



## QUARTERLY ACTIVITIES REPORT

MARCH 2015

Issued 17 April 2015

### MARCH QUARTER HIGHLIGHTS

#### IRON ORE

- NSL executes its first two non-exclusive fines and lump offtake agreements with BMM Ispat, a significant and expanding producer of pellets, power and steel.
- Combined offtake agreement potential for up to A\$28,000,000 in sales.
- Critical milestone achieved for the existing Phase One dry beneficiation plant and future Phase Two wet beneficiation plant in Kurnool.
- NSL participates in Australia India Business Week.

#### CORPORATE

- Recovery proceedings around NSL's favourable arbitrational award of approximately A\$250,000 continue.
- US\$4,000,000 Convertible Loan Facility obtained from US based investment firm, Magna Equities LLC.

### IRON ORE - INDIA

#### OFFTAKE AGREEMENT - FINES

During the quarter, the Company was pleased to advise that it entered into an offtake agreement for its first 200,000 tonnes of future Phase Two 58-62% Fe wet beneficiation plant fines product.

Executed with BMM Ispat (**BMM**), this agreement has the capability of absorbing all the expected output from our wet plant, but being non-exclusive, it allows the Company to also diversify its customer base going forward. Commercial terms are market based, availing the



Company to access the current robust market conditions in the domestic Indian iron ore sector, a market of circa 150 million tonnes supplying the world's fourth largest steel industry. The Indian domestic steel industry is planning to triple in size over the next 10 years.

Importantly, it was achieved directly with the end user, avoiding the need for traders and the uncertain credit worthiness inherent with this channel to market, and therefore reducing the sales transactional risk

It is expected that this agreement, as an important element of our Indian operations strategy, will also aid the Company in finalising non-equity funding to build its wet beneficiation plant.

BMM's current and future expanding production of steel can easily absorb 100% of the Company's fines production. During detailed evaluations, both parties confirmed the strong alignment in the Company's iron ore specifications and BMM's required iron ore raw material specification.

The BMM steel complex is approximately 240kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the BMM steel complex are:

- Beneficiation Plant of 2.60 Million Tonnes per annum (MTPA);
- Pellet Plant of 2.60 MTPA;
- Sponge Iron Plant of 0.73 MTPA;
- Induction Furnace of 0.10 MTPA;
- Rolling Mill of 0.09 MTPA; and
- Power Plant of 95 MW.

BMM has embarked upon an expansion projects which will result in new capacities for:

- Integrated Steel Plant of 1.25 MTPA;
- Power Plant of 140 MW.

For further information on BMM, please refer to [www.bmm.in](http://www.bmm.in)

### **OFFTAKE AGREEMENT - LUMP**

The Company was also pleased to advise that it had entered into an offtake agreement for up to 200,000 tonnes of the existing Phase One dry beneficiation plant lump product with typical specifications up to 58% Fe.

Executed with BMM, this agreement is similar to its fines agreement in that it has the capability of absorbing all the expected output from our existing plant, but being non-exclusive, it allows the Company to also diversify its customer base going forward. Commercial terms for the one year agreement are again market based, enabling the Company to access the current robust market conditions in the domestic Indian iron ore sector.

Importantly, this second offtake agreement with BMM was achieved as a result of the close working relationship the two companies have now developed and are continuing to develop. The offtake agreement again deals directly with the end user, thus minimising the sales transactional risk.



