

ASX Code: AUQ

#### DIRECTORS

**James Phipps**  
Non-Executive Chairman

**Justin Richard**  
Managing Director & CEO

**Atmavireshwar Sthapak**  
Executive Director

**Vikas Jain**  
Non-Executive Director

**Ian Gregory**  
Alternate Director

#### COMPANY SECRETARIES

Elizabeth Hunt, Ian Gregory

#### CAPITAL STRUCTURE (AS AT 30 JUNE 2016)

**Shares:** 506,015,000

**Options:** 248,007,500

**Share Price:** \$0.03 (as at 30 June)

**Market Cap:** \$15.5m

29 July 2016

## Summary

- Infill drilling program for Al Hadeetha Copper-Gold Project is complete, with additional high grade copper & gold mineralisation being identified on top of existing mineral resources at Washihi.
- Washihi JORC Resource estimates have been updated to comply with the 2012 code and are now being revised to incorporate the results of the recent drill program.
- Project finance is progressing well with the Company receiving indicative terms from debt financiers.
- Steady progress is being made toward the development of other copper assets in Oman through collaboration with key industry players.
- Legal proceedings in Saudi continuing
- Corporate updates

#### CONTACT DETAILS

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ABN: 27 122 892 719

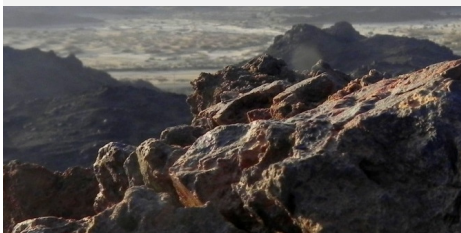
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Elizabeth Hunt  
**Company Secretary**

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# Al Hadeetha Copper-Gold Project (Oman)

## **Drilling Program**

Last quarter the Company announced an infill drilling program was being conducted to help determine the extent to which further inferred resources may be brought into the indicated category.

The infill drilling program was completed during the quarter and results are now being incorporated into the Washihi resource model.

In addition to testing the regions classified as JORC Inferred Resource, the program also identified additional high grade copper and gold mineralisation outside the current resource boundary which is also being incorporated into the resource model.

The revised resource model is scheduled for completion next month.

## **Washihi Resource estimates updated to comply with JORC 2012 Code**

The Washihi JORC Resource table (refer to Table 1 below) was prepared and first disclosed under the JORC Code 2004. During the quarter, this information was updated to comply with the JORC Code 2012.

## **Project Finance**

Total project cost, including retrospective costs, is estimated at \$78.6m<sup>1</sup>. Forecast capital expenditure to complete construction of project is \$66.6m, including contingency and working capital.

The Company has received expressions of interest, including indicative terms for debt finance of up to \$53m. Vendor finance and/or offtake agreements are two of the options being considered to help fund the remaining balance and discussions with selected parties are progressing well.

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<sup>1</sup> Dollar amounts shown are based on US dollars and have been converted into Australian dollars using the exchange rate of 1 AUD = 0.75 USD.

## **Industry Developments**

The newly established Mining Development Oman (MDO), a joint venture between four state-owned agencies – the State General Reserve Fund, the Oman Investment Fund, the Oman Oil Company and the Oman National Investments Development Company, announced plans for an IPO earlier this year and their focus on both up and downstream activities in the mining sector.

There is a greater cooperation developing between mining industry participants from both the public and private sector. The upcoming international minerals and mining conference in Oman is hoped to “ignite the industry”.

The Company has previously reported on the potential for collaboration within Oman’s mining sector<sup>2</sup>. The Al Hadeetha Copper-Gold Project is in a unique position to support downstream copper production and manufacturing in Oman having:

- the single largest JORC copper resource in the country;
- strong community support; and
- no reported environmental issues which would prevent development.

The Company has executed MOU’s with two mining companies in Oman. One was announced early last year<sup>3</sup>; the other was signed in July and provides a framework for collaboration on other copper assets in Oman without imposing binding obligations (other than access to conduct due diligence and confidentiality obligations) or exclusivity arrangements.

## **Daris Copper-Gold Project (Oman)**

The Daris project includes two high grade deposits. Alara’s JV partner now owns a diamond core drill rig that will be utilised for further exploration within the 587 square kilometre licence area. Drilling is scheduled to commence next month.

