



QUARTERLY REPORT

Quarter Ended 31 December 2013

Exploration Portfolio – Indonesia

With the continuing difficulties surrounding operating in Indonesia, during the quarter, the Company finalised its arrangements with its Indonesian advisers, Corpac Pty Ltd and Ex-Mining Services Pty Ltd effective 27 November 2013. Finalising these arrangements included the payment of a termination payment to Corpac/Ex Mining, reaching agreement with the ODNI Vendors on the redemption of the 66M Performance Shares, cancellation of the 10M Class W Options, 20M Class X Options and the 8.33M Delayed Shares (that all formed part of the original ODNI Consideration Securities).

Following on from this, post 31st December 2013 Exalt has resolved to discontinue operations in Indonesia due to the reasons outlined above and the inability of the Company to attract acquisition/development finance to fund early stage, small scale coal production assets. As a result of this decision, the Company intends to effect a non-cash asset impairment in relation to ODNI assets of approximately \$7.9m (excluding tax). The impairment will be included in the half year financial report due out on 15 March 2014.

Exploration - New South Wales Projects

Work on the Brooklyn Iron Project progressing with 1,012m of RC drilling completed in December, results confirm the discovery of a significant body of iron mineralisation.

Brooklyn Iron Project

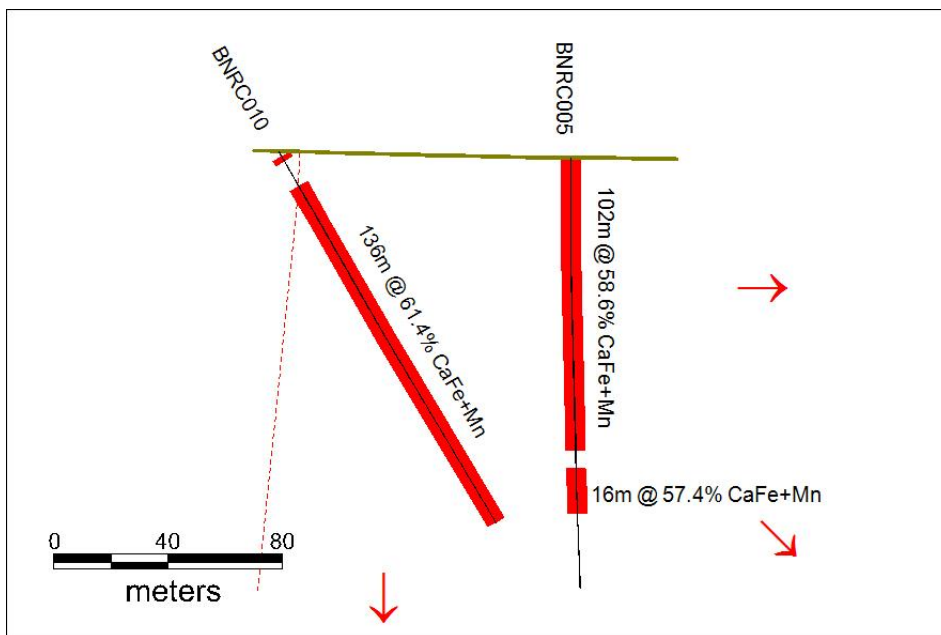
Eleven (11) holes were drilled; nine (9) holes returned consistently high iron grades. The new drilling has confirmed that the iron mineralisation extends for at least 140m by 100m and is between 88 and 127m deep; the deposit is open to the east and south.

Results include

- 136m @ 61.4% CaFe+Mn from 14m (*BNRC010*)
- 72m @ 62.1% CaFe+Mn from surface (*BNRC018*)
- 70m @ 62.6% CaFe+Mn from 10m (*BNRC017*)

The iron mineralisation is interpreted to be goethite replacement of a limestone possibly representing a previously unrecognised deposit style. The mineralisation is being evaluated to determine if a niche DSO goethite iron plus manganese product can be economically mined and sold.

