# Quarterly Activities Report

**KRUCIBLE METALS LTD**

*Mineral Discovery Company*

ABN: **12 118 788 846** ASX Code: **KRB**

ASX ANNOUNCEMENT
For the three months ending 31st March 2014 (30th April 2014)

## About Krucible


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*Non-executive Chairman*

**Allan Branch**

*Managing Director & CEO*

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*Non-executive Director*

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*Listed on Australia's main stock exchange since 2007, Krucible is an Australian-based resources company with an enviable history of discovery in phosphorus and heavy rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and others, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on tenements in the mineral rich Mount Isa area of north western Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.*

## HIGHLIGHTS

- In this period Krucible Metals Limited initiated its 2014 field program with exploration at Toomba, "EPM15367".

Quartz outcrop at Toomba, April 2014

- Krucible has conducted an intensive biogeochemical exploration survey at Toomba, in a joint R&D project with HDA | Salva to develop this state-of-the-art exploration tool for the Company's future use in difficult but promising environments.

- An Aerial geophysical survey by UTS Geophysics is scheduled to begin in May 2014 over the NE corner of Tobermorey "EL28170", concentrated around a previously identified lead surface anomaly in the Elstone prospect.

- On 27 January 2014 Australian New Agribusiness & Chemical Group Ltd ("**ANB**") and Krucible completed their asset sale agreement with ANB taking title of 12 phosphate tenements and Krucible receiving the remainder of the $12m cash payment.

- ANB has invited Krucible to submit joint proposals to develop ANB's Korella, "ML90209" phosphate acquisition and to develop the rare earths resource situated directly above the Korella phosphate deposit on the ML.

- Krucible continues to review potential mining acquisitions as part of its plans to ensure long term access to exploration revenues.

- Krucible has embarked on a plan to package and commercialise its rare earth metals and has continued with its R&D objectives into participating in the development of innovative and low cost rare earth processing technology with Logicamms.

- Krucible issued 20m free options to shareholders to reward them for their loyalty in supporting the company through the complex asset sale negotiation period.

- Krucible's share price has remained stable at close to $0.07, representing a market capitalisation just under $6m. The Company has cash reserves of $11m and an annual exploration spend of $2m.

# 1. COMPANY BUSINESS ACTIVITIES

## 1.1. SUMMARY

In the March 2014 Quarter Krucible Metals Limited ("**Krucible**", "**Company**") initiated its 2014 work program with exploration at Toomba, "EPM15367" and preparations for Tobermorey "EL28170" and Coorabulka "EPM19286" (see Figure 1).

Krucible also conducted an intensive phytogeochemical exploration survey at Toomba during April 2014, in a joint R&D project with HDA | Salva to develop this state-of-the-art exploration tool for the Company's future use in difficult but promising terrains.

Aerial geophysical surveillance by UTS Geophysical is schedule to begin in May 2014 over the NE corner of Tobermorey "EL28170", concentrated around a previously identified lead anomaly.

An important reconnaissance trip to Coorabulka is scheduled for May 2014 to allow a first assessment of the rare earth concretion modules density at its tenement EPM19286.

On 27 January 2014 Australian New Agribusiness & Chemical Group Ltd ("**ANB**") and Krucible completed their asset sale agreement with ANB taking title of 12 phosphate tenements and Krucible receiving the remainder of the $12,371,000 cash payment.

ANB has invited Krucible to submit joint proposals to develop ANB's Korella, "ML90209" phosphate acquisition and to develop the rare earths at the site.

Krucible continues to review potential mining acquisitions as part of its plans to ensure long term access to exploration revenues.

Krucible has embarked on a plan to package and commercialise its rare earth metals and has continued with its R&D objectives into participating in the development of innovative and low cost rare earth processing technology with Logicamms.

Krucible issued approximately 20m free options to shareholders to reward them for their loyalty in supporting the company through the complex asset sale negotiation period.

Krucible's share price has remained stable at close to $0.07, representing a market capitalisation of around $7m when options are taken into account. The Company has cash reserves of $11.6m and an expected annual exploration spend of $2m.

## 1.2. BUSINESS BACKGROUND AND STRATEGY

Krucible is a successful and financially secure junior resources company with an enviable history of discovery in phosphorus and heavy rare earth elements plus a proven ability to commercialise its discoveries. Listed on Australia's main stock exchange since 2007, Krucible continues to explore for precious metals, base metals and especially strategic metals like strontium, rare earths and phosphate. This exploration is our core focus and we are expanding our geological expertise and field work appropriately.

Krucible is a junior explorer in the high-risk but high-reward Australian mining industry.

Juniors are the critical front-end to the mining industry with the highest rewards commensurate with the high risk of discovery. Ordinarily this part of the mining sector receives no revenues during its exploration and developmental phase. As such the Company's business model is specific to this sector.

Our corporate and commercial risk amelioration is also based on long and medium term analysis of the industry. Well described below is this summary in the recent Australian Mining Report Q2 2014 from Business Monitor International.