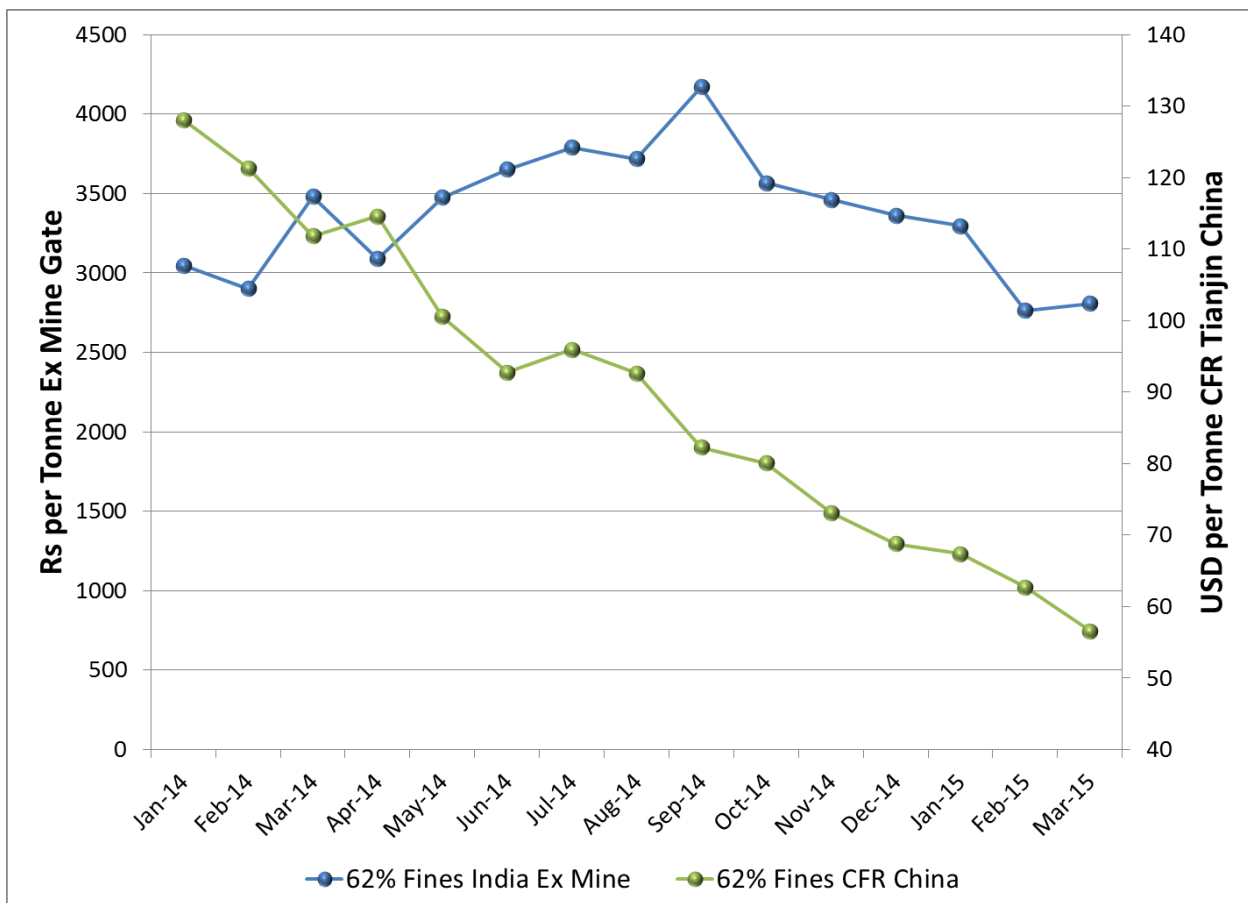
The Company and BMM are now working together to finalise adding the Company as a vendor on the BMM system, leading to the first purchase order and delivery of material, technical trials through the DRI kilns, including development of KPI's and product specifications for further long term supply. This will also include the finalisation of supply logistics and longer term pricing mechanisms.

**INDIAN DOMESTIC IRON ORE PRICING**

During the course of the quarter ex mine gate Indian domestic pricing continued to outperform the global seaborne pricing of iron ore. Transparent pricing in the Company's operating region is provided by the electronic auction (e-auction) in the neighbouring state of Karnataka.

Although there was some softening in the domestic auction prices (with a reduction over the quarter of approximately 16.5% ex mine gate) the market dynamics continue to be favourable. This has been supported by the public announcement from NMDC during the quarter that it did not expect to see any scope for any further price reductions in the domestic market. NMDC is the largest producer of iron ore in the country and sets monthly benchmark pricing for all of its material available for sale.

Detailed analysis continued to be conducted during the Quarter to assist in commercial negotiations and in defining domestic pricing mechanisms and models. The following chart shows the monthly average ex mine gate pricing data from all auctions in Karnataka, which has then been standardised to 62% Fe equivalent pricing. This has then been charted against the monthly average spot pricing for 62% Fe CFR China.





