

### CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code: **CAV**  
 Shares: 256.7M  
 Options: 186.2M  
 (Nov 2016 @ \$0.03)  
 Perf Shares 42.0M  
 Cash: \$1.25M  
 (30 June 2015)  
 M.Cap \$7.4M (@ \$0.029)

#### Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

Rhett Brans (NED)

Andrew Chapman (NED)

Carnavale Resources Limited is an exploration and development company based in Perth, Western Australia.

Carnavale has two highly prospective gold-silver-copper projects in Arizona and Nevada, USA.

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## QUARTERLY ACTIVITY REPORT

### For the period ended 30 June 2015

Carnavale Resources Limited (“CAV” or “the Company”) is pleased to report on exploration activities completed during and subsequent to the period on its Red Hills and Little Butte projects located in eastern Nevada and western Arizona USA, respectively.

#### Red Hills

- Maiden 1,200m diamond drilling programme to test two high grade polymetallic Au-Ag-Cu-Pb-Zn targets at Cobra and Rattler commenced in late July 2015.

#### Cobra Target

- Underground sampling of historic adit and stopes defines high grade mineralisation up to 9m wide, associated with strong shearing and breccia zones within the Cobra Thrust Fault.

#### Average Grade of Breccia Zone

Au g/t	Ag g/t	Cu %	Pb %	Zn %	AuEq g/t*
0.97	726	1.6	4.0	4.8	17.56

#### Average Grade of Cobra Thrust Fault

0.67	494	1.1	3.6	3.4	12.46
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#### Rattler Target

- Similar structurally controlled polymetallic Au-Ag-Cu-Pb-Zn mineralisation.
- Larger underground workings previously mined over 50m vertical distance. Limited underground access due to collapsed stopes.
- Surface sampling indicates potential for mineralised shear zone 8m wide and potentially up to 20 m wide.

#### Little Butte

- Large chargeable potential “porphyry style” body define at depth below previous shallow supergene gold and copper plume.
- Chargeable body is interpreted to be fault bounded, over 800m wide and extend beyond the survey limits of 800m along strike.



### RED HILLS PROJECT, NEVADA

#### (Joint Venture rights to earn up to 75%)

The Company completed a programme of geological mapping and sampling (201 samples) over two larger underground workings at Cobra and Rattler and two smaller workings at the Tiger prospect.

Mapping at each of the workings significantly improved the geological understanding at each prospect and supports the Company's new geological and structural model and the potential exploration targets at Cobra and Rattler.

Diamond drilling commenced in late July 2015 and is expected to continue until early September. Results will be progressively released during the programme.

### Cobra Workings

At Cobra, the mapping and sampling programme was highly successful in improving our 3D geological control on mineralisation and in defining high grade polymetallic Cu-Au-Ag-Zn-Pb mineralisation hosted in the prospective Cobra Thrust Fault (refer to ASX release dated 20 May 2015).

In the workings, the thrust fault has been partially mined along approximately 85 metres of the adit, in a continuous series of 45-55 degree dipping stopes. Mining has also occurred on at least one lower level immediately beneath the mapped adit level.

Geologically, the Cobra Thrust Fault has a strongly sheared upper margin at the base of the altered dolomite, then quickly grades into a massive breccia in the main stope areas. The breccia and upper sheared margin have been mined over a maximum thickness of approximately 9m in the stopes inspected. The base of the breccia and the lower contact of the thrust has not been observed to date adding to a greater potential thickness. The hanging wall altered dolomite is not mineralised except at the margin with the shearing.

The previously reported surface channel sampling on outcrop near the adit entrance corresponds to the upper sheared margin where results of **3.0m+ @ 1.5% Cu, 0.6g/t Au, 317g/t Ag, 9.9% Zn, 4.0% Pb (14.7g/t AuEq\*)** is of similar high grade nature to the samples from the underground sampling (refer to Table 1 below).

Table 1 highlights 36 individual samples taken specifically within the Cobra Thrust Fault and subdivided into the sheared margin and the internal breccia. In total 124 samples were taken from the Cobra workings with the remaining samples taken within the altered dolomite which is not considered to host any significant mineralisation except at the sheared margin.

Selected photographs of the underground sampling and rock types are provided below. The sheared margin is shown in Photos 1-3 and the breccia zone in Photos 4-5)

