



## QUARTERLY REPORT

Quarter Ended 30 June 2013

### Highlights

- Continuing to assess Indonesian exploration concessions
- Undertaking acquisition due diligence on near-term coal production assets in Kalimantan and Sumatra
- Drilling at Brooklyn & Yellow Shaft interrupted due to rain – due to recommence in Spring
- Seeking acquisition and development capital financing

### Exploration Portfolio – Indonesia

Whilst the primary focus during the quarter was on due diligence in connection with the acquisition of near term production assets, continued work was undertaken on exploration projects.

#### PT Bakti Inti Guna (“BIG”)

In June a verification mapping and sampling study was undertaken by the Exalt geological team. Mapping studies identified 24 outcrops of which 12 outcrops have been assessed to have a reasonable thickness. Sample results are summarised below.

	TM	IM	ASH	VM	FC	TS	CV adb	CV arb
<b>Average</b>	<b>8.9</b>	<b>2.3</b>	<b>21.0</b>	<b>16.5</b>	<b>58.6</b>	<b>3.59</b>	<b>6,192</b>	<b>5,684</b>
<b>Maximum</b>	16.9	6.4	51.2	22.4	74.4	9.44	7,740	7,317
<b>Minimum</b>	5.0	0.9	6.1	13.3	32.0	0.44	3,048	2,829

Table 1: BIG average coal quality table

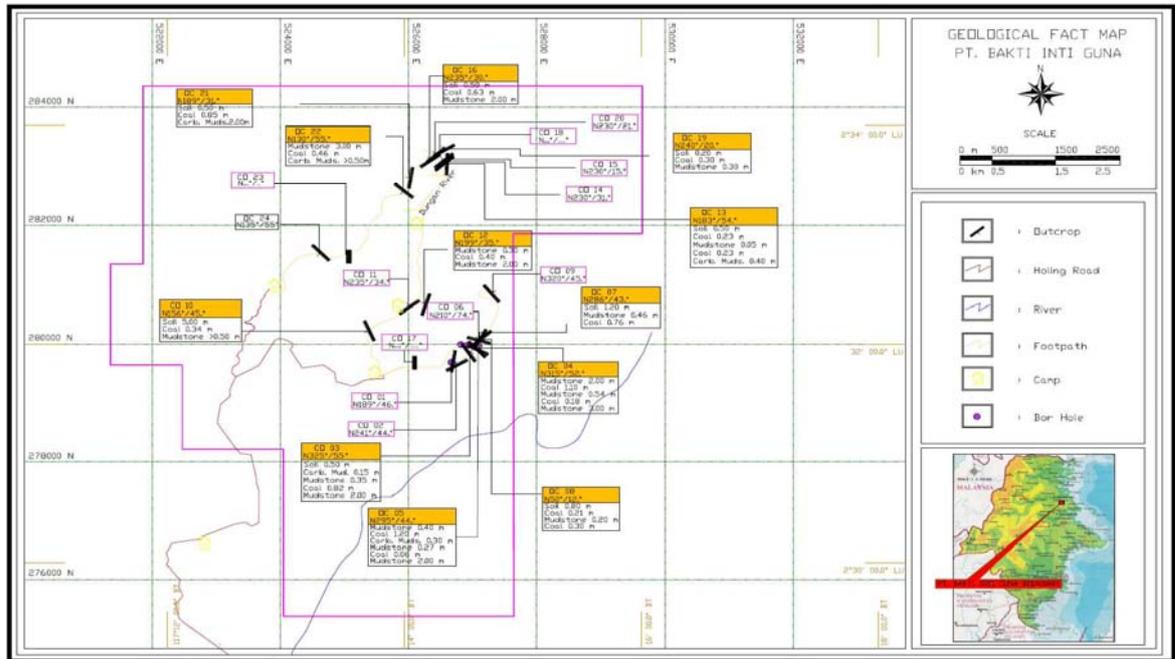


Figure 1 – Map of Pt.Bakti Inti Guna

The final analysis, due next quarter, will combine the results from the verification mapping; the JORC exploration target and coal quality with a full assessment on logistical and geographical hurdles in developing this concession. A decision will then be made on future exploration expenditure.