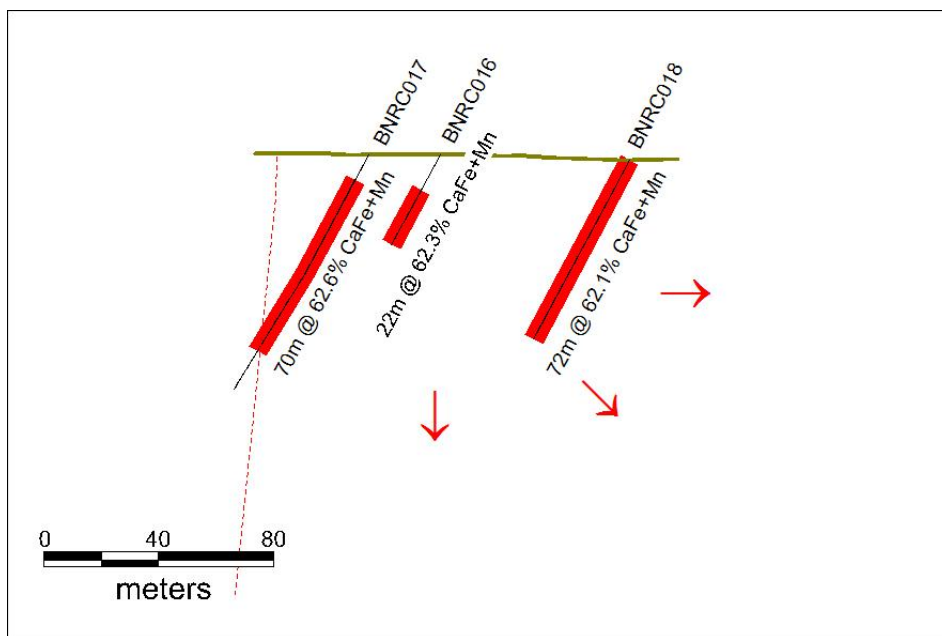
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Brooklyn is 63km by public road (52km of road train route) to the Transcontinental Railway at Condobolin.

Section - 6,384,630mN. BNRC005 reported previously. Note: iron mineralisation is open to the east and depth

*CaFe+Mn is calcined iron+ manganese calculated using the following formula $(Fe\%+Mn\%/(100-LOI\%)) \times 100$



Section – 6,384,580mN.

Note: iron mineralisation is open to the east and at depth

Further details of the results of this drilling program are in the Company's ASX release dated 16 January 2014.

Nyngan

Exalt has decided not to renew the Nyngan Exploration project EL 7667 due to previous exploration results not warranting further work.

Corporate

The following board changes occurred in the quarter

- 11 November 2013 Mr Edward Lee resigned as Non-Executive Director.
- 25 November 2013 Mr Robert Crossman resigned as Non-Executive Director.
- 28 November 2013 Mr Robert Whitton resigned as Non-Executive Chairman
- 28 November 2013 Mr Romy Soekarno was not re-elected as Non-Executive Director
- 28 November 2013 Mr Peter Bennetto was appointed Non-Executive Chairman

Competent Person's Statement

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 2012 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")

31 DECEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(225)	(557)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(424)	(1,443)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	24
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) Settlement for Corpac and ODNI vendors	(325)	(325)
	Net Operating Cash Flows	(973)	(2,308)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	(27)
	(a) prospects	-	-
	(b) ODNI prospect	-	(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)
1.13	Total operating and investing cash flows (carried forward)	(973)	(2,338)

1.13	Total operating and investing cash flows (brought forward)	(973)	(2,338)
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	(973)	(2,338)
1.20	Cash at beginning of quarter/year to date	1,609	2,974
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	636	636

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	41
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.</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	80
4.2 Development	-
4.3 Production	-
4.4 Administration	197
Total	277

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	31	27
5.2 Deposits at call	605	1,582
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.2.2)	636	1,609

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	EL 7667 100% ownership. The interest was relinquished due to previous exploration result not warranting further work	100%	0%
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	73,205,295		
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>	29,008,568	16,008,568	<i>Exercise price</i> ~16.0M \$0.20 10.0M \$0.20 0.6M \$0.20 2.4M \$0.50	<i>Expiry date</i> 31 December 2015 6 December 2014 21 November 2016 28 November 2014
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	30,000,000		<i>Exercise price</i> 10m \$0.20 20m \$0.50	<i>Expiry date</i> 21 November 2014 21 November 2015
7.11 Performance Shares <i>(totals only)</i>	NIL			
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: 31 January 2014

Director

Print name:

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