## MARKETING

During January, the Australian Government and Austrade hosted the Australia Business Week in India trade delegation. Minister Andrew Robb AO led the 450 strong Australian delegation, which was broken into 13 key focus groups. Resources and Energy was represented by approximately 40 delegates, with sessions across Delhi and Mumbai.

During the week there were a number of key statistics quoted by the Minister, namely

- Australia has approximately \$185 billion worth of bilateral trade with China and at present only \$15 billion of bilateral trade with India;
- There are approximately 11,500 Australian companies operating in the USA, 16,500 Australian companies operating in New Zealand, and only 350 Australian companies operating in India.

Presentations, high level meetings and subsequent one on one discussion were programmed through the week. Indian company representation included:

- NMDC Limited;
- Coal India Limited;
- Jindal Steel and Power Limited;
- JSW Limited;
- Aditya Birla and Essel Mining; and
- Essar Group Limited

The Australian Government and Austrade, enabled in particular by the local Austrade business and trade representatives put on a valuable and well executed program, which has assisted in NSL's networking and exposure to the steel and resources industry in India.



*NSL participating in session with JSW Limited*



During the course of the program NSL were also able to participate in a business delegation that travelled to meet with the Minister of Mines and Steel, Sri Narendra Singh Tomar.

The delegation included Hon. Andrew Robb AO (Minister for Trade and Investment), His Excellency Mr Patrick Suckling (High Commissioner to India), Mr Mike Baird (Premier of NSW), Ms Gina Rinehart (Chairman Hancock Prospecting), Mr Sam Walsh (CEO Rio Tinto) and Dr Vanessa Guthrie (Managing Director Toro Energy).



***NSL Participating in delegation to Minister for Steel and Mines***

The broad ranging discussions focussed on the potential for opening up the Indian resources industry to foreign investment, and some of the key areas of concern for Australian companies looking to enter this high growth industry.



***NSL Participating in delegation to Minister for Steel and Mines***

The ABWI further enhanced the Company profile and reputation as the only foreign company to own and operate its own iron ore mines in India, with steel producers, Indian and Australian governmental departments and the wider Indian community.

The continuing increasing levels of exposure and understanding of the Company, positions the Company to become an important participant in Indian and Australian bilateral trade process.



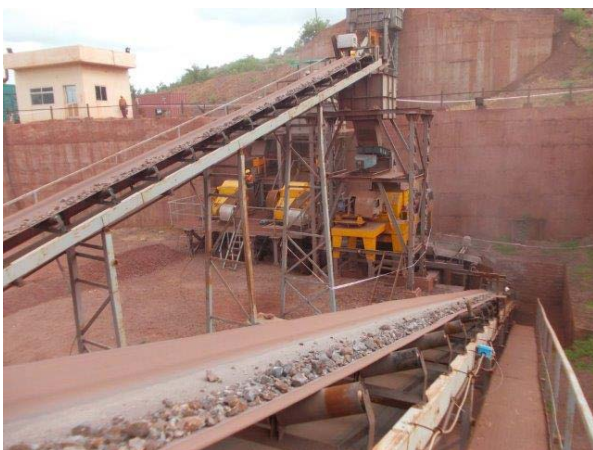
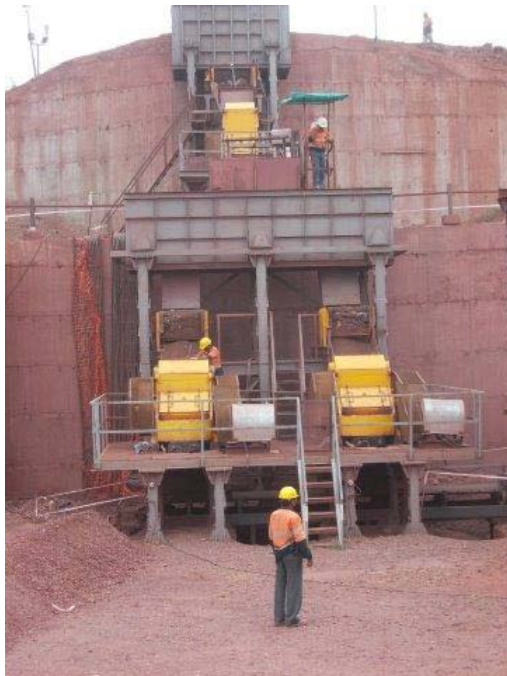
**KURNOOL IRON ORE BENEFICIATION PLANT**

**Phase One Plant (Dry)**

During the course of the quarter, as a result of an iron ore trader not meeting its obligations, the Company continued to temporarily scale back operations as it progressed offtake discussions with significant Indian domestic steel producers.