**Table 1 Summary of Cobra Thrust Fault sample results**

<b>SHEARED MARGIN</b>						
<i>Sample</i>	<i>Au g/t</i>	<i>Ag g/t</i>	<i>Cu %</i>	<i>Pb %</i>	<i>Zn %</i>	<i>AuEq g/t</i>
15RH005	0.65	<b>217</b>	0.2	<b>4.3</b>	0.6	6.25
15RH006	0.32	<b>180</b>	0.4	2.6	0.7	4.97
15RH007	0.22	38	0.2	0.5	1.1	1.83
15RH008	0.24	<b>625</b>	0.1	<b>13.4</b>	0.1	<b>15.40</b>
15RH009	0.09	<b>104</b>	0.0	2.5	0.1	2.79
15RH010	0.28	<b>246</b>	0.0	2.4	0.1	4.75
15RH011	0.21	<b>1030</b>	0.0	<b>4.5</b>	0.2	<b>16.02</b>
15RH012	0.07	18	0.1	1.5	0.7	1.58
15RH013	0.06	22	0.1	1.4	<b>6.3</b>	4.95
15RH015	0.51	<b>183</b>	<b>1.0</b>	3.0	1.4	6.68
15RH016	0.65	<b>381</b>	<b>2.8</b>	2.8	0.6	<b>11.42</b>
15RH017	0.37	89	0.4	1.0	0.2	2.68
15RH018	0.14	51	0.2	0.8	0.2	1.58
15RH019	0.33	<b>184</b>	0.8	3.6	1.0	6.31
15RH020	0.18	<b>1040</b>	<b>2.4</b>	2.1	<b>6.4</b>	<b>21.94</b>
15RH025	0.26	85	<b>1.2</b>	<b>4.6</b>	<b>4.4</b>	8.01
15RH026	0.13	<b>371</b>	<b>1.1</b>	3.5	<b>6.4</b>	<b>12.01</b>
15RH056	0.11	78	0.7	1.5	3.2	4.73
15RH068	0.34	<b>334</b>	0.0	<b>4.8</b>	1.2	7.92
15RH073	<b>1.59</b>	<b>216</b>	0.2	<b>7.2</b>	<b>4.0</b>	<b>10.63</b>
15RH074	0.28	31	0.0	1.4	1.9	2.59
15RH075	<b>1.03</b>	<b>149</b>	0.2	3.4	<b>9.4</b>	<b>10.49</b>
15RH083	0.53	<b>197</b>	0.0	2.6	3.7	6.66
15RH084	0.64	<b>386</b>	0.1	<b>8.1</b>	2.2	<b>11.16</b>
15RH115	0.92	<b>423</b>	<b>1.5</b>	1.1	2.7	<b>10.58</b>
15RH117	0.00	20	0.0	0.1	0.7	0.75
15RH118	0.18	<b>116</b>	0.6	0.7	0.5	3.19
15RH122	0.45	<b>652</b>	0.2	<b>8.9</b>	0.3	<b>13.90</b>
15RH123	0.25	<b>265</b>	<b>1.5</b>	1.5	0.5	6.86
15RH124	0.17	<b>115</b>	0.1	0.5	0.6	2.38
	<b>0.37</b>	<b>262</b>	<b>0.5</b>	<b>3.2</b>	<b>2.0</b>	<b>7.37</b>
	<i>Au g/t</i>	<i>Ag g/t</i>	<i>Cu %</i>	<i>Pb %</i>	<i>Zn %</i>	<i>AuEq g/t</i>
<b>BRECCIA</b>						
<i>Sample</i>	<i>Au g/t</i>	<i>Ag g/t</i>	<i>Cu %</i>	<i>Pb %</i>	<i>Zn %</i>	<i>AuEq g/t</i>
15RH110	0.68	<b>265</b>	0.6	<b>4.4</b>	<b>13.1</b>	<b>14.96</b>
15RH111	0.21	<b>180</b>	<b>2.2</b>	3.9	<b>4.1</b>	9.98
15RH112	<b>1.42</b>	<b>379</b>	<b>2.7</b>	3.0	1.3	<b>12.43</b>
15RH113	0.10	<b>550</b>	<b>1.8</b>	0.7	1.8	<b>11.30</b>
15RH114	<b>1.79</b>	<b>850</b>	1.5	<b>4.8</b>	<b>4.0</b>	<b>19.77</b>
15RH116	<b>1.61</b>	<b>2130</b>	1.0	<b>7.1</b>	<b>4.4</b>	<b>36.91</b>
	<b>0.97</b>	<b>726</b>	<b>1.6</b>	<b>4.0</b>	<b>4.8</b>	<b>17.56</b>

### AVERAGE GRADE of Shear and Breccia Zones

	<b>0.67</b>	<b>494</b>	<b>1.1</b>	<b>3.6</b>	<b>3.4</b>	<b>12.46</b>
	Au g/t	Ag g/t	Cu %	Pb %	Zn %	AuEq g/t

The sheared margin has a variable thickness but generally ranges in the 1-3m range then quickly grades into a relatively massive internal dolomite rich breccia where copper oxide minerals (malachite and azurite) are more common. The breccia zone (Photos 4 and 5) shows a maximum thickness of approximately 6m in the largest of the accessible stopes. The base of the breccia has not been observed however it is anticipated it will grade into another sheared lower margin with the underlying footwall rock units similar to the upper contact.

Importantly, the lower footwall contact of the overall Cobra Thrust Fault has not been observed in either surface outcrop or in the workings and therefore the potential maximum true thickness cannot yet be determined, however is expected to be greater than 9m based on the underground mapping.

