



QUARTERLY REPORT

Quarter Ended 30 September 2013

Highlights

- Sieve test work supports the potential of Brooklyn as a DSO Iron Project
- Cash Operating expenses have decreased 218% commencing October 2013

Exploration Portfolio – Indonesia

No further work was undertaken on the Karin, BIG and MMBP concessions during the quarter. With recent changes to the Management structure the Company is now re-assessing the exploration projects.

PT Bakti Inti Guna ("BIG")

Following on from the verification work completed in June 2013 BIG remains a prospective project. Future exploration is subject to receiving CnC, the company has not received re-admission onto the last CNC list version IX which was issued on 16 July 2013.

Assessment and acquisition of near term coal production assets

During the quarter the Company continued to further progress the two near-term production concessions in Central Kalimantan and West Sumatra. A non-binding Memorandum of Understanding (including an exclusivity period for the benefit of Exalt) remains in place as we continue to assess the potential funding for the acquisitions.

In addition to the near term production concessions, Exalt also assessed a new near term production asset in South Kalimantan that has potential to be in production within three months. The project is attractive as it has low upfront working capital and an attractive payback.

Verification mapping, stockpile and outcrop sampling was carried out on all of these concessions.

Exploration - New South Wales Based Projects

Work on the NSW assets has progressed as planned with exploration activity outlined below. There was no further drilling in the quarter; the company has plans to a further Drill 8 to 10 holes targeting a 5MT minimum resource; required to support a niche goethite plus manganese DSO iron operation.

Brooklyn Iron Stone

Two vertical holes were drilled in the June Quarter, both holes intersected significant widths of iron from surface.

Dry Sieve Test work

The iron is mainly eluvial and colluvial goethite; opening up the possibility of a 'free dig' project processed simply with dry screening; a simple test was completed on bulk samples to determine if the high Al₂O₃ material could be reduced to under 3% Al₂O₃ by removing the fine material (mainly clays).

A simple test work project was conducted on the bulk samples, results of the test work were received on the 7 August 2013.

Based on the top of hole BNRC005 and comparing the fractions <1mm and >1mm, a significant proportion of the Al₂O₃ and SiO₂ appears to partition into the <1mm fraction as suspected.

- ~65% of the iron material was >1mm.

	Size	Fe%	Mn%	SiO2%	Al2O3%	P%	S%	TiO2%	LOI%	CaFe%	CaFe%+Mn
Total	All	53.0	2.3	6.6	2.045	0.073	0.009	0.074	11.3	59.8	62.1
Average	<1mm	49.5	3.4	8.4	3.22	0.081	0.013	0.12	11.3	55.8	59.2
Average	>1mm	54.2	2.0	5.9	1.65	0.071	0.007	0.06	11.3	61.1	63.0

Table 1 –Sieve Test Results representing the top 92m of BNRC005

7 Bulk samples sieved into 4 fractions each and analysed separately by XRF Fusion

Fractions (<1mm, 1mm-3.35mm, 3.35mm-6.3mm and >6.3mm)

$$\text{CaFe\%} = (\text{Fe\%} / (100 - \text{LOI\%}) \times 100)$$

The Brooklyn Iron Ore Project is 62km by public sealed and gravel road north of Condobolin. Condobolin is on the Trans-Continental Railway, the main east-west freight rail line through Central NSW.

The two drillholes and test work has supported the potential positive commercial viability of the Brooklyn Project.

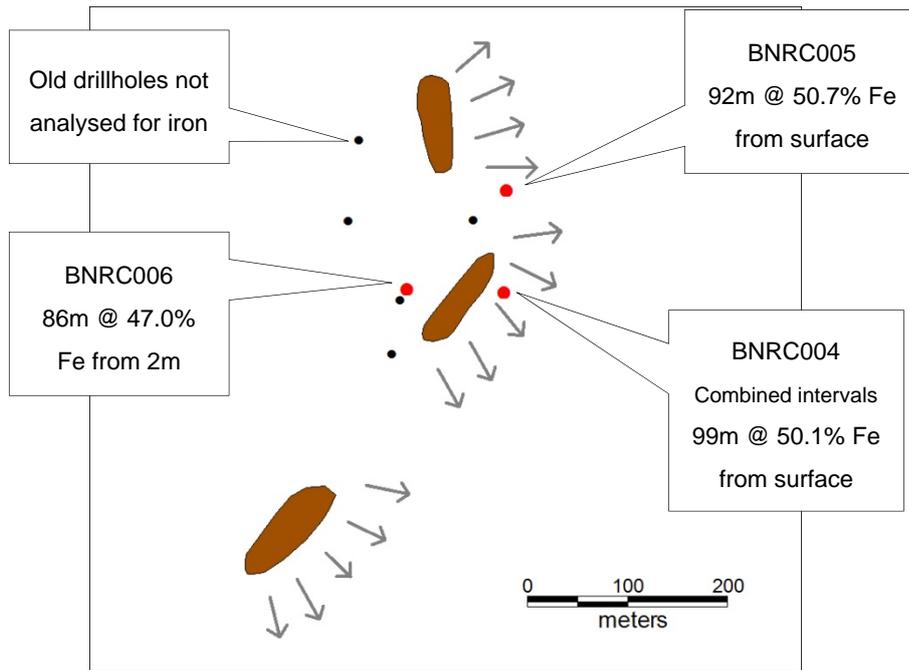


Figure 1 – Plan for Brooklyn (see fig 2 below) –Map of Outcropping Brooklyn Goethite Iron Shedding Downslope
 (Drillhole intercepts Calculated using a Internal Dilution of 2x Sample interval and a cut-off of CaFe >50%)