### PT Karindangan (“Karin”)

No further work was undertaken on the Karin concession during the quarter. Initial results were not conclusive due to high moisture on samples collected during a heavy rain period. Exploration drilling would provide clear coal quality results, however expenditure on such drilling must be assessed against the likely returns from development of nearer term and potentially more prospective concessions. This analysis is currently underway and will dictate the future direction in relation to the Karin concession.

### Assessment and acquisition of near term coal production assets

Exalt has been advancing the acquisition of several attractive coal assets with near-term production potential in Indonesia in a small number of selected ‘hub’ locations.

During the quarter the Company further progressed towards the acquisition of three near-term production concessions in Kalimantan and West Sumatra. A non-binding Memorandum of Understanding (including an exclusivity period for the benefit of Exalt) has been signed on each of three concessions, and due diligence is currently underway on all concessions along with the drafting of sale and purchase agreements.

Further details on each of these concessions will be announced at the conclusion of the Due Diligence.

## Exploration - New South Wales Based Projects

Work on the NSW assets has progressed as planned with exploration activity as outlined below.

### Brooklyn

Two vertical reverse circulation (RC) holes were completed at Brooklyn before record June rainfall restricted access to site.

The two holes 100m north (BNRC005) and 100m west (BNRC006) of the original hole (BNRC004), both intersected significant widths of iron from surface (figure 2).

HoleID	From	To	Interval (m)	Fe%	Mn%	SiO2%	Al2O3%	P%	S%	TiO2%	LOI%
BNRC005	0	92	92	50.4	2.6	8.6	3.1	0.1	0.0	0.1	11.2
BNRC006	2	88	86	47.0	3.0	9.4	6.7	0.1	0.0	0.2	10.6

Table 2 – Results for ZBNRC005 and BNRC006 analysed by ALS using XRF Fusion

(Calculated using a Internal Dilution of 2x Sample interval or 4m and a cut-off of CaFe >50%)

The two holes revealed that the iron is colluvial material shedding downslope off vertical 'lodes' of competent goethite; opening up the possibility of 'free dig' material that could be processed simply with dry sieving.

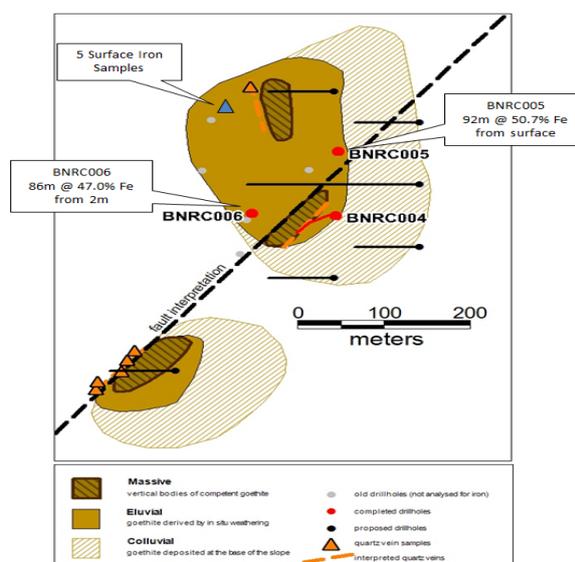


Figure 2 – Brooklyn Known Surface Iron and Drill hole Locations

### Brooklyn Basemetal / Sulphide Potential

Detailed mapping of the ironstone took place in conjunction with the June 2013 drilling (figure 2), an additional 'lode or massive' botryoidal goethite was discovered approximately 300m to the south-west of the main outcrop, an open costean has exposed a quartz vein with boxwork (open spaces left after weathering out of sulphides).

The open spaces have been replaced by goethite, suggesting that all the larger bodies of massive goethite at surface are likely to be the result of weathering of massive sulphides.

Although extremely weathered the quartz veins returned elevated sulphur to 0.16% and along with elevated copper, arsenic and bismuth. BNRC006 also returned elevated copper of 16m @ 0.14% Cu from 77m(Max internal dilution of 4m with a cut-off of 0.1%), zinc (to 823ppm), arsenic (to 158ppm) and bismuth (to 67ppm) supporting the interpretation of the goethite replacing base metal sulphides in the weathered zone.