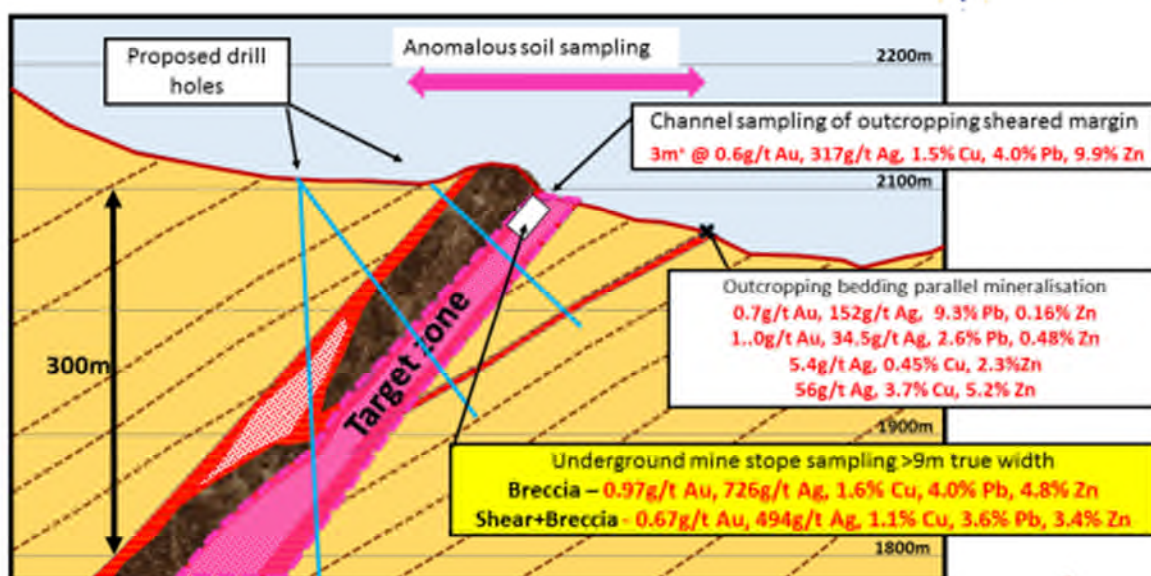
Mapping in the vicinity of the adit also suggests additional layer parallel mineralisation occurs in the footwall sediments. The observed mineralisation occurs in a series of small historic workings and shows relatively narrow (<2m) zones of mineralisation however it provides added potential in the longer term.

### Three diamond holes to test Cobra Thrust Fault

At Cobra three diamond drill holes are planned to test the for depth extensions immediately down dip from the recently reported high grade poly-metallic shear and breccia hosted Au-Ag-Cu-Pb-Zn mineralisation sampled in the historic underground stopes (Figure 1). This mineralisation is mapped up to 9m thick in the Cobra Thrust Fault target zone.

**Figure 1 Schematic Cobra Drill Section showing targets down dip of the high grade underground sampling. Proposed drill holes shown in blue**

### Cobra – Drill Section







**Photo 1 Cobra Thrust Fault**

Upper sheared margin (yellow stained rocks near top of photograph) and main breccia zone below (reddish rocks).

Note the collapsed stope in right hand background.



**Photo 2 Cobra Thrust Fault**

Upper sheared and highly deformed margin

Sample taken over 0.5m length with limonite and goethite development interpreted to represent oxidised sulphides.

*0.45g/t Au, 652g/t Ag, 0.2% Cu, 8.9% Pb, 0.3% Zn (13.9g/t AuEq)*



**Photo 3 Cobra Thrust Fault**

Upper sheared margin into breccia at base of photo.

Sample taken over 1m length perpendicular to the sheared rocks, copper oxides noted in sample.

*0.92g/t Au, 423g/t Ag, 1.5% Cu, 1.1% Pb, 2.7% Zn (10.58g/t AuEq)*





**Photo 4 Cobra Thrust Fault**

**High grade breccia mineralisation beneath sheared margin**

Sample taken over 1m length, copper oxides noted in sample.

**1.42g/t Au, 379t Ag, 2.7% Cu, 3.0% Pb, 1.3% Zn  
(12.43g/t AuEq)**



**Photo 5 Cobra Thrust Fault**

**High grade breccia mineralisation**

Sample taken over 1.5m length, copper oxides noted in sample.

**0.10g/t Au, 550t Ag, 1.8% Cu, 0.7% Pb, 1.8% Zn  
(11.30g/t AuEq)**





### Rattler Workings

At Rattler, the mapping and sampling programme (37 samples) was successful in greatly improving the 3D geological control on mineralisation and confirming the polymetallic nature (Cu-Au-Ag-Zn-Pb) of the mineralisation hosted in the prospective Rattler Thrust Fault.

The main drive is approximately 60m long and has collapsed in the area of major stopeing at the southern end. A large stope, apparently also used as an ore pass from the above workings, occurs towards the southern end of the current drive. This stope is approximately 10m wide and is the largest in any of the historic workings inspected to date. Unfortunately this stope was considered unsafe to sample however sampling on the margins of the stope in the drive is described below and importantly demonstrates the polymetallic nature of the mineralisation similar to the Cobra mineralisation and includes copper not previously considered a potential ore mineral based on surface sampling.

Sampling along the drive immediately adjacent the main stope shows anomalous to strong Cu-Au-Ag-Zn-Pb mineralisation as highlighted below. Peak results include 0.44g/t Au, 129g/t Ag, 0.7% Cu, 1.9% Pb and 1.5% Zn.

### Two diamond holes to test Rattler Thrust Fault

Two diamond holes, one hole on parallel sections, are planned to test the Rattler Thrust Fault for potential high grade poly metallic mineralisation as shown in the following schematic section (Fig 2).

