

30 April 2014

### **ASX Release**

## ASX Code: CXX,CXXO

## MARCH 2014 QUARTERLY ACTIVITY REPORT

## Highlights

- Scoping Study released confirms robust economics
- Planning activities for the next stage of feasibility study is well advanced
- The Company commences project financing for the next stage of feasibility study

## Scoping Study

The Scoping Study for the Panda Hill Niobium Project in south western Tanzania (see Figure 2 on page 4 below) was completed during the March quarter, with positive results across all areas and no major technical risks identified.

The Study was started in July 2013 with the work split in various programs. Lycopodium Minerals Pty Ltd acted as the Lead Study Consultant, with the other specialist consultants used in the Study described below in Table 1.

| Consultant                  | Study Input   |
|-----------------------------|---|
| Lycopodium Minerals Pty Ltd | Study Manager / Process Plant / Infrastructure /<br>Capital & Operating Costs (exc. Mining) |
| Bamboo Rock Ltd             | Exploration Drilling Program  |
| Coffey Mining Pty Ltd       | Mineral Resource / Mining / Mining Costs  |
| SGS Canada Inc.             | Metallurgical Testwork  |
| MTL Consulting Co. Ltd      | Environmental   |
| Knight Piesold Pty Ltd      | Tailings Storage Facility   |
| Penrita Pty Ltd             | Financial Model   |
| CAMET Metallurgy Inc.       | Marketing   |

#### Table 1: Scoping Study Consultants

The Study results indicate potential for a highly economic project generating substantial cash flow at current niobium prices for a relatively low capital outlay, subject to completion of a formal feasibility study.

The Study was undertaken by Lycopodium and Coffey Mining Pty Ltd with metallurgical testing by SGS Lakefield and additional support from a variety of independent specialist consultants.

The Mineral Resource estimate used for the Study totals 81.8Mt at 0.52% Nb<sub>2</sub>O<sub>5</sub> for 423kt of contained Nb<sub>2</sub>O<sub>5</sub> with 76.4Mt at 0.51% Nb<sub>2</sub>O<sub>5</sub> of Inferred material and 5.4Mt at 0.62% Nb<sub>2</sub>O<sub>5</sub> of Indicated material. The Resource was reported in accordance with the JORC Code (2012). The final conceptual optimised pit consists of approximately 9%



Indicated Resource and 91% Inferred Resource; however over the 3 year payback period considered in the base case study approximately 55% of the material is Indicated and 45% of the material is Inferred.

The base case considered a 2Mtpa operation based on a mine schedule that prioritised the Indicated Resource for plant feed. A staged case starting with 1Mtpa and ramping up to 2.3Mtpa after the first 3 years of production was investigated at a high level. The summary financials for the two options are shown below in Table 2. The base case processing and G&A operating cost estimates were generated by Lycopodium to an accuracy of  $\pm$ 30% and a niobium price of US\$44/kg used in the analysis.

| Option      | Mill<br>Throughput | Capex<br>(US\$) | Average<br>Niobium<br>Production | Average<br>Site Cash<br>Cost<br>(US\$/kg<br>Nb) <sup>1</sup> | Mine Life | Payback | EBITDA<br>(US\$) |
|-------------|--------------------|-----------------|----------------------------------|--|-----------|---------|------------------|
| Base Case   | 2Mtpa              | ~185M           | 4.80M kg pa                      | \$16.67  | 28yrs     | 2.8yrs  | \$2,600M         |
| Staged Case | 1 to 2.3Mtpa       | ~125M           | 2.65M /                          | \$19.86 /  | 27yrs     | 4.5yrs  | \$2,700M         |
|             |                    |                 | 5.46M kg pa                      | Ş16.17   |           |         |                  |

Table 2: Summary Financial KPIs (100% Project Basis).

The current Resource is open at depth and the project area offers substantial potential to expand the current Mineral Resource inventory. The intention of the next phase of site work is to continue with the exploration program, while at the same time carrying out an infill drilling program for the area currently contained within the conceptual pit shell limits.

