



ASX ANNOUNCEMENT

17 July 2017

JUNE 2017 QUARTERLY ACTIVITIES & CASH FLOW REPORT

Over the three months to 30 June 2017, Hexagon Resources has created a sound platform for the commercialisation of its McIntosh Flake Graphite project located in Western Australia.

Highlights include:

- Positive Pre-feasibility level outcomes for Stage 1 development plans, including:
 - ✓ Pre-tax NPV (8%) of A\$261 million (Post tax NPV (8%) of A\$175 million).
 - ✓ Pre-tax IRR of 46% (Post tax IRR of 38%).
 - ✓ EBITDA annual average is estimated to be A\$100 million with an EBITDA margin of 51%.
 - ✓ An assertive marketing strategy underpinned by an annual production target of 2.4 million tonnes processed to produce approximately 88,000 tonnes of flake graphite concentrate grading 98% total graphitic carbon (TGC) on average per year.
 - ✓ Significant scope for additional cost improvements identified.
- Mineral Resource estimate update of 21.3 million tonnes grading 4.5% TGC released and reviewed by leading, independent resources and mining consultancy, Optiro Pty Ltd.
- Exploration Target¹ of 110 to 220 million tonnes at 2.5 to 5% TGC, underpins potential large scale, long-term project and provides graphite endowment “context” for the Mineral Resource estimate and Pre-Feasibility Study outcomes.
- Pilot metallurgical test work of 2.5t sample largely completed by end of quarter and sample material despatched to China for start of downstream processing test work aimed at assessing suitability for the battery market.
- Encouraging results from preliminary ore sorting test work.
- Cash settlement of the legacy Hengda dispute.
- Further Board changes to advance the company from development to production and sales with Mr Charles Whitfield appointed as Chairman following recent appointment of Mr Mike Rosenstreich as Managing Director.
- Hexagon closes the quarter with \$1.86 million in cash and approximately \$1.3 million in shares in Battery Mineral Resources Ltd and a residual payment from the Hengda settlement.

¹ **Cautionary Statement:** The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration work to estimate a mineral resource and it is uncertain if further exploration will result in defining a mineral resource.



1. OVERVIEW

The June 2017 quarter was a pivotal and very busy period for Hexagon Resources Limited (ASX:HXG or the Company) with the attainment of several important milestones, principally the release of the positive outcomes of the McIntosh Flake Graphite Project Pre-Feasibility Study (PFS).

Hexagon's approach to the PFS was that its purpose is to determine if the project was "feasible" at the +30%/-15% assessment level and if so, where future work should be focussed to complete a robust feasibility level study. The results are clearly very positive, encapsulated by a pre-tax NPV of A\$261 million with an IRR of 46%. The Company considers that there is excellent potential for significant project enhancements such as reducing operating costs by between 10 to 20% which would bring it into the "middle" of what peer companies are reporting for their studies from mainly off-shore jurisdictions. As well, there is considerable scope to make major inroads into the capital cost forecasts, targeting a 20-30% pre-start capital cost reduction. On this basis the PFS outcomes are highly encouraging with plenty of scope to improve the operational aspects and reduce the operating and capital cost profiles.

The Feasibility Study (FS) work program has commenced with Li-Ion battery application test work currently in progress in China and drilling having started on 2 July-aimed principally on resource confirmation and additional metallurgical samples. The focus of the FS will be on process and product related test work aimed at meeting potential offtake specifications. Drilling out a 20 or 50 year mine life is not a current priority or seen as necessary at present because of the recently released Exploration Target based largely on the very close correlation between the geophysical electromagnetic (EM) data and the drilled resources generates that comfort or confidence in the resource potential.

The Company's focus is currently on defining product specifications and forging key relationships with potential off-take parties. To this end, Hexagon is in preliminary discussions with parties, predominantly in China exploring offtake and partnership opportunities, with several representatives of the Company travelling to China in mid-July.

It was also pleasing that during the period, Hexagon settled on the last corporate issue shadowing the Company from June 2015 with a cash payment to settle the Hengda dispute. An additional residual payment is due to Hexagon in the September quarter, 2017.

The outlook for the September quarter is to forge ahead on the FS work program, further develop the off-take discussions and generally raise the profile of the Company to better articulate to all stake holders the planned path to commercialise the McIntosh Flake Graphite project.

2. MCINTOSH FLAKE GRAPHITE PFS

A detailed report on the outcomes of the Company's McIntosh Flake Graphite project PFS was released to ASX on 31 May, 2017.

2.1 Key points from the PFS include:

- ✓ Pre-tax NPV (8%) of A\$261 million (Post tax NPV (8%) of A\$175 million).
- ✓ Pre-tax IRR of 46% (Post tax IRR of 38%).
- ✓ EBITDA annual average is estimated to be A\$100 million with an EBITDA margin of 51%.
- ✓ An assertive marketing strategy underpinned by an annual production target of 2.4 million tonnes processed to produce approximately 88,000 tonnes of flake graphite concentrate grading 98% total graphitic carbon (TGC) on average per year.
- ✓ These Stage 1 PFS outcomes are underpinned by a maiden Ore Reserve of 11.9 million tonnes grading 4.3% TGC containing 511,000 tonnes of graphite, all classified as Probable.



