

Quarterly Activities Report as at 30 June 2015

ASX Code: AOU

Securities on Issue:

58,591,397 fully paid ordinary shares (quoted)

21,800,000 partly paid shares (unquoted)

135,000 convertible note securities maturing 31 December 2015

4,000,000 options exercisable at \$0.15 expiring 18/7/2016

Directors

Glenn Whiddon
(Executive Chairman)

Nicholas Ong
(Non-executive Director)

Matthew Foy
(Non-executive Director)

Company Secretary

Matthew Foy

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Mozambique-focused emerging gold producer, Auroch Minerals NL (ASX:AOU) (**Auroch** or the **Company**) provides shareholders with the following summary of its activities during the June quarter.

OPERATIONS

During the quarter, the Company advised it has entered into a binding agreement to sell 100% of the Manica Mining Concession 3990C to AIM-listed Xtract Resources plc (**Xtract** or **XTR**) for total sale consideration of US\$11.0 million in a combination of cash and equity in Xtract, plus assumption of project related creditors of up to US\$1.5 million.

About Xtract

Xtract Resources plc is a gold and copper exploration development company with projects in Chile and South Africa with a current market capitalisation of approximately A\$45 million (£22 million) and is well funded. Xtract aims to become a mid-tier gold and copper producer with a focus on low cost, high margin shallow/surface deposits. Xtract's Chairman Mr Colin Bird and CEO Mr Jan Nelson have a long history of involvement in the Manica Mining Concession having initially acquired the Manica Gold Project whilst at Pan African Resources plc in 2006. Mr Nelson is also a former Director of the Company.

Material Terms of Share Sale and Purchase Agreement

Auroch has entered into a binding share sale and purchase agreement for the sale of the Manica Mining Concession 3990C to Xtract on the following material terms (**Agreement**).

Consideration

Total amount payable under the Agreement is up to US\$12.5 million comprised of:

- Allotment and issue of new XTR ordinary shares to the value of US\$6.5 million at Completion. The issue price of the consideration shares shall be determined by the 10-day VWAP of XTR's shares in the 10 trading days prior to the issue of the consideration shares or 0.35 pence, whichever is lower (**Consideration Shares**);
- US\$4.5 million in cash payable at Completion; and
- In addition, XTR will also provide funding to settle project-related creditors up to a maximum of US\$1.5 million which is payable upon signing of the Agreement.

Subsequent to the quarter, Auroch advised that the first tranche of US\$500,000 had been forwarded by Xtract to the Company. The Company has agreed that the full US\$1.5 million payment will entitle Xtract to a 12% interest in the Company's subsidiary, Auroch Mozambique Pty Ltd.

Effective from the date of signing the Agreement Xtract will be responsible for the management supervision of operations of the Manica Mining Concession as well as funding associated costs and liabilities from 1 June 2015.

Conditions Precedent to Completion

The Agreement is conditional upon Auroch obtaining prior consent of the Government of Mozambique through the Ministry of Mineral Resources and Energy to the extent required under the Mozambique Mining Act and other applicable laws relating to the change of control of the Company's subsidiary and communicating such change of control to the Mozambican mining authorities. Completion of the Agreement is also subject to Auroch obtaining shareholder approval under ASX Listing Rule 11.2 for the sale of the Manica Mining Concession and Xtract obtaining approval for the admission of the Consideration Shares to trading on AIM.

Statements of Voting Intention

Several major shareholders including the Chairman, have advised the Company that they intend to vote in favour of the Agreement at a shareholders' meeting to approve the disposal.