In addition, the technical studies in the next work phase will focus on the selection of a preferred mining option and the optimisation of the flotation process through a comprehensive testwork program and targeted studies including mining and infrastructure requirements.

The Pre-feasibility Study, which incorporates the activities described above, is planned to start in Q2 2014 and is estimated to take approximately 7 months to complete.

## **Corporate Activity**

During the quarter, 15,000 ordinary shares were issued on the exercise of listed options.

The Company commenced project financing activities in February 2014 for the next stage of its feasibility study, and since that time has been the subject of various in-depth and time-consuming due diligence investigations by various interested private equity and high net worth groups. Due to the advanced nature of certain finance proposals, the Company was placed into voluntarily suspension from official quotation on 4 March 2014 until the Company finalises its next financing. This financing process is well advanced and ongoing.

At the end of the March quarter, Skye Equity Pty Ltd, an entity related to the Company's chairman, Craig Burton, agreed to advance to the Company loan amounts to cover all expected working capital requirements. The loan amounts are unsecured and bear interest at eight percent (8%) per annum. Skye Equity has agreed that it will not demand repayment of the loan amounts until such time that the Company has raised sufficient working capital to repay the outstanding loan amounts and continue to meet its other debts as and when they fall due.

<sup>&</sup>lt;sup>1</sup> Cash cost at mine gate



## **Technical Activity**

#### General Project Update

Study costs were managed closely and were in-line with forecasts. The high level schedule for the Study is shown below in Figure 1.



Figure 1: Panda Hill Preliminary Economic Assessment Schedule

During February the planning activities for the next stage of the Project (the Pre-feasibility Study) were started with specific emphasis on developing scopes of work to improving the accuracy of the key data.

#### **Exploration and Mineral Resource Activity**

Due to the onset of the wet season, only limited field activities were undertaken in the March quarter. Two site visits were undertaken and additional metallurgical samples were bagged from existing core.

#### Mining and Engineering Activity

No further mining or engineering activities took place during the March quarter. The work carried out in this quarter focused on completing the project economic analysis, collating the information and the write-up of the Scoping Study Report. This was done in conjunction with Lycopodium, the lead study and engineering consultant for the Project, with the final report being issued during February. The report findings confirmed our key assumptions for the Panda Hill Project, which indicate robust project economics.

Planning for the next stage of the project development, the Pre-feasibility Study (PFS) was initiated during the period. An overall high level project strategy was agreed and based on this, and the consultant's recommendations from the Scoping Study, the scopes of work for each of the work packages were developed.

The main activities to be undertaken during this next phase of work include:

- An infill drilling program (~7000 metres)
- Mineral Resource Estimate focused on delivering 15 to 20Mt of indicated resource
- Comprehensive metallurgical testwork program on all major material types identified
- Preliminary mine design, including pit optimisation and mine scheduling
- Preliminary engineering to develop a Class 4 cost estimate (plant and infrastructure)
- Baseline studies for ESIA
- Economic assessment of the project viability

A short list of preferred consultants for each of the work packages was drawn up and the relevant scopes of work issued to each of them. The consultants were selected based on a number of criteria including:

• Experience in developing projects in Tanzania



- Experience in the mineral types, processes and technologies associated with niobium
- Any previous history with Cradle Resources

The Request for Proposals, including the scopes of work, were sent to the consultants at the beginning of March with a deadline for receiving their proposals set for early April. It is expected that the selection of the consultants, the finalisation of the scopes of work and the setting of the baseline budget and schedule for the PFS will be completed in the first part of next quarter.

#### Social and Environmental Activities

The Environmental and Social Impact Assessment (ESIA) Scoping Study and ESIA Terms of Reference (ToR) were completed last quarter and were submitted to the Tanzanian National Environmental Management Council (NEMC) for approval. Approval of the ToR for the ESIA work was received on the 31 December 2013. Planning for the ESIA activities were completed during this quarter and the work will start with the Baseline Studies (dry season and wet season). The majority of activities associated with these studies will be undertaken during the course of this year, but with some overrun into early next year so as to cover the Tanzanian wet season.

