) development	-	-
(c) production	(39)	(543)
(d) staff costs	(287)	(876)
(e) administration and corporate costs	(523)	(1,940)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	10
1.5 Interest and other costs of finance paid	-	(259)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	299
1.8 Other (Distributions from Cannon)	3,853	11,353
1.9 Net cash from / (used in) operating activities	2,200	5,698
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(47)	(164)
(b) tenements (see item 10)	-	-
(c) investments	-	(116)
(d) other non-current assets	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(47)	(280)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	330	1,530
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(13)
3.5	Proceeds from borrowings	-	500
3.6	Repayment of borrowings	-	(3,500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	330	(1,483)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,896	1,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,200	5,698
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(47)	(280)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	330	(1,483)
4.5	Effect of movement in exchange rates on cash held	(2)	-
4.6	Cash and cash equivalents at end of period	5,377	5,377

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5. Reconciliation of cash and cash equivalents 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	1,576	251
5.2 Call deposits	3,801	2,645
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,377	2,896

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	112
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	

The amount at 6.1 comprises Director fees paid to Directors, or related entities of the Directors, during the quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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	(1,018)
9.2 Development	-
9.3 Production	(402)
9.4 Staff costs	(14)
9.5 Administration and corporate costs	(589)
9.6 Other (dividend)	(1,064)
9.7 Total estimated cash outflows	(3,087)

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				

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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: Date: ..31 July 2017.....
(Company Secretary)

Print name:Dan Hill.....

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.