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<sup>2</sup> Including on page 5 of its recent prospectus.

<sup>3</sup> Refer ASX Announcement dated 19 February 2015: “Oman Washihi Project Defined: MOU with Mawarid Mining”.

## Khnaiguiyah Zinc-Copper Project (Saudi Arabia)

### **Legal Proceedings**

On 3 May 2016, Alara issued an update providing an overview of the Project, including an outline of the rise and fall of the earlier joint venture with United Arabian Mining Company ('Manajem'), and insight into new avenues that have opened up for the Company relative to the Project. As indicated in that announcement, the Case continues to work its way through to a conclusion.

At the Board of Grievances hearing in April, Alara were asked to provide a further evidence brief connecting the various documents which support Alara's counterclaim for the return of US\$3,266,000 which was paid to Manajem for the transfer of the Khnaiguiyah Mining Licence to the Alara-Manajem joint venture company.

The requested brief was submitted to the board of grievances on 26 July 2016 and Manajem requested more time to respond. Legal counsel sought to convince the judge to close the case and submit for judgment, given the time delays, number of hearings, and the fact that Alara had been requested to provide specific items, however the judge decided to give Manajem time provide a response and scheduled the next hearing for Tuesday, October 18, 2016.

### **Status of the Khnaiguiyah Mining Licence**

As reported on 23 December 2015, the cancellation of the Khnaiguiyah Mining Licence (which was held by Manajem) opened the door to mining applications from other companies. In anticipation of this event, Alara entered into an agreement with Bayan Mining Company, under which Alara and Bayan would team to secure a licensed interest in the Project and other projects in the Kingdom.

During the quarter, Bayan representatives met with the Deputy Minister for Mineral Resources to discuss the application process being followed by the Ministry. The Deputy Minister did not go on the record as to the process being followed.

The mining regulations require the applicant for a mining licence to have a feasibility study and Alara currently owns the only bankable feasibility study for Khnaiguiyah Zinc-Copper Project.

Bayan are following up through the relevant lines of government authority.

## Corporate Update

### **Board Appointment**

In April, Mr Vikas Jain joined the Alara board as a non-executive director. Mr Jain holds an MBA obtained in the USA and has a wealth of experience encompassing around 15 years in the field of mineral exploration and allied activities, including open-pit mining. Mr Jain is currently Managing Director and CEO of the Indian company South West Pinnacle Exploration P/L, a company he founded in 2006 and under his leadership grew to become a leading exploration company in India. After starting in mineral exploration, South West Pinnacle has since added coal-bed methane production, transportation, geophysical logging and other geological activities to its domain.

### **Change of Auditor**

Bentleys is a firm of Chartered Accountants with offices in Australia and New Zealand and were appointed as the Company's Auditors with effect from 20 July 2016.

The appointment followed a review of corporate administration costs and a proposal from Bentleys at the Company's request.

The company thanked Grant Thornton for their long standing and professional services as Auditor to the Company, and continues to work with the tax advisory team at Grant Thornton.

## Mineral Licences

### Daris Copper-Gold Project

The Daris Copper-Gold prospects are located ~170km northwest of Muscat (the capital of Oman) and are on or very close to high quality bitumen roads.

The current status of all licences/applications for this project is presented in the table below.

| Block Name | Licence Owner                        | Alara JV Interest | Exploration Licence |               |                 | Mining Licences within EL     |                     |                                     |
|------------|--------------------------------------|-------------------|---------------------|---------------|-----------------|-------------------------------|---------------------|-------------------------------------|
|            |                                      |                   | Area                | Date of Grant | Status          | Area                          | Date of Application | Status                              |
| Block 7    | Al Tamman Trading and Est. LLC, Oman | 50%               | 587km <sup>2</sup>  | Nov 2009      | Renewal Pending | Daris East 3.2km <sup>2</sup> | Dec 2012            | Accepted in April 2013; in progress |
|            |                                      |                   |                     |               |                 | Daris 3A-5 1.3km <sup>2</sup> |                     |                                     |

### Al Hadeetha (formerly Washihi) Copper-Gold Project

The Al Hadeetha prospects are located ~100km south-southeast of the Daris Project and are on or very close to high quality bitumen roads.