#### **Tenement Summary**

| Project                      | Tenement Number | Percentage Interest |
|------------------------------|-----------------|---------------------|
| Panda Hill Niobium, Tanzania | ML237/2006      | 49%                 |
| Panda Hill Niobium, Tanzania | ML238/2006      | 49%                 |
| Panda Hill Niobium, Tanzania | ML239/2006      | 49%                 |
| Wyloo, Western Australia     | E08/2142        | 100%                |

As at 31 March 2014, the Company holds the following interests in tenements:

#### Panda Hill Niobium Project Overview

The Panda Hill Niobium Project (Figure 2) is located in the Mbeya region in south western Tanzania, near the borders with Zambia and Malawi, and approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics centre for the Project. Mbeya has a population of approximately 280,000 people, located on the main highway to the capital Dar es Salaam, and has recently completed the construction of a new international airport.



Figure 2: Location of the Panda Hill Niobium Project



The Project is covered by three granted Mining Licenses (Figure 3) totalling 22.1km<sup>2</sup>, which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity to the Project area. The three granted Mining Licenses are due for renewal in November 2016, and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved work programs on the Project.

A significant historical technical database on the Project was acquired by Panda Hill, including drill core, mapping and assay data from campaigns undertaken in the 1950-1980s. This work has contributed to the resource information for an initial JORC Inferred resource estimate.



Figure 3: Mining Licenses and Local Infrastructure

#### **Historical Work**

The Panda Hill carbonatite has been subject to multiple phases of exploration work since the 1950's. This work has targeted the Niobium and Phosphate endowment of the deposit. From 1953 to 1965, the Geological Survey of Tanzania (GST) undertook mapping, diamond drilling and trenching (17 diamond holes for 1,405m) to assess the Niobium and Phosphate potential of the deposit.

From 1954 to 1963, the MBEXCO joint venture was formed between N. V. Billiton Maatschapij (Billiton) and Colonial Development Corporation, London. MBEXCO drilled 66 diamond holes for 3,708m, excavated numerous pits, sunk two shafts and undertook trial mining and constructed a trial gravity and flotation plant on site. Concentrate from site was sent to Holland for further processing, with positive early metallurgical test-work results noted.

From 1978 to 1980 a Yugoslavian State Enterprise (RUDIS) undertook a joint study in collaboration with the Tanzanian Mining Industrial Association and State Mining Corporation (STAMICO). This work included mapping, diamond drilling and pitting (13 diamond holes for 1,306m) to test the Niobium endowment of the deposit. Detailed reports have been secured from this program.



#### Panda Hill Niobium Resource

The 2012 resource was undertaken by Coffey Mining in Perth in July 2012 (Table 3). The Coffey Inferred Resource targeted carbonatite mineralisation and the mineralised fenite and surficial weathered material was not directly targeted. The resource estimate was based upon grade and lithological information derived from 96 historical diamond holes which was initially reviewed and validated by Verona Capital in 2012. The resource was constrained within a 3D wireframe based upon a nominal 0.2% Nb<sub>2</sub>O<sub>5</sub> lower cutoff. Ordinary Kriging was used to estimate Nb<sub>2</sub>O<sub>5</sub> using 2m down-hole composites with a 2.5% Nb<sub>2</sub>O<sub>5</sub> upper cut applied.

| Lower Cut-off<br>(Nb2O5 %)Tonnage (Mt)Grade (Nb2O5 %)Contained Mineral<br>(Nb2O5 tonnes)   |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| 0.2 72 0.45 322,000  |  |  |  |  |  |  |  |
| 0.3 56 0.50 280,000  |  |  |  |  |  |  |  |
| 0.4 38 0.58 220,000  |  |  |  |  |  |  |  |
| Note: Figures have been rounded. Reported using a Dry Bulk density of 2.75t/m <sup>3</sup> and a 2.5% Nb <sub>2</sub> O <sub>5</sub> top cut. Ordinary Kriged Estimate with a 25mX by 25mX by 5mZ block size |  |  |  |  |  |  |  |

Table 3 - Panda Hill Inferred Mineral Resource, 03 July 2012<sup>\*</sup> (Preferred cut-off 0.3% Nb<sub>2</sub>O<sub>5</sub>)

<sup>\*</sup> The Competent Person for the resource estimation and classification is Ms Ellen Maidens who is a full time employee of Coffey Mining. The Competent person for the resource database is Mr Neil Inwood, who is a full time employee of Verona Capital. Both Ms Maidens and Mr Inwood are members of the AIG and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which was undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The detailed JORC Competent Persons statement is located below.