Prior to scaling back, the Company's plant produced finished product grades ranging between 50% Fe and 58% Fe from a 28% Fe ROM feed grade for domestic sale, including the first tranche of 45% Fe required under the executed sales agreement with an iron ore trader.

To date, operations will remain scaled back pending the opportunity to deliver directly to the medium to large Indian domestic steel producers and tier one global steel mills, and replace utilising traders, thus reducing transactional performance risks for the future.



**Phase Two Plant (Wet)**



The Phase Two wet beneficiation plant proposed for the existing NSL stockyard will be fed material from NSL's Kuja and Mangal mines. It is anticipated that the construction of this plant will commence in the 12 months post recommencement of NSL Phase One dry beneficiation plant processing operations or when alternative funding can be arranged. The project has all approvals in place for construction and operations.

The Phase Two wet beneficiation plant process, which is anticipated to be capable of producing final product grades of between 58-62% Fe, has a design capacity of 200,000 tonnes per annum of iron ore fines.

### AP 14 MINING LEASE

As announced previously, the Government of India designated AP14 as a project of national significance.

The Prime Minister's Office (**PMO**) and Cabinet Secretariat accepted the AP14 project into the Project Monitoring Group (**PMG**) which is designed to remove implementation bottlenecks in Major National Projects on a fast-track basis

During the course of the quarter, the Company continued to actively promote the AP14 project with the Telangana State, PMO, and PMG. Assisting in this process has been the Australian High Commission in Delhi.

Since the Mining Lease application was recommended for grant by the Government there have been significant positive engagements with both State level and Central Government representatives. Company representatives recently met with the Honourable Chief Minister, Government of Telangana, Sri K Chandrasekhar Rao (the state AP14 is located in), the Honourable Mines Minister, Government of Telangana, the Chief Secretary Government of Telangana, Principal Secretary to the Chief Minister, Government of Telangana and the Special Principal Secretary for Industry and Commerce, Government of Telangana.

In addition Company representatives have met and presented on multiple occasions to the PMO and PMG as part of progressing the AP14 mining lease through the Central Government process.

The Chief Minister and his team of advisors were well aware of our project and presented this in a very strong light. Particular discussion was held around the use of low grade resources, the focus on value addition, the potential employment generation within the new state, and the fact that the scale of the project makes it amenable to future steel activities.

The Chief Minister gave his personal assurances to provide all support required, and welcomed openly the investment into the mining industry of the State, which in the past has not been strategically developed. NSL has also been referenced as a key project in the new Industry Policy being implemented by the state of Telangana, with foreign investment, jobs creation and the potential for future steel integration cited as key for the new state.

The Department of Industrial Policy and Promotion (DIPP), coming under the Central Government's Ministry of Commerce and Industry in India is sponsoring the AP14 Project with the PMG.

The PMG has been set up by the Prime Minister's Office, Government of India to proactively pursue new major infrastructure projects and any stalled projects to ensure that the projects are commissioned on time.



The PMG restricts its interest to projects deemed critical to the National Interest or involving more than 1,000 Indian Crores (approximately A\$180 million) of total investments.

### Project Summary

As announced on 1<sup>st</sup> February 2013, the AP14 exploration target is 134 million to 377 million tonnes of magnetite at grades ranging from 20% to 50% Fe.

Contained within this exploration target there exists potential for a high grade core of Direct Ship Ore (**DSO**) quality enriched magnetite, with estimates from 5 million to 10 million tonnes with a grade range from 55% to 65% Fe.

It should be noted that the exploration target quoted above is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Metallurgical testing based on Davis Tube Recovery (**DTR**) methods of 25 grab samples provided the following averages for recovery, head grade and concentrate grade:

#### Magnetite Head Grade Quality

Fe %	FeO %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
33.89	7.62	50.66	0.23	0.03	0.02	0.31

#### Magnetite Concentrate Quality

Recovery %	Fe %	FeO %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
33.4	68.93	19.65	3.00	0.18	0.02	0.02	<0.10

For full details related to this AP14 exploration target and metallurgical testing please refer to the ASX announcement dated 1<sup>st</sup> February 2013.