**Table 2 Summary of mineralisation in breccia adjacent main Rattler stope**

BRECCIA						
Sample	Au g/t	Ag g/t	Cu %	Pb %	Zn %	AuEq g/t
15RH154	0.07	<b>7.6</b>	0.0	0.1	0.1	0.28
15RH155	0.05	<b>19.8</b>	0.0	0.0	0.1	0.45
15RH156	0.02	<b>10</b>	0.0	0.1	0.1	0.24
15RH157	<b>0.12</b>	<b>22.2</b>	0.1	0.2	<b>1.5</b>	<b>1.55</b>
15RH158	<b>0.30</b>	<b>129</b>	<b>0.7</b>	<b>1.9</b>	<b>1.0</b>	<b>4.55</b>
15RH159	0.07	<b>17.1</b>	0.2	0.2	<b>1.5</b>	<b>1.48</b>
15RH160	0.07	<b>13.8</b>	0.0	0.2	0.8	0.81
15RH161	<b>0.44</b>	<b>28.3</b>	0.1	<b>1.7</b>	<b>1.2</b>	<b>2.49</b>

**Photo 6 Rattler Thrust Fault**

Visible copper mineralisation in breccia (malachite – green mineral in lower portion of photo)

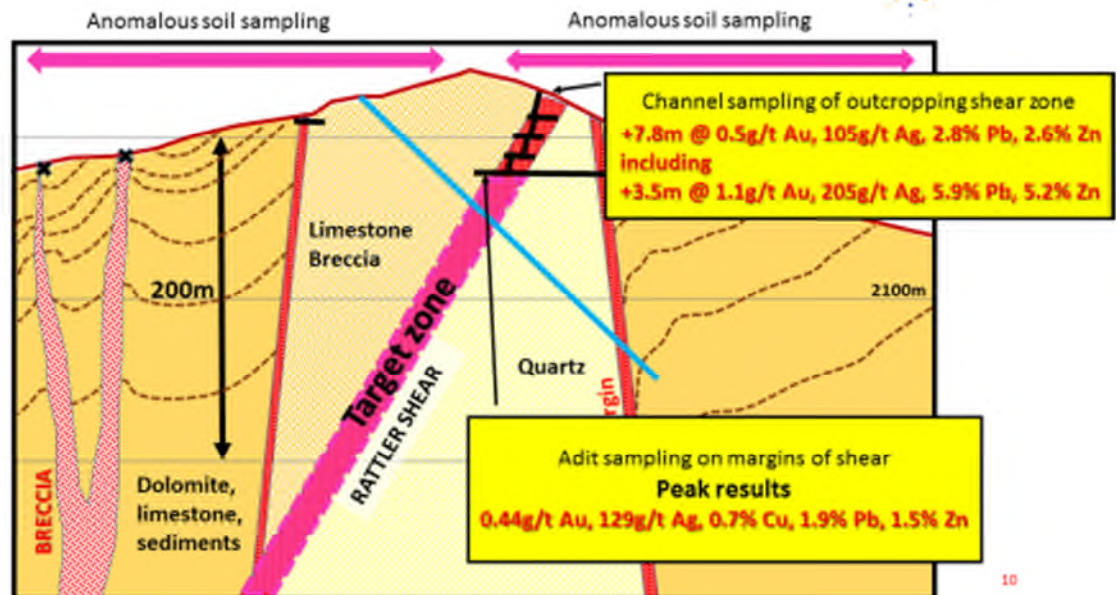






Figure 2 Schematic Rattler Drill Section showing target down dip of the extensive underground workings and high grade sampling at surface. Proposed drill hole shown in blue with a parallel section to be drilled for the second hole.

### Rattler- Drill Section



### Tiger Workings

Two smaller workings were inspected, mapped and sampled (40 samples) at the Tiger prospect area. The geology of these workings consisted of massive limestone breccia with narrow sub-vertical structures controlling the orientation of the workings and mineralisation. The dominant structures are orientated north-south with secondary linking structures orientated at 256 to 274°.

The entire 40 samples set shows elevated silver results ranging from 1.3g/t to a maximum of 33.3g/t and an overall average of 6.5g/t Ag. Only one sample has elevated copper to 0.2% Cu, 5 samples with elevated Pb over 0.1% to a peak of 0.24% Pb and 9 samples above 0.1% Zn to a peak of 1.1% Zn.

Further assessment of this area is required to fully understand the potential of this area as a number of other workings not sampled in this programme show a different style of mineralisation in a “pyrite rich matrix supported breccia”.

### LITTLE BUTTE PROJECT, ARIZONA

(Option to earn 100%, subject to a royalty)

### Railway Prospect

At the Railway Prospect, previous exploration activities have concentrated on assessment of the large near surface “supergene” gold and copper mineralisation.





During the period, the company completed a broader and deeper penetrating dipole-dipole IP geophysical survey (DDIP) over the prospect area to determine potential for a deeper bedrock source to the extensive secondary gold and copper mineralisation seen in the highly weathered rocks near surface.