- ✓ The PFS is based on mining and processing 14.31 million tonnes grading 4.3% TGC comprising the Probable Ore Reserve and Inferred Resource material of 2.4 million tonnes grading 4.2% TGC. The Inferred material comprises only 16% of the total and the majority is assumed to be mined in the last 2 years of the schedule.
- ✓ Product price of A\$2,087 (US\$1,565) per tonne of concentrate is assumed at an exchange rate of A\$1.0=US\$0.75 over the initial 7 year project life.
- ✓ Start-up capital cost is estimated to be A\$148 million and includes a 15% contingency, based on the purchase of all new equipment; significant savings are expected through more detailed planning and design as well as securing second hand components e.g. in the processing plant and second hand camp.
- ✓ Unit operating costs are estimated to average A\$1,038/tonne of concentrate sold and A\$42/tonne processed, with work already underway to further optimise the process efficiency which the Company believes will yield significant operating cost savings.

Important and Cautionary Notes:

1. **Uncertainty related to Inferred Resources:** Approximately 84% of this production target is in the Indicated Mineral Resource category and 16% is in the Inferred Mineral Resource category. The Company has concluded that it has reasonable grounds for disclosing a production target which includes a modest proportion of Inferred classified material as explained in Section 6. However, there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.
2. **Exploration Target:** The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration work to estimate a Mineral Resource and it is uncertain if further exploration will result in defining a Mineral Resource.

2.2 PFS Outcomes - Commentary

The PFS is based on a mining and ore processing rate of 2.4Mtpa, at an average diluted grade of 4.3% TGC, to produce approximately 88,000 tonnes per year of high-grade, 98% TGC flake graphite concentrate. The Company's marketing strategy is to produce high-grade and premium quality flake concentrate. This is planned to attract long-term off-take parties to "build" their procurement policy around large scale, quality production from a stable, reliable jurisdiction such as Australia, located close to their manufacturing bases, most likely in Southeast Asia. Through key partnerships and underpinned by the prerequisite test work, this will provide the pathway to produce and sell higher value intermediate products to the battery manufacturers and other high-specification markets.

Hexagon considers that the PFS outcomes are a significant step on the path to commercialisation of the McIntosh Project, highlighting the viability of the project even on these initial or stage 1 parameters. The PFS outcomes highlight real opportunities to improve operational performance in terms of technical performance, product specification and reduction of the operating and capital cost profiles. This will be a core focus of the FS process where Hexagon considers that savings of 10 to 20% are possible on operating costs and 20 to 30% on capital costs.

The FS process will include several new study packages such as ore sorting, and changes to the process flow sheet to preserve flake size as well as work to increase the resource base. These are exciting enhancements with the potential to further de-risk the project, improve margins and greatly increase value.