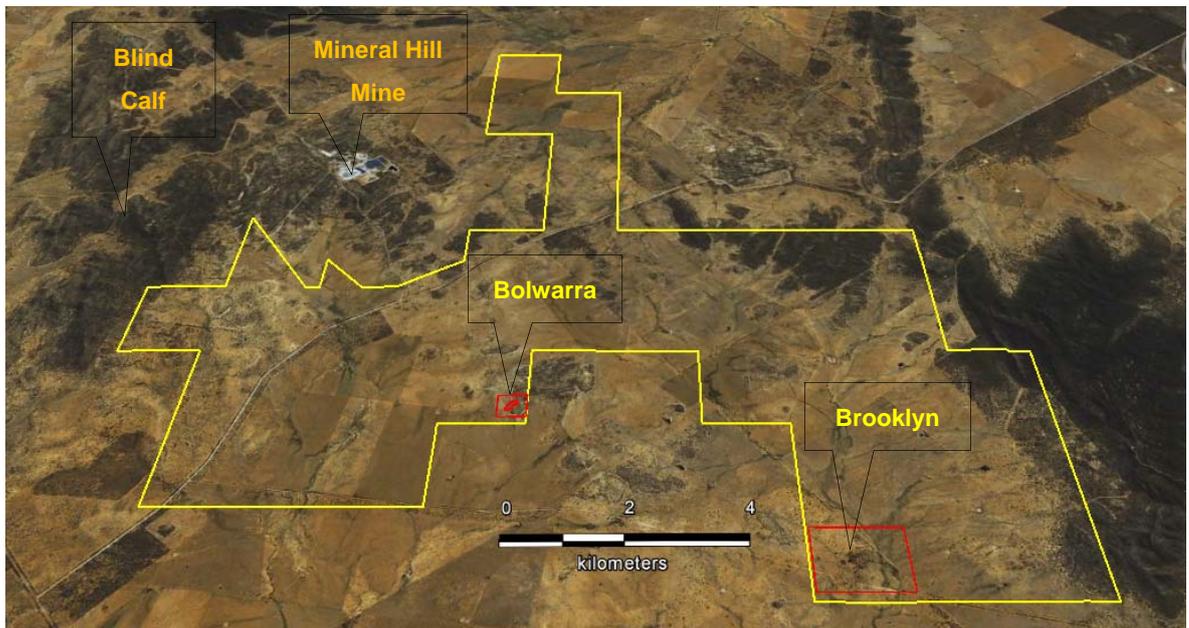


Figure 2 –Prospect Locations within EL7945 Mineral Hill South

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.

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On 2 September 2013 William Moss AM resigned as Non-Executive Chairman and Robert Whitton was appointed Non-Executive Chairman. Due to Mr Moss's resignation 2,000,000 options have lapsed.

On 17 September 2013 Barry Tudor resigned as CEO and Managing Director. Due to Mr Tudor's resignation his 3,000,000 options have immediately vested and will expire on 16 March 2014 and 18,000,000 Performance Shares will be redeemed by the Company in accordance with their terms of issue.

Exalt cash expenditure due to above resignations will result in a 218% decrease in operating expenses. The Board will continue to monitor and reduce operating expenses where possible.

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.

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 SEPTEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(332)	(332)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,019)	(1,019)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Other working capital	-	-
		(1,335)	(1,335)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of:	(27)	(27)
	(a) prospects	(-)	(-)
	(b) ODNI prospect	(3)	(3)
	(c) other fixed assets	-	-
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	(30)	(30)
1.13	Total operating and investing cash flows (carried forward)	(1,365)	(1,365)

1.13	Total operating and investing cash flows (brought forward)	(1,365)	(1,365)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,365)	(1,365)
1.20	Cash at beginning of quarter/year to date	2,974	2,974
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,609	1,609

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	595
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 paid for 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	160
4.2 Development	-
4.3 Production	-
4.4 Administration	210
Total	370

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	27	12
5.2 Deposits at call	1,582	2,962
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,609	2,974

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	Nil		

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 Preference securities <i>(description)</i>	Nil	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	73,205,295	56,538,628		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5 *Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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 Performance Shares <i>(totals only)</i>	88,000,000			
7.12 Unsecured notes <i>(totals only)</i>				

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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: 28 October 2013

Director

Print name:

ROBERT WILLIAM WHITTARD

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