***"With China's economy on course for a rude slowdown over the coming years, Australia's mining sector is set to suffer the painful spill over effects of a sharp investment slowdown. We believe Australia will be the biggest loser from the mineral imports shift in China … The latter commands a prominent role in Australia's exports of key commodities including coal and iron ore."***
*http://www.marketresearch.com/Business-Monitor-International-v304/Australia-Mining-Q2-8067102/*

Krucible is consequently careful about a reliance on China-centric commodities. At the same time, the global economy is recovering and mining and its products are a critical part of the western economy as the Australian markets indicate:

***"In late April the S&P/ASX200 pushed above 5,500 points and hit its highest level since mid-2008. Lower than expected local inflation figures, plus Chinese manufacturing data, both released on 23 April 2014, have not had much impact on the market. 'The improvement in the US market and sentiment has just really extended to Australia."***
*IG market strategist Stan Shamu*

Therefore the Company strategy is focussed on transitioning to be a combined exploration and mining company. The goal is to be independent of a reliance on expensive future equity based funding for its exploration activities. Krucible has plans and expectations therefore to ultimately identify and execute JV or M&A deals to develop a strategic metals mine in the mineral rich Mount Isa area of north western Queensland or elsewhere. Supporting this strategy is Krucible's strong industry-based board and management, promoting aggressive value-added mining projects and initiatives.

## 1.3. FINANCES

On 16 January 2014, Krucible and Australia New Agribusiness & Chemical Group completed their sale and purchase agreement on the Korella project. ANB took ownership of 12 of Krucible's tenements which had, or had potential for, phosphate. (One title, EPMA19090, "Lily Hole Creek" is still in application stage and will transfer to ANB once granted.) In turn Krucible received the remaining funds for a total payment of $12,371,000 which included a deposit of almost $1m received in May 2013 and an instalment of approximately $3m received in December 2013. These transactions completed the asset sale and all associated securities were released. Krucible continues to assist ANB with its tenement management where necessary and retains certain first rights of refusal over joint development of non phosphate minerals on the tenements. The transaction had put Krucible in a financially secure position for its next several years of exploration.

Expert tax advice recommends that Krucible's asset sale should be treated as income as opposed to capital gains, although the corporate tax consequences are more or less the same in either case, set at 30%. Krucible has provided $1,292,400 for its taxation liabilities.

Krucible's financial position for the past quarter and projections for the next quarter are detailed in the attached Appendix 5B. In brief our net assets at 30 March 2014 doubled to $12,382,819 compared with $5,428,831 at the 31 December 2013. Cash and cash equivalents more than tripled from $3,649,231 to $11,751,666.

### 1.4. ANB AND KRUCIBLE

Krucible has considerable experience in the plans for mining at Korella from its initial trial mining exercises, and in the specific commercial opportunities around development of rare earth deposits. ANB has invited Krucible to submit proposals for the development of ANB's Korella, "ML90209" phosphate acquisition and for the development of the rare earths at the same site.

### 1.5. RECOGNITION OF SHAREHOLDER LOYALTY

Krucible is primarily an exploration company and its highest return of value to shareholders is in continued exploration and resource discovery. The Company wished to return something of value as a reward to shareholders, but wished to retain its cash for exploration. Krucible therefore decided on the issue of bonus options to eligible shareholders on 25 March 2014 so that shareholders could elect based on personal circumstances to preserve equity or trade the new securities for cash if desired. This followed the advanced announcement on 24 January 2014, that Krucible was issuing free bonus options pro-rata to eligible shareholders, on the basis of one free option for every four shares held. The options, which were issued at no cost, have an exercise price of $0.05 and will expire on 23 January 2016. If all 20m options are eventually exercised, it will raise approximately $1m in cash for the Company.

### 1.6. CONFERENCES

Krucible believes that presenting at national and international conferences is key to its success at commercialising its rare earths activities and a series of national and international presentations is planned for 2014.

## 2. EXPLORATION

Krucible currently has 15 tenements 14 in Queensland and 1 in the Northern Territory (see Figure 1).

### 2.1. DIAMANTINA

#### 2.1.1. Toomba EPM15367 April exploration program completed

This is an exciting EPM in which Krucible has previously completed exploration that discovered a number of copper occurrences at surface and in drilling (see KRB Annual Report 2010). Since that discovery Krucible has been unable to complete further field work until now. The first field trip for 2014 occurred in April, with a joint biogeochemical, or more precisely phytogeochemical, research project together with scientists from HDR | Salva (on behalf of the Geological Survey of Queensland) which is expected to give Krucible additional state-of-the-art exploration tools and techniques for these remote and difficult to access tenements.

Krucible has completed a number of lag samples over new prospect areas namely the Krusty and Hook 2 areas (Figure 2) in April. This is expected to indicate any near surface geochemical anomalies. The results of this sampling are expected in approximately 3 weeks.