The current status of all licences/applications for this project is presented in the table below.

| Licence Name | Licence Owner                   | Alara JV Interest | Exploration Licence |               |        | Mining Licence within EL |                     |                                     |
|--------------|---------------------------------|-------------------|---------------------|---------------|--------|--------------------------|---------------------|-------------------------------------|
|              |                                 |                   | Area                | Date of Grant | Status | Area                     | Date of Application | Status                              |
| Washihi      | Al Hadeetha Resources LLC, Oman | 70%               | 39km <sup>2</sup>   | Jan 2008      | Active | 2.1km <sup>2</sup>       | Dec 2012            | Accepted in April 2013; in progress |
| Mullaq       | Al Hadeetha Resources LLC, Oman | 70%               | 41km <sup>2</sup>   | Oct 2009      | Active | 1km <sup>2</sup>         | Jan 2013            | In progress                         |
| Al Ajal      | Al Hadeetha Resources LLC, Oman | 70%               | 25km <sup>2</sup>   | Jan 2008      | Active | 1.5km <sup>2</sup>       | Jan 2013            | In progress                         |

### Khnaiguiyah Zinc-Copper Project

The Khnaiguiyah Zinc-Copper Project is located approximately 170km south-west of the capital city Riyadh and 35km north-west of Al-Quwayiyah, which is a regional centre located around the Riyadh to Jeddah Expressway.

The Khnaiguiyah Project originally comprised one mining licence, 2 exploration licences and 5 exploration licence applications, totalling approximately 380km<sup>2</sup>. These licences were previously held by Manajem, but have now been cancelled.

In 2015, Alara entered into an agreement with Bayan Mining Company LLC to exploit mining opportunities at Khnaiguiyah and elsewhere in Saudi Arabia. Given Alara holds the only bankable feasibility study for the Project, the Alara-Bayan team is uniquely placed to develop this project once the mining licence is reissued.

## JORC Statements

### Al Hadeetha Copper-Gold Project (Oman)

Table 1 - Washihi JORC Mineral Resources<sup>4</sup>

| Cu %<br>Cut off | Indicated Resource  |                  |                  | Inferred Resource   |                  |                  |
|-----------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
|                 | Tonnes<br>(Million) | Copper (Cu)<br>% | Gold (Au)<br>g/t | Tonnes<br>(Million) | Copper (Cu)<br>% | Gold (Au)<br>g/t |
| 0               | 7.16                | 0.87             | 0.17             | 7.77                | 0.67             | 0.2              |
| 0.25            | 6.84                | 0.9              | 0.17             | 7.27                | 0.71             | 0.2              |
| 0.5             | 5.66                | 1.01             | 0.18             | 5                   | 0.85             | 0.21             |
| 0.75            | 4.04                | 1.17             | 0.18             | 2.57                | 1.07             | 0.23             |
| 1               | 2.39                | 1.37             | 0.2              | 1.24                | 1.31             | 0.27             |

### Daris Copper-Gold Project (Oman)

Table 2 - Daris-East JORC Mineral Resources

| Ore type  | Cut-off<br>grade<br>Cu% | Measured |      |                     | Indicated |      |                     | Measured and<br>Indicated |      |                     | Inferred |      |                     |
|-----------|-------------------------|----------|------|---------------------|-----------|------|---------------------|---------------------------|------|---------------------|----------|------|---------------------|
|           |                         | Tonnes   | Cu%  | Gold<br>(Au)<br>g/t | Tonnes    | Cu%  | Gold<br>(Au)<br>g/t | Tonnes                    | Cu%  | Gold<br>(Au)<br>g/t | Tonnes   | Cu%  | Gold<br>(Au)<br>g/t |
| Sulphides | 0.5                     | 129,155  | 2.48 | 0.23                | 110,870   | 2.24 | 0.51                | 240,024                   | 2.37 | 0.43                | 30,566   | 2.25 | 0.55                |
| Oxides    | 0.5                     | 96,526   | 0.77 | 0.03                | 86,839    | 0.66 | 0.14                | 183,365                   | 0.72 | 0.08                | 1,712    | 0.61 | 0.97                |

<sup>4</sup> Refer Alara's 16 July 2013 ASX Announcement: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

### **Competent Person Statement**

*The information in this announcement on Mineral Resources in relation to the Copper–Gold Projects (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sharma approves and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

### **Disclaimer**

*This report contains “forward-looking statements” and “forward looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral resources, and studies. Often, but not always, forward looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide readers with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alara and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and copper, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns. Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Alara believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Alara does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.*

### **About Alara Resources**

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi deposit. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: [www.alararesources.com](http://www.alararesources.com).