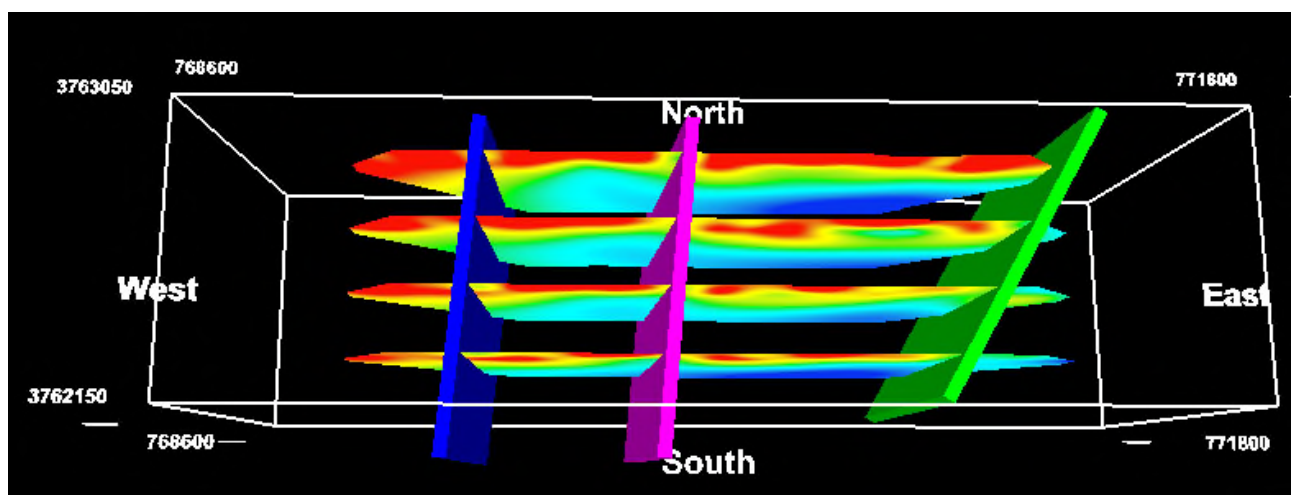
Assessment of the current data suggests all the existing drilling has only tested the near surface secondary supergene style of mineralisation within the younger Tertiary sediment package totally within the deeply weathered profile. Most of the known gold and copper mineralisation occurs associated with extensive iron rich and strongly weathered siltstones, sandstones and hematite rich breccias with minor quartz-hematite-chlorite veining. The previous gradient array IP (GAIP) data, which only penetrates to approximately 200 vertical metres, suggests a series of north - south trending chargeability and resistivity features which correlate moderately with the main supergene plume of copper and gold mineralisation. Early diamond drilling suggests the limited quartz-hematite-chlorite veining seen is dominantly subvertical in nature and mapping suggests a potential north - west orientation which is not seen in the GAIP data. Previous mapping of the project area indicates the younger sediments disconformably overlies older crystalline to gneissic granitic basement outcropping to the east within the project area. All of the existing drilling at the Railway Prospect has only intersected the younger sediments above the nonconformity.

Based on the fact there is a substantial flat lying body of secondary remobilised gold and copper mineralisation near surface in the highly weathered younger sediments and a potential subvertical control to the primary mineralisation evident in the veining together with a series of north - south trending potential structural features in the earlier GAIP, the Company commissioned a deeper penetrating DDIP survey to determine potential for deeper controlling features and additional sources for the gold and copper mineralisation.

The DDIP survey comprised of 4 east-west orientated IP lines using a 200m spaced dipole dipole configuration for 12.8 line kilometres with resultant good quality data obtained. Recently completed preliminary inversion modelling has been undertaken to assess the potential for north - south controlling structures and any relationships to potential sources of mineralisation.

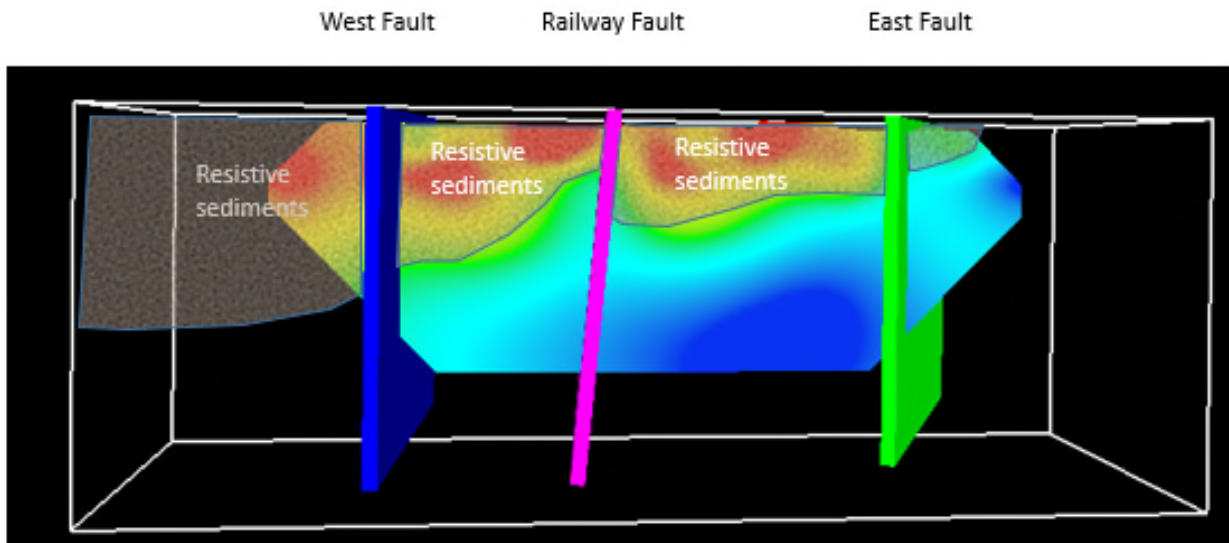
The modelling indicates the depth of penetration was significantly deeper at around 700-800m below surface. The modelling also indicates a shallow west dipping sediment basement interface at approximately 200-350m depth, with a series of north -south trending faults which down fault the sediments to the west.