Preliminary Economic Assessment Delivers Excellent Results at the Fair Bride Deposit

During the quarter, the Company announced positive results from a Preliminary Economic Assessment (the **PEA**) on the Fair Bride Gold Project (the **Project**) (**Figure 1**). The PEA has confirmed the technical and robust economic viability of the Project and is based on the following assumptions:

- Open Pit mining of oxide, transitional and sulphide ores will run for five years and have a stripping ratio averaging 8:1 waste to ore (inclusive of low grade ore);
- High-grade shoots beneath the open pit will be accessed from underground via two declines, initially a 20m crown pillar will be left which will be extracted at the end of the underground operation;
- Oxides and transitional ores will utilise a simple process route of primary milling and Carbon in Leach (**CIL**);
- As mining progresses into the sulphide ore, these ores will be processed with a flotation circuit with a concentrate re-grind followed by CIL for the sulphides;
- The diluted head grades and gold recoveries modelled in the PEA are:
 - Oxide ore 2.53g/t Au and 96% recovery;
 - Transitional ore 3.55g/t Au and 82% recovery; and
 - Sulphide ore 3.44 g/t Au (open pit) and 3.68 g/t Au (underground) 80% recovery.

- Operating costs with C1 Cash Cost at US\$650/oz and total operating costs (including sustaining capital and royalties) at US\$769/oz.

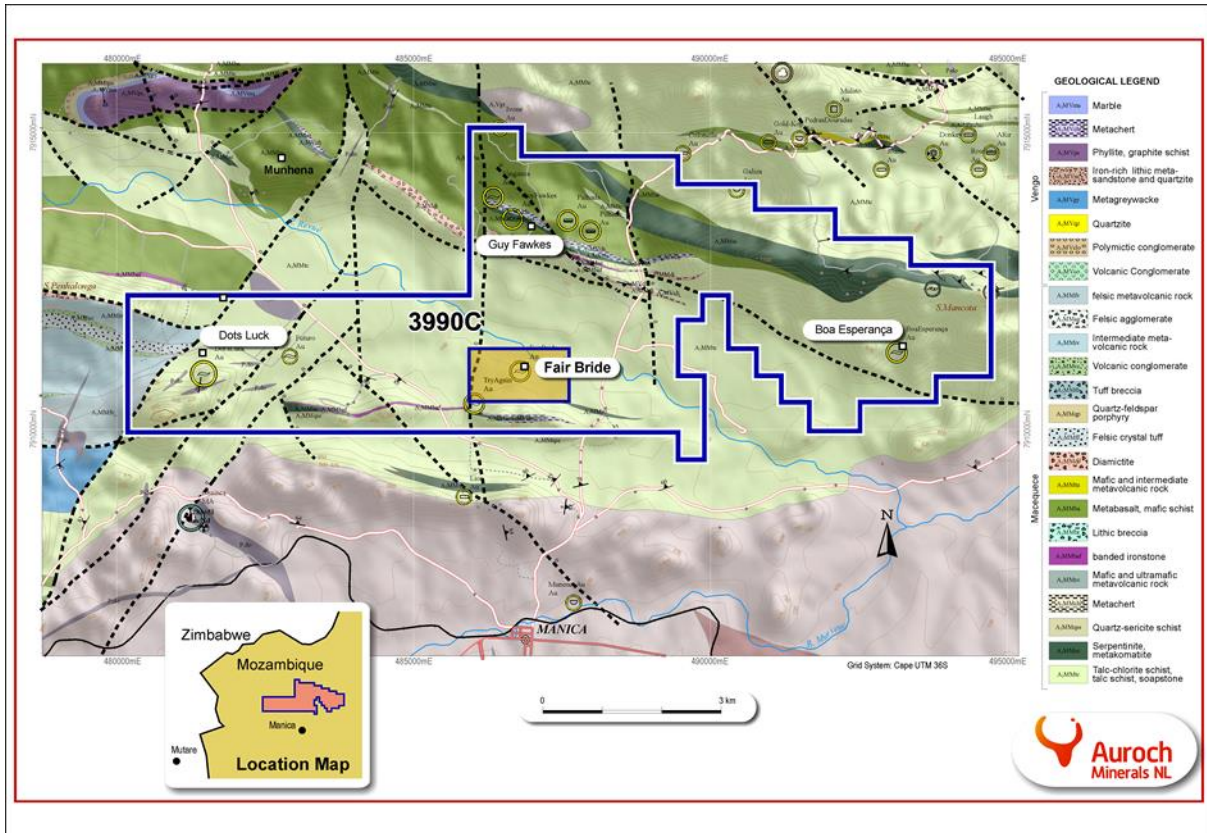


Figure 1: Location map and position of all major prospects of the Manica Project with the PEA over the Fair Bride Deposit in the southern portion of the mining concession.