Upon approval from the Central Government the Company will then be able to undertake further exploration activities, including drilling operations on the lease. Work continues on the development of the exploration program scope, including pre work on preferred supplier sourcing.

These important developments for NSL lay the foundations for the Company's future expansion plans.

## THERMAL COAL - QUEENSLAND

During the quarter, the Company continued to work, as required, on its four thermal coal tenements.

NSL's coal tenements (EPCs 2198, 2336, 2337 and 2338) cover 2,585 km<sup>2</sup> in the Eromanga Basin in southwest Queensland and are adjacent to similar projects held by East Energy





Resources (ASX: EER, Inferred Resource of 1.74 Billion Tonnes) and International Coal Limited (ASX: ICX, Inferred Resource of 1.2 Billion Tonnes).

## JOINT VENTURE UPDATE

During the quarter, the Company continued to work with potential JV and alternative funding parties. Discussions remain ongoing.

## CORPORATE

### ARBITRATION AWARD

As announced on 20 August 14, the Arbitration between its wholly owned subsidiary, NSL Mining Resources India Private Limited (“**Claimant**”) and Mega Logistics and Solutions (“**Respondent**”) has now been concluded, with the arbitrator giving the award entirely in favour of the Claimant.

The award given was for approximately A\$250,000 which is related to unrecovered advances (plus interest) paid to Mega Logistics and Solutions for the provision of transport and related services.

During the quarter, the Company filed execution papers with the courts to further progress the recovery of the award.

### SUPREME COURT WRIT OF SUMMONS

As announced on 16 February 2015, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement, **Birmanie**) relating to 4 coal EPCs in Queensland.

The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement. Birmanie has claimed \$2.5m in damages.

NSL has subsequently lodged its defence, in which it vigorously denies Birmanie’s Claim. The Company is of the view that Birmanie is not entitled to the damages sought or to any other damages.

### MAGNA CONVERTIBLE LOAN FUNDING

As announced on 15 January 2015 the Company advised it entered into a US\$4,000,000, 24 month convertible loan funding agreement with Magna Equities, LLC (“Magna”), a New York based investment firm. The funding agreement will enable the Company to continue its focus on its unique position of being the only foreign company to own and operate iron ore mines in India.

The Magna Facility has a 24 month term from the date of each drawdown, is unsecured, bears no interest costs, can be repaid at any time by the Company with a 15% premium and can be converted into NSL shares at any time by Magna during the term at a 20% discount to the 5-day volume weighted average price (VWAP) of NSL’s ordinary shares. Magna will receive a 5% commitment fee on all drawdowns, as and when they occur, to be paid in NSL ordinary shares.

During the quarter, under the Magna Facility, the Company received US\$125,000 on the date of closing and an additional US\$125,000 within 30 trading days of closing.



Subsequent funding in tranches of up to US\$250,000 are available every 60 calendar days (to a maximum of US\$3,750,000) at the Company's election subject to customary conditions including no events of default or termination events having occurred. The Company also received the initial tranche of US\$250,000 under the subsequent funding tranches during the quarter.

Magna is a New York based investment firm that directly invests in small cap and lower middle market public companies across all sectors and geographies. The company is recognised for its individualised approach to each relationship, and its commitment to the best interests of the portfolio company in every investment. Providing strategic support in addition to equity capital, Magna continues to be among the most active investors in its market segment.

### **POTENTIAL ACQUISITIONS**

The Company continued to progress opportunities for either outright acquisition, royalty based acquisition and/or joint venture farm in structured agreements over multiple projects in India. These assessments remain ongoing.

### **CASH FLOW – APPENDIX 5B**

At the commencement of the March quarter, the Company had an opening cash balance of approximately \$197,000. The closing cash balance for the quarter ending 31 March 2015 was approximately \$449,000.

During the quarter the Company continued any potential cost reduction initiatives in both India and Australia.