**Fig 3 – Plan view of Dipole Dipole IP survey showing the four IP lines and three interpreted north south to north east trending faults.**





**Fig 4 Cross Section view of “resistivity” Dipole Dipole IP survey showing the shallow displaced west dipping sediment granite contact, down faulted to the west. (looking north)**



Significantly the DDIP survey shows the older granitic basement is generally non resistive and non chargeable, however it has also defined a large chargeable body at depth below the current known gold and copper mineralisation. This “chargeable” “body is approximately 800m wide, fault bounded by the Railway and East faults and extends beyond the survey limits (~1000m along strike) and remains open.

**Fig 5 Cross Section view of “chargeability” Dipole Dipole IP survey showing the displaced west dipping sediment granite contact, down faulted to the west. (looking north)**

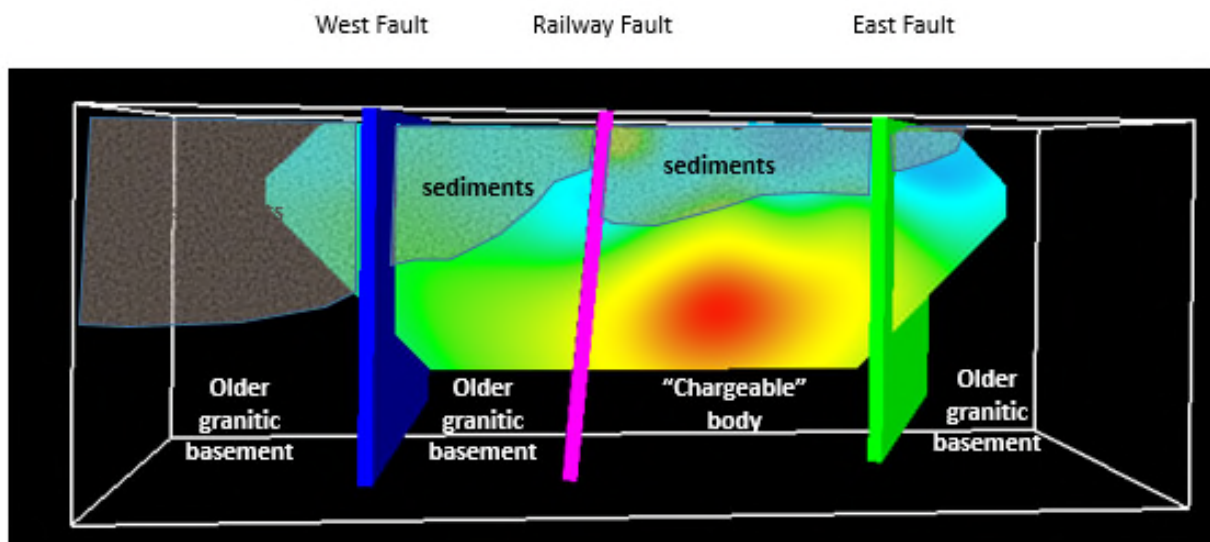




Fig 6 Cross Section view showing potential chargeable younger intrusive body – potential mineralised porphyry intrusion, possibly related to gold copper mineralisation (looking north)