#### **Geology of Panda Hill Complex**

The Panda Hill carbonatite is a mid-Cretaceous volcanic intrusion which has intruded into gneisses and amphibolites of the NE-SE trending mobile belt. It forms a steeply dipping, near-circular plug of approximately 1.5 km diameter and is partly covered by fenitised and weathered country rocks and residual soil material. The Fenite and weathered material forms a "cap" or roof over the south of the carbonatite complex, and is partially overlain by residual and transported soils. Volcanic ash over part of the complex suggests a later stage of volcanic activity. It is apparent that portions of fenite, ash and soil cover are underlain by carbonatite and these areas are only lightly explored.

In the main exposed potion of the carbonatite historical workers suggested three stages of carbonatite activity outwards from the center of the plug. An early-stage calcite carbonatite forms the core, while intermediate and late-stage carbonatites, composed of more magnesian-rich and iron-rich carbonates, form the outer parts of the plug. Later stage apatite-magnetite rich rocks and ferro-carbonatite dykes are also found in the complex. Fenitisation of the pre-existing gneisses led to the development of potassium-rich rocks containing K-feldspar and phlogopite.

#### Mineralogy

The Sovite carbonatite from Panda Hill is composed mainly of calcite, which forms an average of 60-75% by volume. The fresh Sovite carbonatite may contain up to 5% Apatite, with pyrochlore, magnetite, phlogopite and quartz. Dolomite-rich carbonate (Rauhaugite) and ankerite/siderite-rich carbonatites (Beforesite) are also present and can be mineralised.



#### Mineralisation

The bulk of the Panda Hill niobium mineralisation is found within pyrochlore and lesser columbite. The bulk of the known mineralisation is within carbonatite, with  $Nb_2O_5$  grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The weathered cap material is noted to contain elevated grades of up to 2%  $Nb_2O_5$ .

#### Competent Person's Statement

The information in this document that relates to Exploration Results and Resources is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The Company confirms that there have been no material changes to the Resources and Scoping Study for the Project since the January 2014 announcements. Refer to <u>http://www.cradleresources.com.au/investors.asp?ref=announcements</u> for details on exploration and Scoping Study results.

By order of the Board



# **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

#### CRADLE RESOURCES LIMITED

ABN

60 149 637 016

Quarter Ended ("Current Quarter")

31 MARCH 2014

#### Consolidated statement of cash flows

|  |   | Current Quarter | Year to Date |
|--|---|-----------------|--------------|
| Cash flows related to operating activities |   | \$A'000         | (9 months)   |
|  |   |                 | \$A'000      |
| 1.1  | Receipts from product sales and related debtors       | -               | -            |
| 1.2  | Payments for (a) exploration & evaluation             | (815)           | (2,279)      |
|  | (b) development                                       | -               | -            |
|  | (c) production  | -               | -            |
|  | (d) administration                                    | (163)           | (656)        |
| 1.3  | Dividends received                                    | -               | -            |
| 1.4  | Interest and other items of a similar nature received | 1               | 55           |
| 1.5  | Interest and other costs of finance paid              | (1)             | (2)          |
| 1.6  | Income taxes paid                                     | -               | -            |
| 1.7  | Other (provide details if material)                   | -               | -            |
|  | Net Operating Cash Flows                              | (978)           | (2,882)      |
|  |   |                 |              |
|  | Cash flows related to investing activities            |                 |              |
| 1.8  | Payment for purchases of: (a) prospects               | -               | -            |
|  | (b) equity investments                                | -               | -            |
|  | (c) other fixed assets                                | -               | -            |
| 1.9  | Proceeds from sale of: (a) prospects                  | -               | -            |
|  | (b) equity investments                                | -               | -            |
|  | (c) other fixed assets                                | -               | -            |
| 1.10                                       | Loans to other entities                               | -               | -            |
| 1.11                                       | Loans repaid by other entities                        | -               | -            |
| 1.12                                       | Other (cash acquired through business combination)    | -               | 92           |
|  | Net investing cash flows                              |                 | 92           |
| 1.13                                       | Total operating and investing cash flows (carried     |                 |              |
|  | forward)  | (978)           | (2,790)      |