**Coincidence of Spinifex and drill holes**


**Gathering plant samples**


**Searching for suitable plants.**

Situated in the Simpson Desert near the Northern Territory border in western Queensland this EPM was the subject of intense exploration by Krucible in 2009 which resulted in strongly anomalous drilling results of up to 27m @ 0.4% copper from 9m (including 3m @ 2.4% copper), (see KRB Annual Report 2010). Krucible considers the Diamantina province belt to be highly prospective for large-scale mineralised systems associated with large scale crustal structures and continental terrane boundaries.

Krucible has previously been successful in applying for a Queensland Government grant for up to $150,000 to assist with drilling costs, which has been reapplied for in 2014. Drilling in this environment is logistically challenging with a number of 12m high sand dunes and lack of tracks but Krucible is keen to test the deeper extents of the shallow mineralisation previously intersected and also increase the area of drilling to test the western extents of the EPM.

#### 2.1.2. Tobermorey EL28170 Geophysics starts in May

This EL lies on the Northern Territory side of the Queensland border on the edge of the Simpson Desert in an area where no previous work has been completed. About 60km to the east lies Krucible's Champ Prospect on the Toomba EPM where drilling has returned up to 3m @ 2.4% copper from 12m (09TMRC-29 AGD66 210370E, 7400968N). Mineralisation is interpreted to be associated with the large crustal scale Toomba Fault which runs close to the Tobermorey EL.

Krucible has engaged UTS Geophysics to conduct the first aerial geophysical survey of this our only NT tenement in May 2014. The data acquisition will encompass almost 2,400 kms on a 150m traverse line spacing in the NE corner of the EL. This will cover the Elstone prospect where past work by Krucible has returned up to 428ppm lead in quartz breccia sub-crop (AGD66 795027E, 7421729N) (ASX announcement 2 July 2013).

The airborne survey is expected to further define the broad magnetic high covering the anomalous surface geochemical samples (Figure 4). Interpretations of this anomaly suggest it may be part of the Stella and Dukes Shear zones identified from geophysical interpretations on the Toomba tenement 60km to the east in Queensland. These interpretations completed by Terra Search Pty Ltd indicate the Duke and Stella structures appear to be sub-parallel magnetic features representing up faulted basement structures.

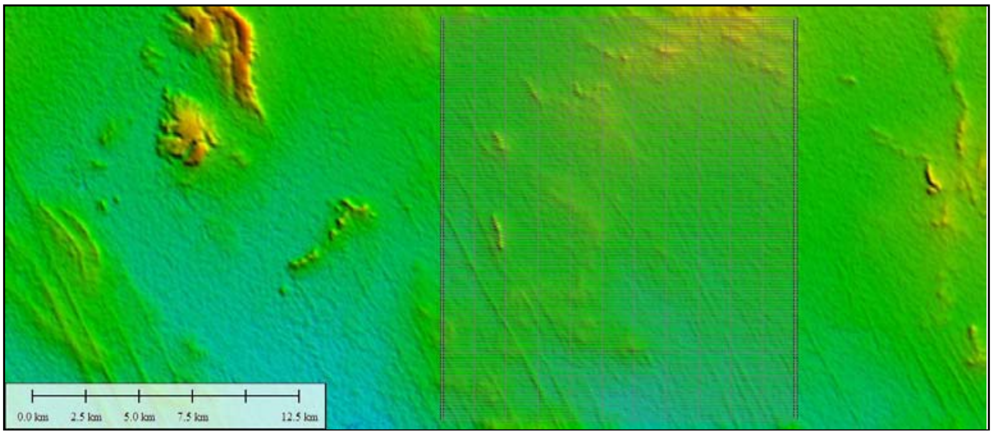


**Figure 4. Tobermorey EL28170, DTM Elevation Image showing Proposed Survey Lines.**

Exploration to the west of Tobermorey by a number of exploration companies has identified further new copper occurrences. These are moving steadily in an easterly direction towards Krucible's Tobermorey EPM on the Queensland/Northern Territory border. Drilling by Mithril Resources Ltd (250km to the west) has identified up to 2m @ 1.15% copper and 0.23g/t Au from 21m (Mithril Resources ASX Quarterly Report 15 January 2013) the mineralisation in this region appears closely associated with structural features.

The arid desert environment with numerous sand dunes makes access to parts of the EL difficult; Krucible therefore used Google Earth imagery and Government geophysical and topographical data to locate areas of interest and outcrop. On field inspection a number of these areas were mapped as large resistant ridges composed of young siliceous sediments which are not considered prospective. Areas where these units appear to be thick (>100m) have been relinquished as depth to basement is considered to be beyond economic parameters.

Sampling in this transported environment is problematic with limited outcrop and sand covering a great deal of the EL. However, Krucible has recently completed lag sampling at 3 areas within the tenement. These sites were selected based on satellite/Google imagery, field observations and previous reconnaissance sampling which recorded a number of anomalous lead values up to 428ppm in a quartz breccia sub-outcrop.