The base case provides a low-cost, low technical risk, quick route to gold production. Key variables are summarised below in **Table 1**.

Variable	Used in Study
Gold price	US\$ 1,250
Annual Production Rate	47,750 oz Au
Initial mine life	8 yrs
Total gold Production	331,000 oz Au
Stripping Ratio	8:1
LOM High grade	3.49 g/t Au
LOM Low grade	0.93 g/t Au
Initial capex	US\$ 28.4 M
Average recovery	80%
Power Cost	US\$ 0.064 per kWh
Annual processing	0.5 Mtpa
Payback	< 3 yrs
Direct C1 cash operating costs	US\$ 650
All-in sustaining costs	US\$ 769

Mozambique Corporate Tax Rate	38 %
Mozambique Royalty	6 %
Assumed Discount rate	8 %
After tax NPV	US\$ 50.3 M
After tax IRR	57.5 %

Table 1: PEA Key Variables

The PEA was based on the Measured and Indicated portions of the updated Mineral Resource Estimate for Fair Bride (ASX: 14 November 14) of 9.5Mt tonnes at 3.0 g/t for a contained 923,000 ounces of gold at a cut-off grade of 1.0g/t gold.

Once ramp up is achieved, Fair Bride delivers an average steady state production profile of 46,700 ounces of gold per annum once full production is reached. There is an expectation of increasing the mine life through the addition of further ore along strike to the west, and at depth. As well as over 150k oz already defined at other targets throughout the Manica Gold Project 3990C mining licence.

The PEA is based on a convention open pit treating oxide and transitional ore through a standard CIL circuit at a rate of 0.5M tonnes per annum. The deeper transitional and sulphide ore will be processed through a flotation circuit, recoveries of over 95% of the Au from final concentrate mass pull of less than 12-13% have been proved in testwork. The flotation concentrate will go through a re-grind process and then into a CIL circuit, final recoveries of 82% for the transitional and 80% for the sulphide have been used in the PEA.

Start-up capital costs are estimated to be US\$28.4M, and underground development costs of US\$14.8M. Importantly, the underground capital development does not commence until year 4 of the operation, after the initial project capital has been repaid and will be funded from cash flows.

Operating costs (C1 Cash Costs) are estimated at US\$650/oz over the life of mine. Given the amount of engineering work already undertaken by Auroch, the estimation accuracy for the capital cost is in the range of -15% to +20%, which only marginally affects the project financials. No contingency is included in the quoted capital costs.

The PEA confirms the potential for strong economics with the Project estimated to generate US\$82.4M of post-tax cumulative net cash flow over the life of the mine at a gold price of US\$1,250/oz. Payback is calculated to be 3 years from first ore.

DETAILS OF THE PEA

Mining

This PEA is based around an open pit mine and shallow underground operation processing 500,000 tonnes per annum through a conventional plant. Open pit mining will be contracted through a mining service provider applying standard open pit methods according to a mine plan and production schedule provided by Auroch. Additional operating costs have been included for the technical mine supervision of the selective mining by the contractor. Underground mining will be owner-operated and high-grade zones will be targeted and mined using a variety of stoping methods depending on ore body geometry but will predominantly be sub-level open stoping with waste filling.

During the mining process, ore will be separated into high grade (cut-off >1.2g/t) and low-grade (0.4 – 1.2 g/t). The low grade ore will be stockpiled separately and will be treated at the end of the mine life to produce an additional 11,500 ounces of gold.