1



| 1.13 | Total operating and investing cash flows (brought | $\searrow$ | ę.      |
|------|---|------------|---------|
|      | forward)  | (978)      | (2,790) |
|      |   |            |         |
|      | Cash flows related to financing activities        |            |         |
| 1.14 | Proceeds from issues of shares, options, etc.     | 4          | 2,364   |
| 1.15 | Proceeds from sale of forfeited shares            | -          | -       |
| 1.16 | Proceeds from borrowings                          | 250        | 250     |
| 1.17 | Repayment of borrowings                           | -          | -       |
| 1.18 | Dividends paid                                    | -          | -       |
| 1.19 | Other (capital raising cost)                      | -          | (206)   |
|      | Net financing cash flows                          | 254        | 2,408   |
|      |   | (72.4)     | (202)   |
|      | Net increase (decrease) in cash held              | (724)      | (382)   |
| 1.20 | Cash at beginning of quarter/year                 | 754        | 412     |
| 1.21 | Exchange rate adjustments to item 1.20            | -          | -       |
| 1.22 | Cash at end of quarter                            | 30         | 30      |

#### Payments to directors of the entity and associates of the directors

#### Payments to related entities of the entity and associates of the related entities

| 1.23     Aggregate amount of payments to the parties included in item 1.2     12       1.24     Aggregate amount of loans to the parties included in item 1.10                 |      |  | Current Quarter |
|--|------|--|-----------------|
| 1.23       Aggregate amount of payments to the parties included in item 1.2       12         1.24       Aggregate amount of loans to the parties included in item 1.10       - |      |  | ου Ας           |
| 1.24 Aggregate amount of loans to the parties included in item 1.10  | 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 12              |
|  | 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -               |

#### 1.25 Explanation necessary for an understanding of the transactions.

Directors fees and corporate costs reimbursed.

#### 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

Nil



## Financing facilities available

Add notes as necessary for an understanding of the position.

|     |                             | Amount Available | Amount Used |
|-----|-----------------------------|------------------|-------------|
|     |                             | \$A'000          | \$A'000     |
|     |                             |                  |             |
| 3.1 | Loan facilities             | -                | -           |
|     |                             |                  |             |
| 3.2 | Credit standby arrangements | -                | -           |
|     |                             |                  |             |
| 3.3 | Convertible note            | -                | -           |

#### Estimated cash outflows for next quarter

|     |                            | \$A'000 |
|-----|----------------------------|---------|
| 4.1 | Exploration and Evaluation | 2,500   |
| 4.2 | Development                | -       |
| 4.3 | Production                 | -       |
| 4.4 | Administration             | 156     |
|     | Total                      | 2,656   |

#### **Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as<br>shown in the consolidated statement of cash flows) to<br>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                  | 30                         | 754                         |
| 5.2   | Deposits at call                          | -                          | -                           |
| 5.3   | Bank overdraft                            | -                          | -                           |
| 5.4   | Other (provide details)                   |                            | -                           |
|   | Total: cash at end of quarter (item 1.22) | 30                         | 754                         |