Figure 3 – Brooklyn Quartz vein – Goethite filling boxwork

20 test samples were collected at regular intervals from the two RC holes and sieved into four size fractions; <1mm, 1mm – 3.35mm, 3.35mm – 6.3mm and >6.3mm. It was found that below 20m deep in both holes - 65% of the material was greater than 1mm and 33% greater than 3.35mm. Each size fraction has been and sent to ALS Perth for XRF Fusion analysis.

### Yellow Shaft

Results from soil sampling in the previous quarter has revealed a subcrop rockchip sample from the core of the lead anomaly returned - **2,580ppm lead, 512ppm copper and 12g/t silver.**

The lead anomaly (Bolwarra) forms a coherent south-west oriented soil anomaly very similar to the anomalism seen at Elura Pb-Zn deposit. The Elura ore zone is easily is represented in geophysics as a significant anomaly and a coherent lead soil anomaly draining away to the south-west.

Plans to drill test the lead anomaly and DSO iron and basemetal potential at Brooklyn in the June 2013 quarter were hampered by record rainfalls, drilling and down hole electromagnetic testing of the anomalism are expected to resume in Spring 2013 weather permitting.

## Corporate

The Company and its advisors are currently in discussions with several potential funding sources to attempt to secure sufficient acquisition and working capital financing to facilitate the acquisition of the near term production projects described earlier.

Management has initiated a cost re-structuring review, the results of which it will release to the market as and when this process is finalised.

On 22 July 2013, the Company announced the appointment of Robert Crossman as Non-Executive Director.

### **Competent Person's Statement**

*The information in this report that relates to Indonesian Exploration Results is based on information provided by Mr A Kovago, Member of Australasian Institute of Mining and Metallurgy and a Consultant to Exalt Resources Limited. Mr A Kovago has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Kovago, consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to New South Wales Exploration Results is based on information provided by Mr D Ward, Member of Australasian Institute of Mining and Metallurgy and a Consultant to Exalt Resources Limited. Mr Ward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ward, consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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## Appendix 5B

### Mining 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

Name of entity

EXALT RESOURCES LTD

ABN

17 145 327 617

Quarter ended ("current quarter")

30 JUNE 2013

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(335)	(838)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(446)	(1,419)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	26	93
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) Due Diligence costs – ODNI transaction	(109)	(1,347)
		(864)	(3,511)
<b>Net Operating Cash Flows</b>			
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(133)	(250)
	(b) ODNI prospect	(6)	(695)
	(c) other fixed assets	(3)	(5)
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)	-	-
	<b>Net investing cash flows</b>	(142)	(950)
1.13	Total operating and investing cash flows (carried forward)	(1,006)	(4,461)

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1.13	Total operating and investing cash flows (brought forward)	(1,006)	(4,461)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	5,500
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) Capital raising costs	-	(621)
	<b>Net financing cash flows</b>	-	4,879
	<b>Net increase (decrease) in cash held</b>	(1,006)	418
1.20	Cash at beginning of quarter/year to date	3,980	2,556
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,974	2,974

### Payments to directors of the entity and associates of the directors

		Curent quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	238
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
<p>These payments include Non-Executive Director Fees and Salary to the Managing Director.</p>		

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## 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

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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	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	382
4.2 Development	-
4.3 Production	-
4.4 Administration	360
<b>Total</b>	<b>739</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	12	123
5.2 Deposits at call	2,962	3,857
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,974</b>	<b>3,980</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased			

## Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	Nil	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	73,205,295	56,538,628		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	163,625	Nil	0.20	0.20
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	61,008,568	16,008,568	<i>Exercise price</i> ~16M \$0.20 10M \$0.20 10M \$0.20 20M \$0.50 2.6M \$0.20 2.4M \$0.50	<i>Expiry date</i> 31 December 2015 6 December 2014 21 November 2014 21 November 2015 21 November 2016 28 November 2014
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 <b>Performance Shares</b> <i>(totals only)</i>	84,000,000			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## 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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....

Date: 31 July 2013

(Director/Company secretary)

Print name: Barry Tudor

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report