Processing

The ore will be fed to the process plant at a rate of 0.5MT per annum or 40-45 ktpm, to produce gold doré. Initial plant feed will be from the oxide zone and uppermost transitional zones, where recoveries in excess of 90% have been demonstrated, into a standard CIL circuit. As mining progresses deeper into the transitional ore and sulphides the process route will be upgraded to include a flotation circuit and regrind before oxidative leaching and CIL.

The carbon emanating from the CIL circuit will be acid washed, eluted and re-generated in the elution circuit. The eluate will be subjected to electrowinning and smelting to produce a gold doré bullion and shipped to a refinery.

After gold is removed in the CIL circuit, the tailings will be sent to the cyanide detoxification process. The flotation tailings, which have not undergone cyanidation, will be combined with the detoxified CIL tailings and pumped as a de-watered slurry to an engineered Tailings Storage Facility (TSF) for safe storage through the mine closure and reclamation process. Excess water will be reclaimed from the TSF and recirculated to the plant.

Resource

The current PEA considers only ore within the Measured and Indicated categories as released to the ASX on the 14th of November 2014 and presented in **Table 2** below:

Fair Bride MRE November 2014. Cut-off 1.0g/t Au					
Deposit	Category	Cut-off Au (g/t)	Tonnes (kt)	Grade Au (g/t)	Total Au (Oz)
Fair Bride	Measured	1.0	2,893	3.14	291,600
Fair Bride	Indicated	1.0	2,665	3.07	263,300
Fair Bride Measured & Indicated Resources			5,557	3.11	554,900
Fair Bride	Inferred	1.0	3 988	2.87	368,300
Fair Bride Total Resources			9,546	3.01	923,200

Table 2. Fair Bride Resource statement November 2014.

There are considerable opportunities at the Fair Bride Gold Project for further resource growth through additional drilling, particularly at the western end of the deposit. There are also opportunities for further drilling to convert a percentage of the inferred resource into the mining schedule to add additional mine life.

Furthermore, there are three other deposits within the 3990C Mining Concession with a combined Mineral Resource inventory in excess of 150K oz of gold that are not considered in the scope of the current PEA.

Site infrastructure

The overall site plan contains all facilities required to mine and process half a million tonnes of ore per year, including:

- Haul roads
- Open pit mine
- Process plant and infrastructure
- Water treatment plants
- Tailing Storage Facility (TSF)
- Waste rock dumps
- Auxiliary buildings

Power for the process plant will come from the Mozambique grid via an upgrade of the local Manica substation, including power lines from Manica to site and a transformer to supply the power required.

The TSF will be situated to the north of the Revue River and will contain and store tailings from the process plant, it will be built in several stages (lifts) and final capacity will not be needed until year five of operations. Some tailings will also be used to fill voids underground.

Metallurgical Update

Subsequent to the quarter, the Company announced positive results from Metallurgical testwork on the Project. Auroch received several requests for samples of flotation concentrate for technical and commercial evaluation by smelters and other downstream processors in various countries. To produce the samples, 737kg of diamond drill core from the Fair Bride sulphide zones were shipped to Nagrom laboratories in Perth, Western Australia, in May 2015.

The objectives of the programme were:

1. to produce high grade concentrate samples for shipment to clients; and
2. to confirm and expand on the earlier flotation and gravity pre-concentrating testing done on Fair Bride ore in 2006.

Flotation Tests:

The sample was ground to P₉₀ -0.075mm and then four screening tests, using different reagent suites, were done to determine the best conditions for a bulk flotation run to produce the required samples.

Test No.	Calculated grade g/t Au	Au Recovered to conc %	Conc grade g/t Au	Mass Pull %
1	3.06	94.05	21.84	13.19
2	2.98	94.06	24.30	11.52
3	3.12	92.56	27.07	10.68
4	3.27	91.37	32.71	9.12

These results confirmed earlier work which resulted in over 90% gold recovery to flotation concentrate in a low percentage mass.