# Securities Information

as at 30 June 2016

## Issued Securities

|                                       | Quoted<br>on ASX   | Unlisted | Total              |
|---------------------------------------|--------------------|----------|--------------------|
| Fully paid ordinary shares            | 506,015,000        | -        | 506,015,000        |
| \$0.02 (30 April 2017) Listed Options | 248,007,500        | -        | 248,007,500        |
| <b>Total</b>                          | <b>754,022,500</b> | <b>-</b> | <b>754,022,500</b> |

## Distribution of Listed Ordinary Fully Paid Shares

| Spread of Holdings | Number of Holders | Number of Units    | % of Total Issued Capital |
|--------------------|-------------------|--------------------|---------------------------|
| 1 - 1,000          | 929               | 317,738            | 0.063%                    |
| 1,001 - 5,000      | 311               | 739,922            | 0.146%                    |
| 5,001 - 10,000     | 164               | 1,373,140          | 0.271%                    |
| 10,001 - 100,000   | 400               | 16,210,121         | 3.203%                    |
| 100,001 - and over | 278               | 487,374,079        | 96.316%                   |
| <b>Total</b>       | <b>2,082</b>      | <b>506,015,000</b> | <b>100%</b>               |

## Top 20 Listed Ordinary Fully Paid Shareholders

| Rank         | Shareholder                                        | Shares Held        | % Issued Capital |
|--------------|----------------------------------------------------|--------------------|------------------|
| 1.           | Vikas Jain                                         | 30,000,000         | 5.929%           |
| 2.           | Metals Corners Holding Co                          | 29,500,000         | 5.830%           |
| 3.           | Mul Chand Malu                                     | 25,000,000         | 4.941%           |
| 4.           | Vikas Malu                                         | 25,000,000         | 4.941%           |
| 5.           | Piyush Jain                                        | 20,000,000         | 3.952%           |
| 6.           | Justin Richard                                     | 20,000,000         | 3.952%           |
| 7.           | Ms Meng Meng                                       | 19,405,898         | 3.835%           |
| 8.           | Citicorp Nominees Pty Limited                      | 18,258,176         | 3.608%           |
| 9.           | Whitechurch Developments Pty Ltd                   | 18,003,606         | 3.558%           |
| 10.          | Dr John Henry Addison McMahon                      | 16,477,083         | 3.256%           |
| 11.          | HSBC Custody Nominees (Australia) Limited          | 15,986,140         | 3.159%           |
| 12.          | Baron Nominees Pty Ltd                             | 11,435,397         | 2.260%           |
| 13.          | Inkese Pty Ltd                                     | 11,000,000         | 2.174%           |
| 14.          | Mr Mohammed Saleh Alalshaikh                       | 10,000,000         | 1.976%           |
| 15.          | Mr Warren William Brown + Mrs Marilyn Helena Brown | 9,300,000          | 1.838%           |
| 16.          | Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery  | 8,824,780          | 1.744%           |
| 17.          | Mr Peter Kelvin Rodwell                            | 8,000,000          | 1.581%           |
| 18.          | ABN Amro Clearing Sydney Noinees Pty Ltd           | 6,857,986          | 1.355%           |
| 19.          | Mr Anthony Brown                                   | 5,000,000          | 0.988%           |
| 20.          | Thorpe Road Nominees Pty Ltd                       | 4,920,000          | 0.972%           |
| <b>Total</b> |                                                    | <b>312,969,066</b> | <b>61.849%</b>   |

## 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, 01/05/2013

Name of entity

Alara Resources Limited

ABN

27 122 892 719

Quarter ended ("current quarter")