## Changes in interests in mining tenements

|     |  | Tenement Reference and<br>Location  | Nature of<br>Interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at end of Quarter |
|-----|--|---|-------------------------------------|--|----------------------------|
| 6.1 | Interests in<br>mining tenements<br>held at the end of<br>the quarter and<br>their location                  | ML237/2006, Tanzania<br>ML238/2006, Tanzania<br>ML239/2006, Tanzania<br>E08/2142, Western Australia | N/A                                 | 49%<br>49%<br>49%<br>100%              | 49%<br>49%<br>49%<br>100%  |
| 6.2 | Interests in<br>mining tenements<br>relinquished,<br>reduced or lapsed<br>and their location                 | N/A   | N/A                                 | N/A                                    | N/A                        |
| 6.3 | Interests in<br>mining tenements<br>acquired or<br>increased and<br>their location                           | N/A   | N/A                                 | N/A                                    | N/A                        |
| 6.4 | Beneficial<br>percentage<br>interests held in<br>farm-in or farm-<br>out agreements                          | N/A   | N/A                                 | N/A                                    | N/A                        |
| 6.5 | Beneficial<br>percentage<br>interests in farm-<br>in or farm-out<br>agreements<br>acquired or<br>disposed of | N/A   | N/A                                 | N/A                                    | N/A                        |

## 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<br>Security (see note<br>3) (cents) | Amount Paid Up<br>per Security<br>(see note 3)<br>(cents) |
|-----|--|--------------|---------------|---|---|
| 7.1 | <b>Preference</b> <i>*securities</i> (description)   |              |               |   |   |
| 7.2 | <ul> <li>Changes during quarter</li> <li>(a) Increases through</li> <li>issues</li> <li>(b) Decreases through</li> <li>returns of capital, buy-</li> <li>backs, redemptions</li> </ul> |              |               |   |   |



| 7.3  | *Ordinary securities   | 91,190,017                                  | 91,190,017<br>(including<br>37,500,000 shares<br>escrowed until<br>31/7/15) |  |                            |
|------|--|---|---|--|----------------------------|
| 7.4  | Changes during quarter<br>(a) Increases through<br>issues  | 15,000                                      | 15,000 issued on 3<br>February 2014 on<br>the exercise of<br>listed options |  |                            |
|      | (b) Decreases through returns of capital, buy-<br>backs  |   |   |  |                            |
| 7.5  | *Convertible debt<br>securities (description)  |   |   |  |                            |
| 7.6  | Changes during quarter<br>(a) Increases through<br>issues<br>(b) Decreases through<br>securities matured,<br>converted |   |   |  |                            |
| 7.7  | <b>Options</b> (description<br>and conversion factor)  | 17,947,506 CXXO                             | 17,947,506 CXXO   | \$0.2667   | Expiry Date<br>24 Jan 2015 |
|      |  | 7,687,500 Unlisted<br>Options               | Nil   | \$0.2667   | 31 May 2016                |
| 7.8  | Issued during quarter  |   |   |  |                            |
| 7.9  | Exercised during<br>quarter  |   |   |  |                            |
| 7.10 | Expired during quarter   |   |   |  |                            |
| 7.11 | <b>Debentures</b><br>(totals only)   |   |   |  |                            |
| 7.12 | Unsecured notes<br>(totals only)   |   |   |  |                            |
| 7.13 | Performance Shares   | 18,750,000 Class A<br>Performance<br>Shares | Nil   | Issued as part<br>consideration for<br>the acquisition of<br>the issued share<br>capital of Panda<br>Hill Mining Pty<br>Ltd. Escrowed<br>until 31/7/15 | Nil                        |



|      |                    | 18,750,000 Class B<br>Performance<br>Shares | Nil | Issued as part<br>consideration for<br>the acquisition of<br>the issued share<br>capital of Panda<br>Hill Mining Pty<br>Ltd. Escrowed<br>until 31/7/15 | Nil   |
|------|--------------------|---|-----|--|---|
| 7.14 | Performance Rights | 2,625,000<br>Performance Rights             | Nil | Nil exercise price   | 787,500 expire<br>30/9/14<br>1,050,000<br>expire 30/9/16<br>787,500 expire<br>30/9/17 |

## **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.

Date: 30 April 2014

Sign here:

SOPHIE RAVEN, COMPANY SECRETARY

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 applies 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.