Gravity Tests

For the gravity tests, the ore was ground to a relatively coarse size of 0.5mm and processed over a shaking table. The table residue was further ground to 75 microns and processed in a flotation cell to scavenge the remaining gold. The concentrate from this scavenger flotation was subjected to cyanidation in a bottle roll test to determine gold recovery under standard cyanide conditions – without fine grinding or oxidative leaching.

The gravity tests yielded better than expected results with almost 50% of the gold being recovered into a relatively small mass of less than 3% and 73% being recovered into a mass of 10.7%. The scavenger flotation recovered 88% of the remaining gold and, of this, 49% was dissolved under standard cyanidation conditions.

The use of gravity concentration at a coarser grind can recover up to 70% of the gold at a much reduced energy consumption. Flotation of the gravity residue produces a concentrate that could be processed in the cyanide circuit already installed for the processing of oxide ore at no extra cost. The overall gold recovery using a gravity flowsheet is 84 % which compares favourably to the recovery of 80% achieved by flotation and ultrafine grinding and that was used as the basis of the PEA.

CORPORATE

Debt Facility Secured

During the quarter, the Company advised that it had secured A\$200,000 via two convertible loan facilities with Auroch's Chairman Mr Glenn Whiddon and an unrelated party. The convertibility of the debt provided is subject to shareholder approval. The convertible loan facility may be converted into ordinary shares with attaching options. The conversion price for the issue of shares will be a 20% discount to the 10-day VWAP with a free attaching option for every two shares issued on conversion.

The loan facility is convertible at any point between the granting of shareholder approval and the repayment date of 30 June 2016. The Company received notifications on 19 and 30 June 2015 by the two convertible note holders of their intention to convert the entire loan amounts, subject to shareholder approval. The convertible loan facility has been made on the same material terms and conditions of the convertible loan facility announced on 20 March 2015.

For further information please visit www.aurochminerals.com or contact:

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Chairman

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The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Gordon Koll who is a registered professional natural scientist (Pr.Sci.Nat.) under the South African Council for Natural Scientific Professions (SACNASP) and is a Fellow of the Geological Society of South Africa, which is a recognised professional organisation by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Koll is a full-time employee of the Company. Mr Koll 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 JORC Code. Mr Koll consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mineral Resources and their estimation is based on information compiled by Mr Malcolm Titley of CSA Global (UK) Ltd. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and 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 in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). Malcolm Titley consents to the inclusion in this release of information relating to the estimation of Mineral Resources, in the form and context in which it appears.

The information in this report that relates to the Metallurgical Test Work was compiled by Mr. Noel O'Brien, B.Met.Eng, MBA, FAusIMM, who is a consultant to the Company and who has sufficient experience which is relevant to the recovery of gold from the style of mineralisation contained in Fair Bride, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr. O'Brien consents to the inclusion, in this announcement, of the matters based on the information in the form and context in which it appears.

Interest in Mining Tenements

Mozambique Mining Concession

Tenement	Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Manica Gold Project	3990C	Granted	100%	-	100%

Mozambique Potential Acquisitions

Tenement	Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Mucurumadzi Project ¹	5026L	Granted	-	-	-
Gondola Project ¹	5000L	Granted	-	-	-
Sussundenga Project ¹	4800L	Granted	-	-	-

¹ These tenements are subject to a conditional agreement with Big Un Ltd (ASX:BIG) (refer ASX announcement 11 June 2014) that expired as at 31 July 2015. The Company is currently working on a possible way forward to progress the transaction with BIG

Tenement	Tenement ID	Status	Farmin Interest at beginning of quarter	Farm-in Interest acquired or disposed	Farm-in Interest at end of quarter
Baobab Farm-in ²	1022L	Granted	-	-	-

² Farm-in agreement with Baobab Resources plc expired on 31 July 2015

Western Australia

Tenement	Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Beete	P63/1646	Granted	100%	-	100%
Peninsula	P63/1694	Granted	100%	-	100%
Crawford	E09/1899	Granted	100%	(100%)	0%