## INTERESTS IN MINING TENEMENTS

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Kuja	Andhra Pradesh, India	100%	-	-
Mangal	Andhra Pradesh, India	100%	-	-
AP14	Andhra Pradesh, India	100%	-	-
EPC 2198	Queensland, Australia	100%	-	-
EPC 2336	Queensland, Australia	100%	-	-
EPC 2337	Queensland, Australia	100%	-	-
EPC2338	Queensland, Australia	100%	-	-

Regards  
NSL Consolidated Limited

**Cedric Goode**  
Managing Director/CEO

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## Competent Person's Statement

### AP14

The information in this statement relating to the iron ore exploration results is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Blackney is employed by Optiro Pty Ltd. Mr Blackney has sufficient experience which 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 Paul Blackney consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### AP23

The information in this report relating to the exploration results and exploration target is based on information assessed by Mr Anirudh Sharma who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is employed by Rock Geo Consulting Pvt Ltd. Mr Sharma has sufficient experience which 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 Sharma consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### Queensland Coal

Technical information on NSL Consolidated Limited's Queensland coal projects discussed in this ASX Release has been compiled by Mr Mark Biggs, Principal Geologist of ROM Resources Pty Ltd. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has the experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2012. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The report is based on factual geological data acquired by NSL Consolidated Limited over a period of several months as well as pre-existing data from Government stratigraphic drilling and private company coal exploration. Interpolation and extrapolation of data has been avoided in most cases but where necessary it was done with due consideration of the JORC Coal Guidelines. Whilst significant coal intersections are present within most of the coal tenure discussed, insufficient data exists to estimate coal resource tonnages to the JORC standard at this time.

It should be noted that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Notwithstanding this it should also be noted that any resource tonnages implied in this release are conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**NSL Consolidated Limited**

ABN

32 057 140 922

Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	(1)
(b) development	(68)	(356)
(c) production	-	-
(d) administration	(301)	(1,050)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(368)</b>	<b>(1,401)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(368)</b>	<b>(1,401)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(368)	(1,401)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	631	978
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	-	-
<b>Net financing cash flows</b>		631	978
<b>Net increase (decrease) in cash held</b>		263	(423)
1.20	Cash at beginning of quarter/year to date	197	926
1.21	Exchange rate adjustments to item 1.20	(11)	(54)
1.22	<b>Cash at end of quarter</b>	449	449

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Wages, superannuation and car lease.

**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

-

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

-

+ See chapter 19 for defined terms.

## 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 *	4,551,957	650,280
3.2 Credit standby arrangements	-	-

\* Relates to the Magna Equities I LLC Convertible Loan Agreement as announced on 15 January 2015, (Remaining balance available of US\$3,500,000 @ AUD/USD 0.7689). To date Magna have converted approx US\$115k of the total drawn down amounts.

## Estimated cash outflows for next quarter \*\*

	\$A'000
4.1 Exploration and evaluation	39
4.2 Development	35
4.3 Production	-
4.4 Administration	453
<b>Total</b>	<b>527</b>

\*\* Not included above, it is anticipated that estimated cash inflows for the next quarter stand at approximately A\$325k, in relation to the Magna Equities Convertible Loan as per section 3 above.

## 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	449	197
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>449</b>	<b>197</b>

+ See chapter 19 for defined terms.

**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	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

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+ See chapter 19 for defined terms.



**Issued and quoted securities at end of current quarter (continued)**

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

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	762,000,102	762,000,102		
7.4 Changes during quarter (a) Increases through issues	1,538,972	1,538,972	\$0.005	\$0.005
	5,333,333	5,333,333	\$0.0048	\$0.0048
	1,148,493	1,148,493	\$0.007	\$0.007
	13,356,458	13,356,458	\$0.0048	\$0.0048
	2,338,853	2,338,853	\$0.007	\$0.007
	8,186,072	8,186,072	\$0.0056	\$0.0056
(b) Exercise of options	-	-	-	-
(c) Decreases through return of capital, buy-backs	-	-	-	-
(d) Increase pursuant to underwriting of options	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	1	-	US\$2.5M	US\$2.5M
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		305,420,062	305,420,062	\$0.01	31/12/2016
		23,510,000	-	\$0.04	30/6/2015
		6,000,000	-	\$0.07	30/6/2015
		190,000,000	-	\$0.0096	31/12/2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/Forfeited during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## 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 (see note 4).
- 2 This statement does ~~/does not\*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here:.....Sean Henbury.....  
(Company Secretary)

Date: 17 April 2015

Print name: Sean Henbury

### 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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