Geological mapping completed at the same time also identified numerous quartz veins as well as quartz and iron rich breccia zones prospective as economic fluid conduits and trap sites. Rock chip sampling from this exploration showed anomalous values in an iron rich quartz breccia with results including:

- **TYRK19 (796000E, 7421819N) 0.17ppm silver, 291ppm lead, 264ppm zinc**
- **TYRK21 (794755E, 7422283N) 0.27ppm silver, 159ppm lead**

(Anomalous results were announced 31 July 2013)

The anomalism occurs within an iron rich quartz breccia which outcrops on the eastern and to a lesser extent on the western edges of a ridge composed of quartz breccia and sandstones. This enrichment may be caused by leakage from a source of mineralisation below surface and further work on this area would utilise geophysical surveys and shallow drilling to explore for subsurface mineralisation.

Assay results from this sampling showed a zone 1.0km by 1.5km of anomalous lead with corresponding silver, zinc and copper anomalism. The most anomalous results included 0.093g/t gold, 0.54ppm silver, 228ppm copper, 264ppm lead and 269ppm zinc (ASX announcement 31st July 2013).

The surface anomalism identified corresponds with a large magnetic ridge with low resolution in government images. The planned airborne magnetic survey in May will help identify structures, sub-surface geological trends and exploration targets.

## 2.2. ISA SOUTH

### 2.2.1. Coorabulka EPM19286

This EPM was granted in November 2013 and Krucible has begun planning an intensive exploration effort with a surface sampling program to potentially locate further rare earth sites and to assess the distribution of any further anomalous rare earths. Krucible has previously collected grab samples from council pits which have returned strong results for Rare Earth Elements (REE) of up to **0.62kg/t dysprosium oxide, 4.49kg/t neodymium oxide, 1.07kg/t praseodymium oxide, and 3.16kg/t yttrium oxide** (refer to ASX announcement 30th January for full results).

Further to the REE's, Coorabulka is also prospective for lead with assay results of up to 1050ppm. Strontium is also anomalous in samples with up to 9.47% received in assay results. Strontium is a metal used in aluminium alloys to increase strength and ductile properties of the alloy.

Krucible has participated in a new rare earth extraction technology research project (ASX announcements 8 October 2012, 14 November 2012) with LogiCamms Ltd and discussions are in progress for taking this project to the next scaled-up test level.

A bench-scale, low-intensity leaching system for Coorabulka nodules was built and tested. This system leached REE values from Coorabulka samples with leaching kinetics and recovery still being evaluated. Subject to acceptable REE recovery during the leaching trials, it is proposed that the test work will be extended to include the recovery of REO values from the leach solution and the production of REO concentrates.

### 2.2.2. Georgina East 1 EPM15831

This EPM lies in the Georgina Basin adjacent to the Corella Bore and Merlin Tank EPMs now held by ANB. Krucible has only completed reconnaissance exploration on this tenement. Desktop geological interpretations suggest the location GE1 is not prospective for phosphate as the deposition environment was not favourable for development of phosphate enrichment zones. Recent interpretations of depth to Proterozoic basement completed by the Geological Survey of Queensland (GSQ) suggests these units may be over 500m below surface which is considered non-prospective as no strong sub-surface anomalies have been identified. Krucible has since applied to surrender this EPM in January 2014.

#### 2.2.3. Lukes Plot EPM17613

Krucible is currently planning a geophysical survey over this prospect area in the coming months to further define the broad government magnetics image. Krucible has previously completed surface geochemical sampling which outlined a silver, gold, lead, arsenic anomaly as well as a broad zone of copper anomalism which corresponds to the trend of the magnetic high. This geochemical/geophysical trend also follows on from the Lucky Luke (copper/gold) deposit owned by Inova Resources. Proterozoic basement is expected to be shallow in this area with interpretations suggesting in places it may be less than 50m.

Krucible completed a review of EPMs late last year and as a result 17 sub-blocks were relinquished from this EPM. These areas were not considered to hold prospective targets based on a review of current information.

#### 2.2.4. Valroy EPMA25126

Valroy was applied for after reconnaissance exploration on the Coorabulka EPM identified further widespread rare earth anomalism in surface samples. The EPM surrounds the Coorabulka EPM which lies approximately 100km south of Boulia in western Queensland. This application is progressing through the Government's new streamlined granting process and is expected to be granted mid-2014. After granting of the Valroy application Krucible intends to complete an intensive geochemical sampling program over prospective areas to define any rare earth enrichment.

### 2.3. ISA WEST

#### 2.3.1. Mosses Bore EPMA25487

Krucible has submitted an EPM application to the Department of Natural Resources and Mines (DNRM) which was accepted on the 9th January 2014. This EPM is located 25km NW of the world class Mt Isa copper, lead, zinc, silver mine in western Queensland, 10km west of the lead, zinc Hilton Mine and 12 km SW of the Valhalla uranium, copper mine (Figure 3).

The magnetics indicates strong alteration in the Eastern Creek Volcanics and the Gunpowder Creek Formations. These units form a strong magnetic aureole surrounding a granitic intrusion (Sybella Granite) aged approximately 1665-1680Ma. There are numerous regional scale folds as well as the large Mt Isa Fault to the east and numerous other structures are interpreted which have deformed and altered the Proterozoic units in this EPM.