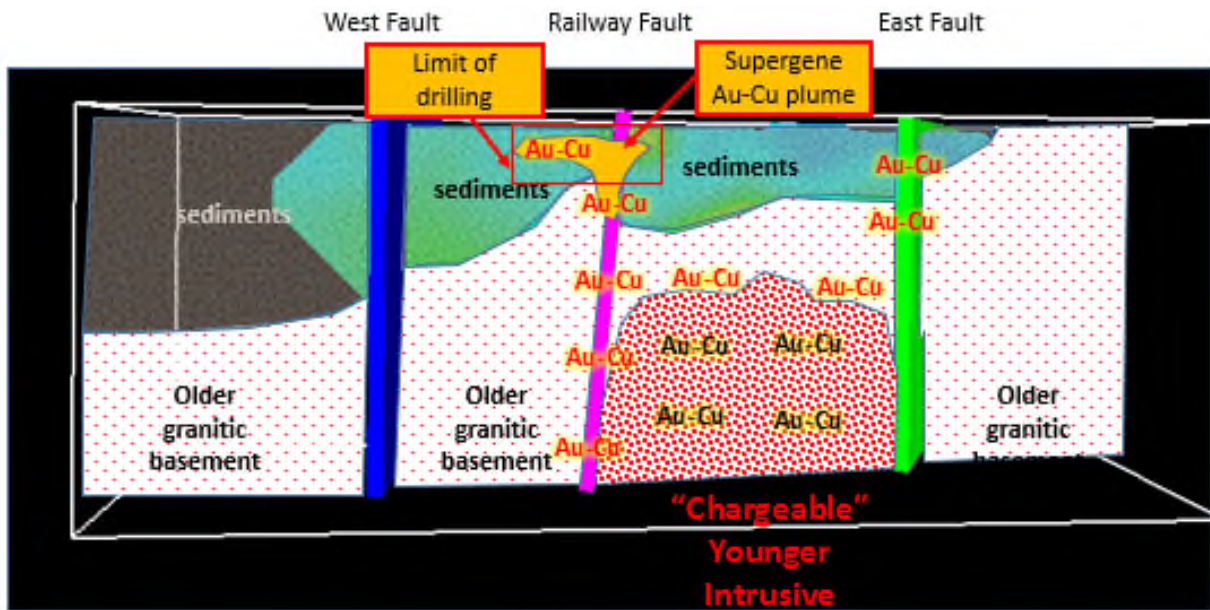
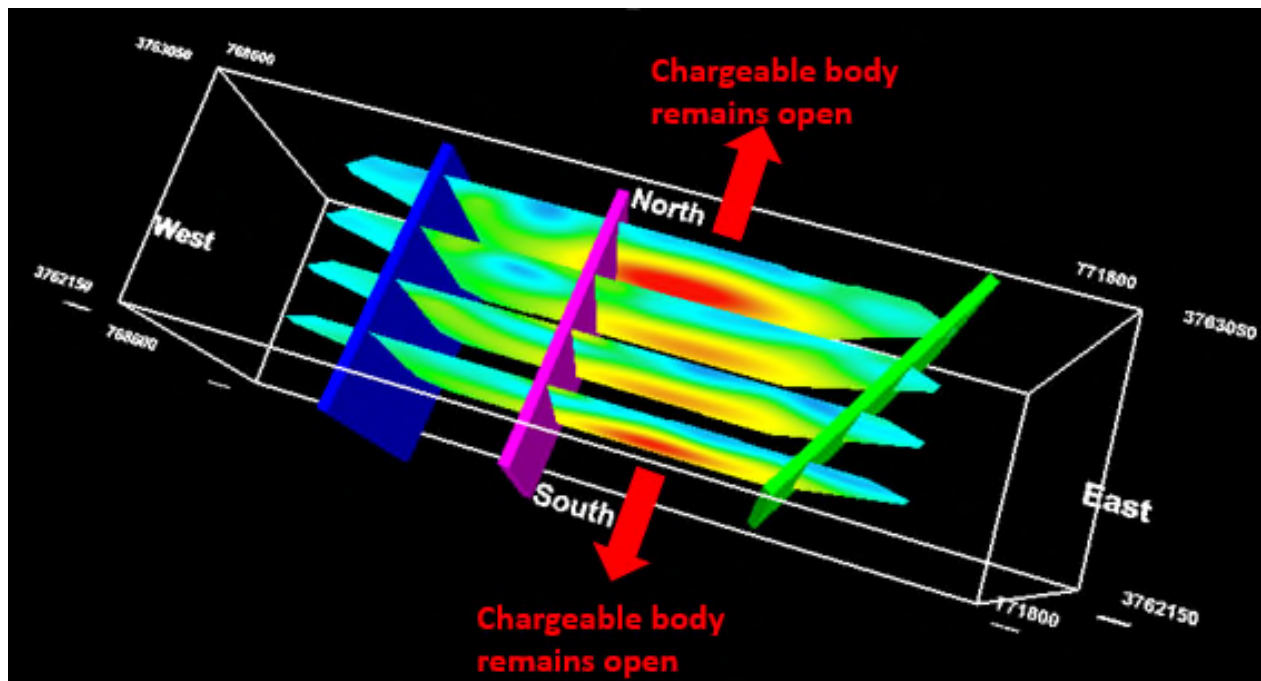


Fig 7 Rotated plan view showing “chargeable high” remains open to the north and south beyond the DDIP survey limits



Importantly, this younger intrusive may represent the source of the gold and copper mineralisation where remobilised Au-Cu mineralised fluids have ‘leaked’ along the faults into the sediments above the intrusive system. Deep weathering has then remobilised the gold and copper to create the large supergene plume evident in the previous shallow drilling. Accordingly, this deeper intrusive target may represent a potential gold - copper bearing porphyry target.

Further ongoing assessment of this target and drilling data is currently underway prior to designing additional programmes.



### PROPOSED EXPLORATION ACTIVITIES

Exploration activities for the September 2015 quarter will focus on the diamond drilling programme to test the Rattler and Cobra mineralised systems and fully assess the Little Butte DDIP survey and future programme design.

Diamond drilling commenced at Red Hills in late July 2015 and is expected to continue through to early September 2015.

### CORPORATE

At 30 June 2015, the Company's cash position was \$1.25M, with no debt.

During the quarter, the Company issued 32.5 million shares at an issue price of 2 cents per share, together with 20.25 million attaching options (exercisable at 3 cents on or before 30 November 2016) to raise \$650,000.

The monies raised are to provide funding for the Company's Phase 1 diamond drilling programme at the Cobra and Rattler prospects, Red Hills Project.

On 20 July 2015, Mr. Klaus Eckhof resigned from the Board of Carnavale, due to time commitments in his executive roles in several African listed ASX companies. The Board of Carnavale thanks Mr Eckhof for his significant contribution throughout his long tenure on the Board.

#### **For further information contact:**

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*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Beckwith is a Director of Carnavale Resources Limited. Mr Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

\* Gold Equivalence (AuEq) calculation represents total metal value for each metal, assuming 100% recovery, summed and expressed in equivalent gold grade or ounces. The metal prices used in the calculation being US\$1100/oz Au, US\$5000/t Cu, US\$15/oz Ag, US\$2100/t Zn and US\$1800/t Pb

The Gold Equivalent Formula is

$AuEq(g/t) = Au(g/t) + 1.41Cu(\%) + 0.013Ag(g/t) + 0.59Zn(\%) + 0.51Pb(\%)$  (Rounding errors may occur.)