30 June 2016

#### Consolidated statement of cash flows

| Cash flows related to operating activities        |                                                            | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---------------------------------------------------|------------------------------------------------------------|----------------------------|----------------------------------------|
| 1.1                                               | Receipts from product sales and related debtors            | -                          | -                                      |
| 1.2                                               | Payments for (a) exploration & evaluation                  | (225)                      | (1,481)                                |
|                                                   | (b) development                                            | -                          | -                                      |
|                                                   | (c) production                                             | -                          | -                                      |
|                                                   | (d) administration                                         | (159)                      | (1,036)                                |
| 1.3                                               | Dividends received                                         | -                          | -                                      |
| 1.4                                               | Interest and other items of a similar nature received      | 32                         | 69                                     |
| 1.5                                               | Interest and other costs of finance paid                   | -                          | -                                      |
| 1.6                                               | Income taxes paid                                          | -                          | -                                      |
| 1.7                                               | Other                                                      | -                          | -                                      |
| <b>Net Operating Cash Flows</b>                   |                                                            | <b>(352)</b>               | <b>(2,448)</b>                         |
| <b>Cash flows related to investing activities</b> |                                                            |                            |                                        |
| 1.8                                               | Payment for purchases of: (a) prospects                    | -                          | -                                      |
|                                                   | (b) equity investments                                     | -                          | -                                      |
|                                                   | (c) other fixed assets                                     | -                          | (29)                                   |
| 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                                                      | -                          | -                                      |
| <b>Net investing cash flows</b>                   |                                                            | <b>-</b>                   | <b>(29)</b>                            |
| 1.13                                              | Total operating and investing cash flows (carried forward) | <b>(352)</b>               | <b>(2,477)</b>                         |

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

|                                                   |                                               |       |       |
|---------------------------------------------------|-----------------------------------------------|-------|-------|
| <b>Cash flows related to financing activities</b> |                                               |       |       |
| 1.14                                              | Proceeds from issues of shares, options, etc. | -     | 2,480 |
| 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 (cost of share issue)                   | -     | (113) |
| <b>Net financing cash flows</b>                   |                                               | -     | 2,367 |
| <b>Net increase (decrease) in cash held</b>       |                                               | (352) | (110) |
| 1.20                                              | Cash at beginning of quarter/year to date     | 1,705 | 937   |
| 1.21                                              | Exchange rate adjustments to item 1.20        | (2)   | 524   |
| 1.22                                              | <b>Cash at end of quarter</b>                 | 1,351 | 1,351 |

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

|      |                                                                  | Current quarter<br>\$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 231                        |
| 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

Directors' fees, salaries, allowances, entitlements and employer superannuation contributions.

**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

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 272        |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 283        |
| <b>Total</b>                   | <b>555</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                                                                                                                                | 736                        | 582                         |
| 5.2 Deposits at call                                                                                                                                        | 615                        | 1,123                       |
| 5.3 Bank overdraft                                                                                                                                          | -                          | -                           |
| 5.4 Other (provide details)                                                                                                                                 | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b>                                                                                                            | <b>1,351</b>               | <b>1,705</b>                |

## Changes in interests in mining tenements and petroleum tenements

|     | Tenement reference and location                                                       | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---------------------------------------------------------------------------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed |                               |                                  |                            |
| 6.2 | Interests in mining tenements and petroleum 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 (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|-----------------------------------------------|--------------------------------------------------|
| 7.1 <b>Preference securities</b><br>(description)                                                                              |              |               |                                               |                                                  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |                                               |                                                  |
| 7.3 <b>*Ordinary securities</b>                                                                                                | 506,015,000  | 506,015,000   |                                               |                                                  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |                                               |                                                  |
| 7.5 <b>*Convertible debt securities</b><br>(description)                                                                       |              |               |                                               |                                                  |

+ See chapter 19 for defined terms.

|      |                                                                                                               |             |     |                                 |                                     |
|------|---------------------------------------------------------------------------------------------------------------|-------------|-----|---------------------------------|-------------------------------------|
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |             |     |                                 |                                     |
| 7.7  | <b>Options</b><br>(description and conversion factor)                                                         | 248,007,500 | Nil | <i>Exercise price</i><br>\$0.02 | <i>Expiry date</i><br>30 April 2017 |
| 7.8  | Issued during quarter                                                                                         |             |     |                                 |                                     |
| 7.9  | Exercised during quarter                                                                                      |             |     |                                 |                                     |
| 7.10 | Expired during quarter                                                                                        |             |     |                                 |                                     |
| 7.11 | <b>Debentures</b><br>(totals only)                                                                            |             |     |                                 |                                     |
| 7.12 | <b>Unsecured notes</b> (totals only)                                                                          |             |     |                                 |                                     |

## 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Justin Richard 29 July 2016  
 ..... Date: .....

Print name: Justin Richard  
 .....  
*Director*

## 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 and petroleum 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 or petroleum 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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