Government mapping indicates Cambrian Beetle Creek Formation may outcrop in the area. This unit hosts the sedimentary phosphate deposits in Queensland including Phosphate Hill (Incitec Pivot) and Korella (ANB).

This application is expected to be granted mid-2014 from which time Krucible will complete a reconnaissance program to help identify target areas.

#### 2.3.2. Flemington Fault EPM19099 and Big Toby Creek EPM19095

These tenements lie approximately 50km west of Mt Isa in Queensland. Both areas have interesting geophysical anomalies and outcrop of Proterozoic units are mapped in the Big Toby Creek EPM. Krucible has not completed any work on the ground nor has there been any intensive previous exploration. These areas were to be the focus of Krucible's early 2014 exploration program, however the reconnaissance trip planned in February has been postponed until May as a result of the wet weather and the priority of the Salva project. Grab sampling and mapping will be the primary techniques used in this sampling program.

### 2.4. CANNINGTON

#### 2.4.1. Cowie Mag EPM17921

This EPM situated in the interpreted Cannington Structural Corridor has been the subject of a number of surface geochemical sampling programs which have highlighted geochemical anomalies including a zinc, copper, lead anomaly in an area where previous drilling by Aberfoyle in the 1990's recorded weakly anomalous zinc in weathered Proterozoic units at shallow depths (>40m). Further south Krucible has identified a molybdenum, lead anomaly from lag sampling, this extends south into Krucible's Tertiary (EPMA19717) application. Work is expected to continue on this prospect once this application is granted which is expected in mid-2014.

During a review of the tenement's prospectivity Krucible has relinquished 13 sub-blocks from this EPM in areas where sampling and interpretations failed to locate any features indicating potential mineralisation.

#### 2.4.2. Squirrel Hills EPM15354

This EPM lies in the Cannington area and previous exploration by Krucible has included a number of reconnaissance programs and RC drilling at the Garnet prospect where anomalous copper, gold, and REE were discovered.

At the Crackenback prospect historic workings show abundant malachite staining in the abandoned shallow pits. These workings host copper mineralisation in shear zones close to the geological contact of the Kuridala Formation (equivalent to Soldiers Cap Group) and the Squirrel Hills Granite (part of the Williams Batholith). Krucible has previously completed rock chip sampling in this prospect area with up to 977ppm copper from creek float. A sampling program is being considered by Krucible for the Crackenback prospect.

**Further Information:**

A C Branch

Allan Branch
Managing Director & CEO
Krucible Metals Ltd.

*About Krucible Metals Limited:*

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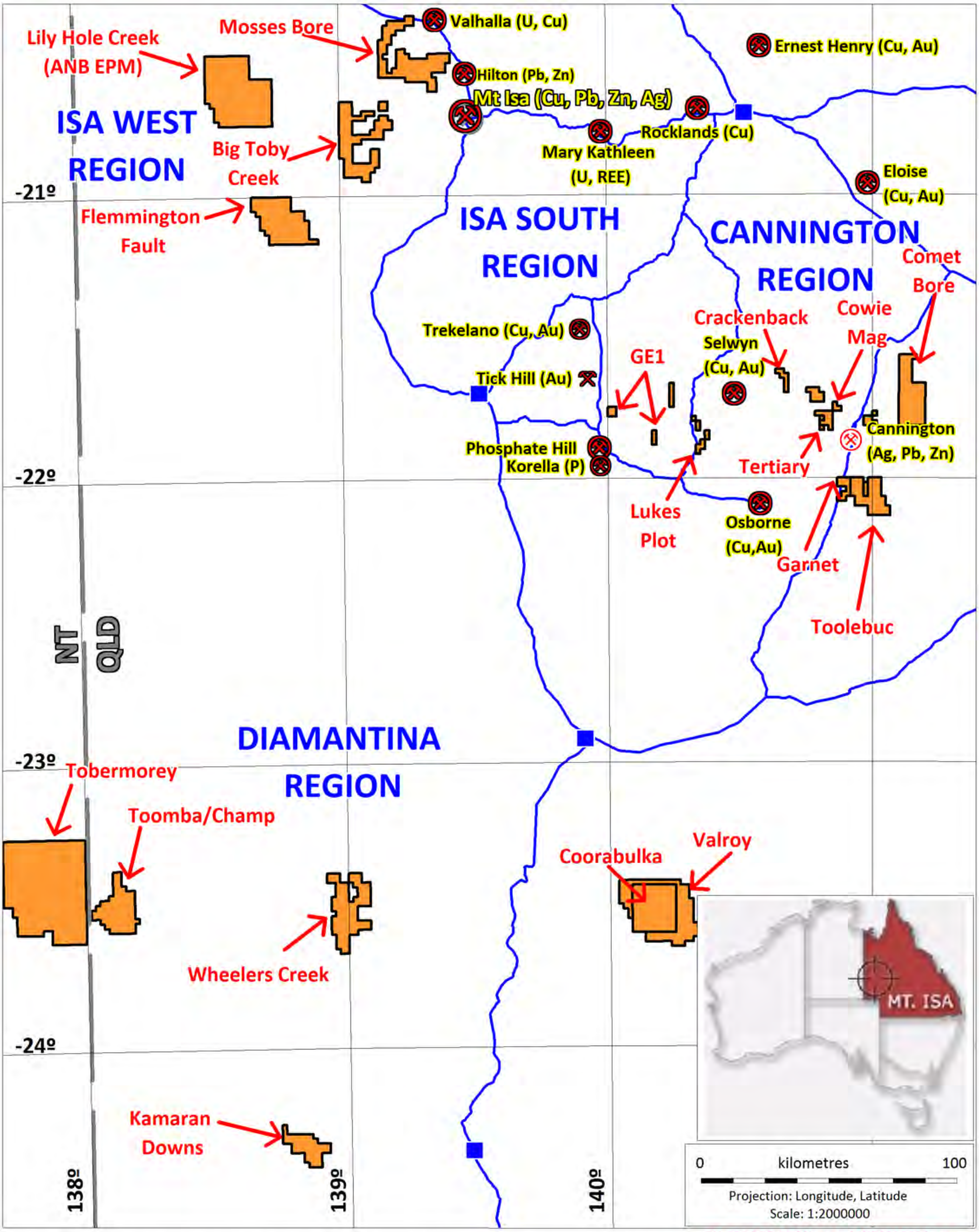
COMPETENT PERSON STATEMENT