### **Appendix 1**

Carnavale Resources Limited (ASX:CAV) provides the following addendum to the June 2015 Quarterly Activities Report lodged with the ASX on 30 July 2015 in relation to additional information required by Listing Rule 5.3.3.

#### **Schedule of Mining Tenements, Beneficial Interests and agreements**

Held as at the end of the June 2015 Quarter

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
Red Hills Project – Nevada	USA	Red 4,6,8,10,12,14, 16,18, 20-48,50-65,74- 82,86-91,95-124	0% held <sup>1</sup>

<sup>1</sup> Carnavale, through 100% owned subsidiary Tojo Minerals Pty Ltd (Tojo), holds joint venture earn-in rights with Columbus Gold Corporation whereby Tojo has the right to initially earn 51% of the project tenements via expenditure of US\$2M over a period of three years from the execution date of 15 August 2013. Tojo has the additional right to elect to earn an additional 24% (total of 75%) via additional expenditure of US\$7M over a further period of 4 years from this election. Expenditure thereafter is on a pro rata basis with dilution clauses standard in this type of agreement. The project has an underlying 2% Net Smelter Royalty (NSR) to a third party. The agreement has the right for Tojo to purchase 1% of the third party NSR for US\$2M.

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
Little Butte Project - Arizona	USA	Ben 1-9, 10A,11-98, Loma 2,4,5,7,9-12, Locher Ent. 1-4, Smoke Hole 3-5,8,11, Little Butte Ext 2-4, Dollie W, Jaguar, Paradise #2, Paradise, Paradise #1, Paradise Extension, Llano	0% held <sup>2</sup>

<sup>2</sup> Carnavale, through 100% owned subsidiary Tojo Minerals Pty Ltd (Tojo), holds a Property Option Agreement with MinQuest Inc, whereby Tojo has the right to earn 100% of the project tenements via expenditure of US\$6M over a period of ten years from the execution date of 31 July 2013, subject to a retained 3% Net Smelter Royalty (NSR) by MinQuest.

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

<b>CARNAVALE RESOURCES LIMITED</b>
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ABN

49 119 450 243

Quarter ended ("current quarter")

30 June 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(191)	(1,020)
(b) development	-	-
(c) production	-	-
(d) administration	(165)	(516)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Environmental Bond	(21)	(21)
<b>Net Operating Cash Flows</b>	<b>(373)</b>	<b>(1,525)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase or renewal of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – opening cash on acquisition of Tojo	-	98
<b>Net investing cash flows</b>	<b>-</b>	<b>98</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(373)</b>	<b>(1,427)</b>

1.13	Total operating and investing cash flows (brought forward)	(373)	(1,427)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	650	1,170
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 – share issue expenses	(26)	(46)
	<b>Net financing cash flows</b>	624	1,124
	<b>Net increase (decrease) in cash held</b>	251	(303)
1.20	Cash at beginning of quarter/year to date	995	1,528
1.21	Exchange rate adjustments to item 1.20	7	28
1.22	<b>Cash at end of quarter</b>	1,253	1,253

**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	128
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	A\$'000
Directors fees, consultancy charges and remuneration	91
Accounting , occupancy, secretarial and legal expenses	37

**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

N/A.
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A
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**Financing facilities available**

Add notes as necessary for an understanding of the position.

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

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	-
4.3	Production	-
4.4	Administration	120
<b>Total</b>		<b>420</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 \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,253	495
5.2	Deposits at call	-	500
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>1,253</b>	<b>995</b>

**Changes in interests in mining tenements**

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed *			-	-
6.2	Interests in mining tenements acquired or increased			-	-



**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 <b>+Ordinary securities</b>	256,285,348	256,285,348		
7.4 Changes during quarter				
Placement	32,500,000	32,500,000	<i>2 cents</i>	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 <b>Options and Performance Rights</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Unlisted options Issued during quarter	186,708,836	-	<i>3 cents</i>	<i>30 Nov 2016</i>
Placement	16,250,000	-	<i>3 cents</i>	<i>30 Nov 2016</i>
Options issued to Consultants	4,000,000	-	<i>3 cents</i>	<i>30 Nov 2016</i>
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled/Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		
7.13 <b>+Performance Shares</b>				
A Class Performance Shares	21,000,000	-	-	<i>13 Mar 2018</i>
B Class Performance Shares	21,000,000	-	-	<i>13 Mar 2019</i>
7.14 Changes during quarter				

Please see next page for conversion terms of Performance Shares

## **Conversion terms of Performance Shares**

21M B Class Convertible Performance Shares have the right to convert to 21M Shares upon the successful completion of a JORC Code compliant indicated mineral resource of not less than 500,000 ounces of gold or gold equivalent at greater than or equal to 0.8g/tonne gold or gold equivalent in respect of the Little Butte Project or if a decision to mine is made based on a preliminary feasibility study on the Little Butte Project within 3 years from the date of issue of the Performance Shares.

21M B Class Convertible Performance Shares have the right to convert to 21M Shares upon the successful completion of a JORC Code compliant indicated mineral resource of not less than 500,000 ounces of gold or gold equivalent at greater than or equal to 0.8g/tonne gold or gold equivalent in respect of the Red Hills Project or if a decision to mine is made based on a preliminary feasibility study on the Red Hills Project within 4 years from the date of issue of the Performance Shares.

## **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 gives a true and fair view of the matters disclosed.



Sign here:  
Print name: Paul Jurman  
Company Secretary

Date: 30 July 2015

## **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.