*"The information in this report that relates to Mineral resources and Exploration Results is based on information compiled by Mr Andrew J Vigar who is a Fellow of The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Limited, Hong Kong. Mr Vigar 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 Vigar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears".*

This report may contain forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements.

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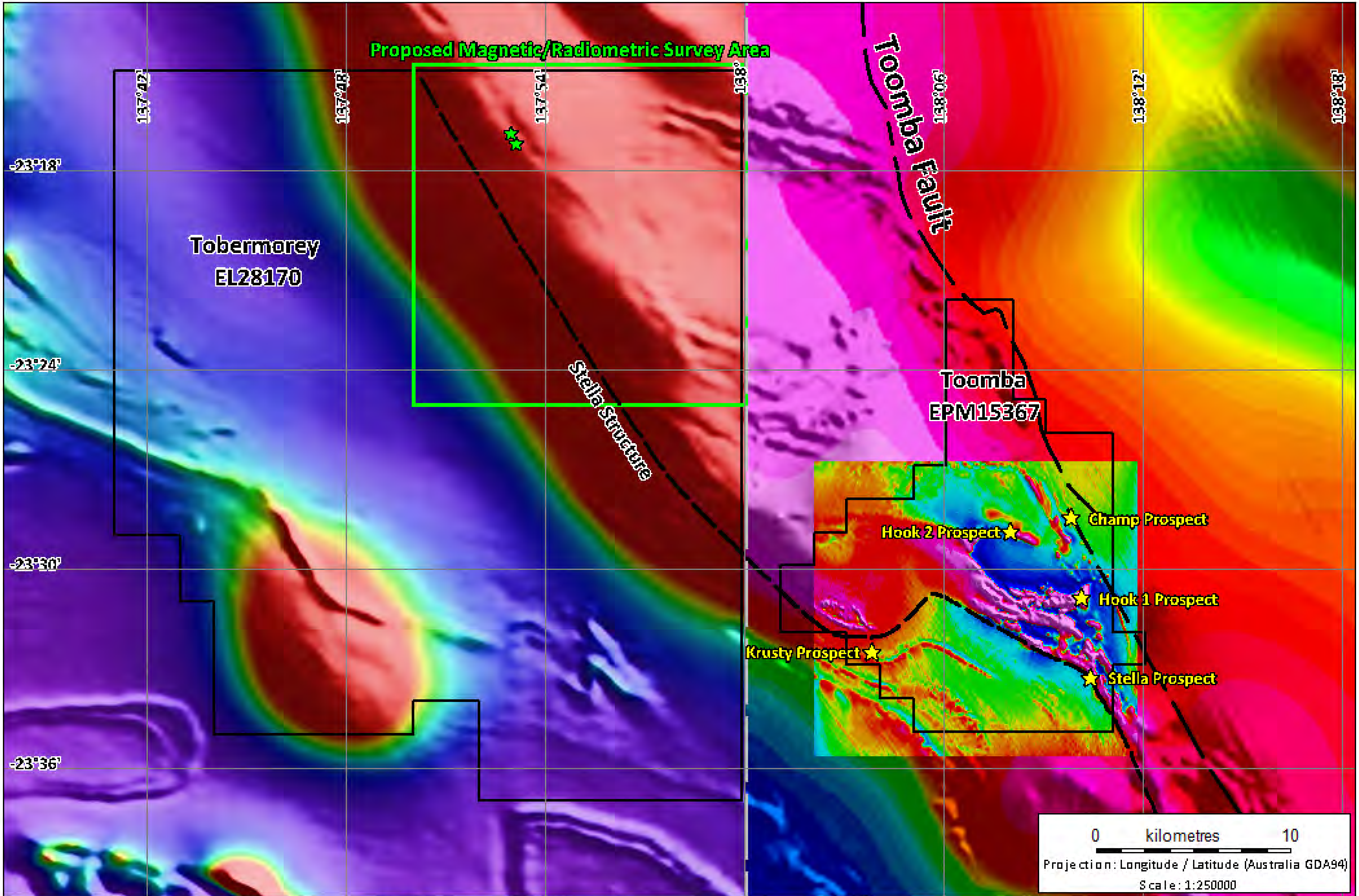
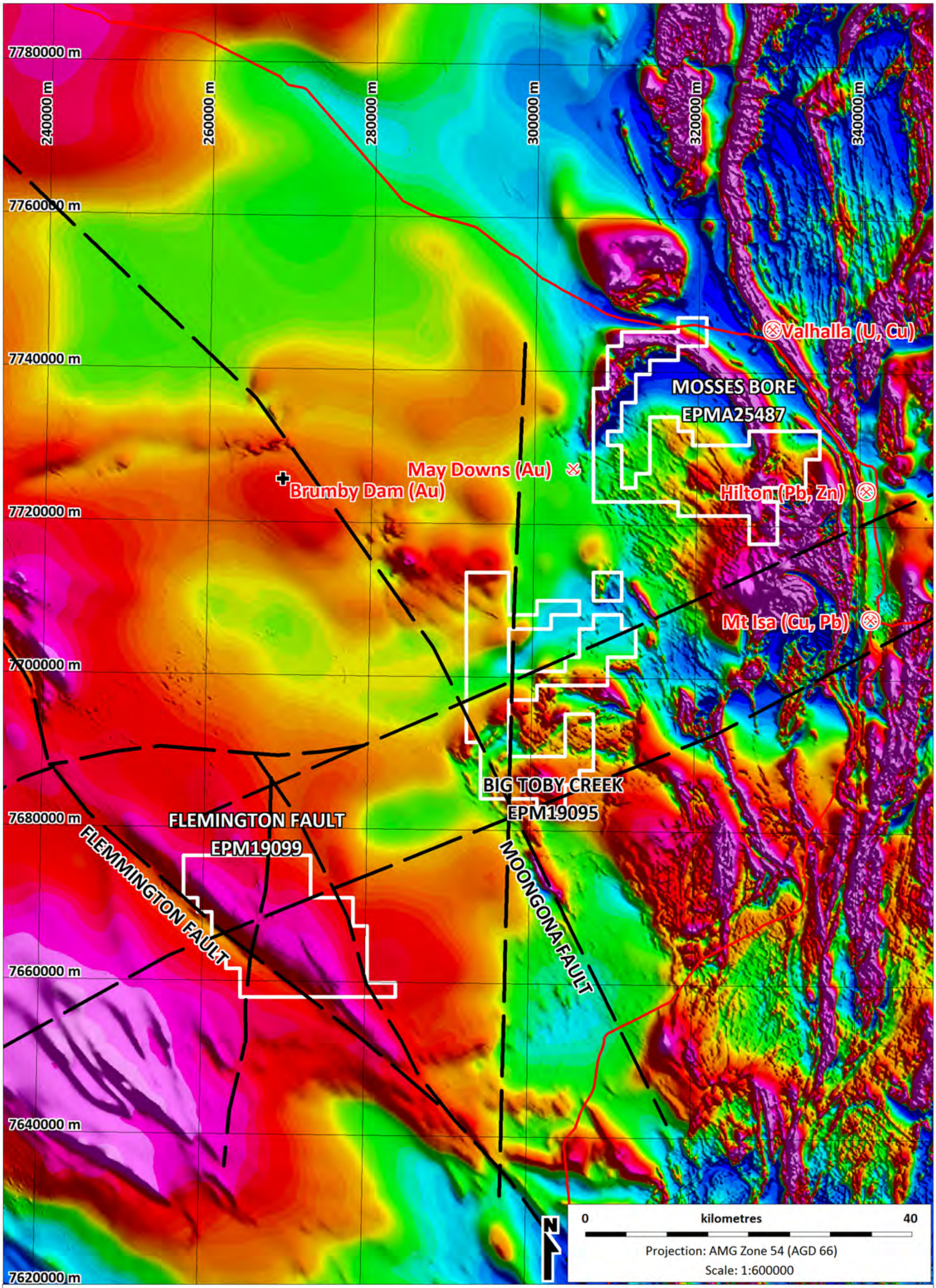
LOCATION PLAN SHOWING KRUCIBLE TENEMENTS

FIGURE 1




Diamantina TMI Government Magnetics Showing
Toomba Prospects (yellow) and Anomalous Tobermorey Rock Chips (green)

FIGURE 2

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**Isa West Tenements (white) on Regional Government Magnetics Showing Structures (black)**

**FIGURE 3**

*Rule 5.3*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

| |
|---|
| Krucible Metals Ltd |

| ABN | Quarter ended ("current quarter") |
|---|---|
| 12 118 788 846 | 31 March 2014 |

## Consolidated statement of cash flows

| | Cash flows related to operating activities | Current quarter $A'000 | Year to date ( 9 months) $A'000 |
|---|---|---|---|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (79) | (557) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (183) | (612) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 76 | 88 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other- asset sale transaction costs | (241) | (291) |
| | Other- receipt- reimbursement of tenement holding costs | 224 | 224 |
| | **Net Operating Cash Flows** | (203) | (1,148) |
| | **Cash flows related to investing activities** | | |
| 1.8 | Payment for purchases of: (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (3) | (100) |
| 1.9 | Proceeds from sale of: (a) prospects | 7,989 | 12,275 |
| | (b) equity investments | - | - |
| | (c) other fixed assets | 6 | 6 |
| 1.10 | Loans to other entities | - | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other- tenement security deposits | 43 | 25 |
| | Other- unearned income- phosphate asset sale | - | - |
| | **Net investing cash flows** | 8,035 | 12,206 |
| 1.13 | Total operating and investing cash flows (carried forward) | 7,832 | 11,058 |

+ See chapter 19 for defined terms.

| | | | |
|---|---|---|---|
| 1.13 | Total operating and investing cash flows (brought forward) | 7,832 | 11,058 |
| | **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) | - | - |
| | **Net financing cash flows** | - | - |
| | **Net increase (decrease) in cash held** | 7,832 | 11,058 |
| 1.20 | Cash at beginning of quarter/year to date | 3,749 | 523 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | **Cash at end of quarter** | 11,581 | 11,581 |

## 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 | 83 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Included in Operating and Investing Cash Flows were the following items:

1. Transaction costs associated with the sale of the Group's phosphate assets totalling $241k for the quarter.
2. The remainder of the phosphate sale proceeds were received from Australia New Agribusiness & Chemical Group Ltd during the quarter totalling $7,989k. In addition Australia New Agribusiness & Chemical Group Ltd reimbursed tenement holding costs incurred by the company totalling $224k.
3. Amounts paid to directors include salaries, bonuses, directors' fees, superannuation and consulting fees totalling $83k.

## 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

Nil

+ See chapter 19 for defined terms.

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

| |
|---|
| Nil |

## 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 | 715 |
| 4.2 | Development | - |
| 4.3 | Production | - |
| 4.4 | Administration ( incl asset sale transaction costs) | 271 |
| | **Total** | 986 |

## 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 | 104 | 423 |
| 5.2 | Deposits at call | 11,477 | 3,326 |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| | **Total: cash at end of quarter** (item 1.22) | 11,581 | 3,749 |

+ 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 | EPM 15072 | Exploration Permit sold | 100% | 0% |
| | | EPM 15572 | Exploration Permit sold | 100% | 0% |
| | | EPM 19092 | Exploration Permit sold | 100% | 0% |
| | | EPM 15811 | Exploration Permit sold | 100% | 0% |
| | | EPM 15833 | Exploration Permit sold | 100% | 0% |
| | | EPM 19145 | Exploration Permit sold | 100% | 0% |
| | | EPM 19093 | Exploration Permit sold | 100% | 0% |
| | | EPM 18105 | Exploration Permit sold | 100% | 0% |
| | | EPM 19091 | Exploration Permit sold | 100% | 0% |
| | | EPM 19094 | Exploration Permit sold | 100% | 0% |
| | | ML90209 | Mining Lease sold | 100% | 0% |
| 6.2 | Interests in mining tenements acquired or increased | EPM 25487 | Exploration Permit Application | 0% | 100% |

## 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 | **Preference +securities** *(description)* | - | - | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | **+Ordinary securities** | 80,370,695 | 80,370,695 | Various | Fully Paid |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | - | - | | |

+ See chapter 19 for defined terms.

| | | | | | |
|---|---|---|---|---|---|
| 7.5 | **+Convertible debt securities** *(description)* | - | - | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | **Options** *(description and conversion factor)* | 270,000<br>300,000<br>1,000,000<br>1,500,000<br>19,155,232 | -<br>-<br>-<br>- | *Exercise price*<br>24 cents<br>15 cents<br>15 cents<br>11.96 cents<br>5 cents | *Expiry date*<br>12/08/2014<br>28/02/2015<br>08/05/2015<br>28/11/2015<br>23/01/16 |
| 7.8 | Issued during quarter | 19,155,232 | - | 5 cents | 23/01/16 |
| 7.9 | Exercised during quarter | - | - | | |
| 7.10 | Expired during quarter | - | - | | |
| 7.11 | **Debentures** *(totals only)* | - | - | | |
| 7.12 | **Unsecured notes** *(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 4).

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

Sign here: ............................................Date: 29 April 2014
(Company Secretary)

Print name: M C Meintjes

+ See chapter 19 for defined terms.

## 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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+ See chapter 19 for defined terms.