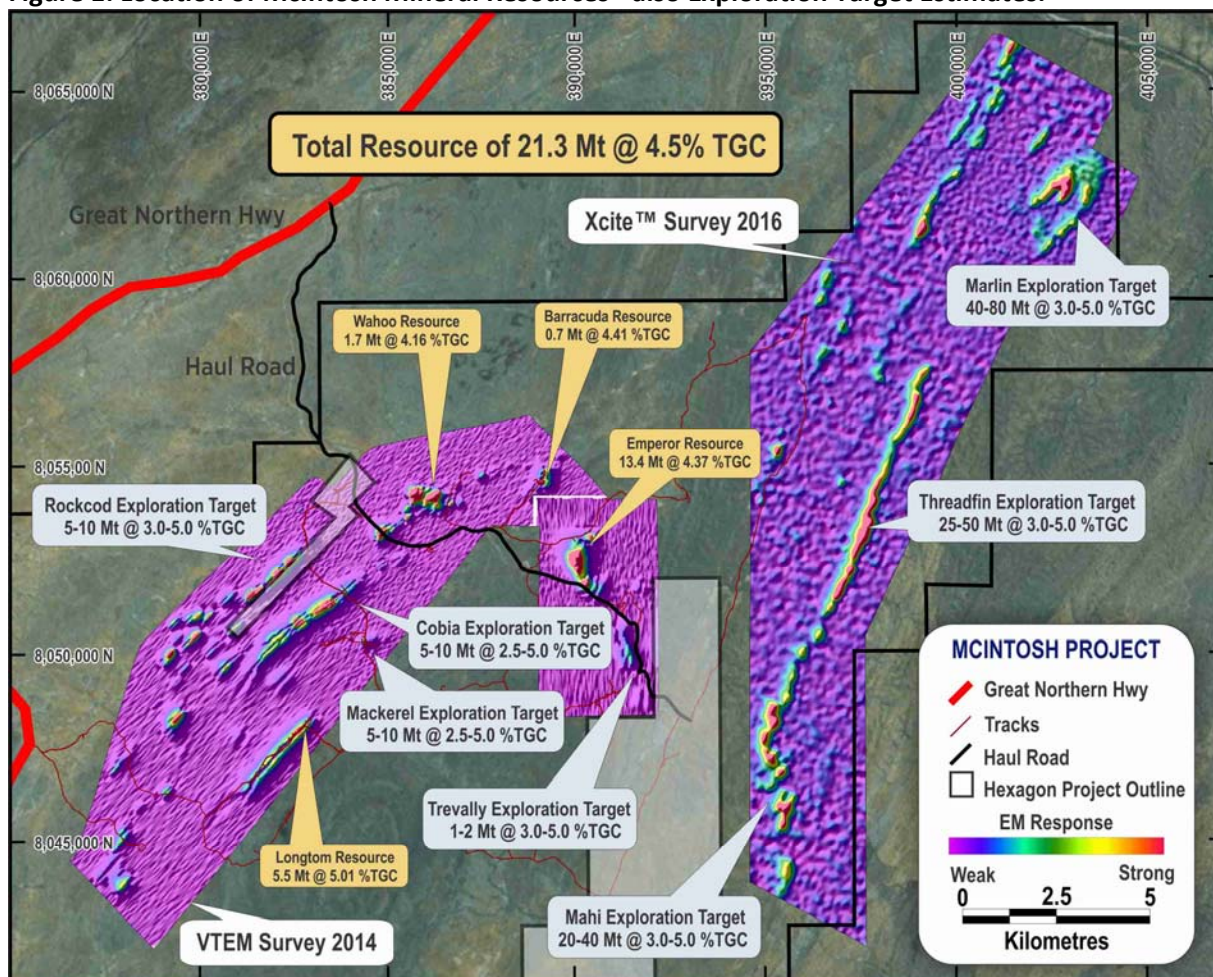
The McIntosh flake concentrate product, with high grade, purity and excellent electrical attributes with large scale production capacity from a stable jurisdiction, will generate unique marketing opportunities and strategic relationships. This is the basis for the Company's assertive scale of production which will also facilitate more opportunities for product diversification whilst maintaining a 'meaningful' scale of production for customers.



2.3 Mineral Resource Estimates

The Company completed a Mineral Resource update for the PFS (refer ASX Report 25 May 2017) as well as an Exploration Target estimate¹ (refer ASX Report 12 April, 2017) which are both summarised in Figure 1 below. The Mineral Resources were reviewed by Optiro Pty Ltd, a leading, independent resources and mining consultancy group.

Figure 1: Location of McIntosh Mineral Resources - also Exploration Target Estimates.



Note: The Mineral Resources (in yellow) are in addition to the “undrilled” Exploration Target areas (in beige).

¹ **Cautionary Statement:** The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration work to estimate a mineral resource and it is uncertain if further exploration will result in defining a mineral resource.

An updated Mineral Resource estimate was completed for each of the four deposits being evaluated in the PFS and is presented in Table 1. The likelihood of eventual economic extraction was considered in terms of possible open pit mining, likely product specifications, possible product marketability and potentially favourable logistics to port. It is concluded that the McIntosh Project contains an Industrial Resource for graphite in terms of JORC Code 2012 Clause 49.

A range of products is being considered by Hexagon. Metallurgical test work completed to date indicates a flake graphite concentrate produced from the McIntosh resource is amenable for sale into the lithium ion battery market. Please refer to reports: “Excellent Stage 1 Lithium Ion Battery Results from McIntosh and \$2m Placement” (6 October 2016) and with respect to potential graphene markets, “Outstanding Graphene and Graphite Bulk Scale Results Markets” (3 May 2016).



Metallurgical test work has been completed on samples from the Emperor and Wahoo deposits, and diamond drill samples from the Longtom and Barracuda deposits indicate similar geological and mineralisation characteristics.

Table 1. McIntosh Flake Graphite Project Mineral Resource as at May 2017 reported by deposit and above a 3% TGC cut-off grade.

Deposit	JORC Classification	Material Type	Tonnes (Mt)	TGC %	Contained Graphite (Kt)
Emperor	Indicated	Oxide	-	-	-
		Primary	8.2	4.3	352
	Inferred	Oxide	-	-	-
		Primary	5.3	4.5	235
	Indicated + Inferred	Oxide + Primary	13.4	4.4	587
Longtom	Indicated	Oxide	0.7	4.7	34
		Primary	3.5	5.0	173
	Inferred	Oxide	-	-	-
		Primary	1.3	5.2	67
	Indicated + Inferred	Oxide + Primary	5.5	5.0	274
Wahoo	Indicated	Oxide	0.1	4.2	3.5
		Primary	1.1	4.2	44
	Inferred	Oxide	0.1	4.1	3.4
		Primary	0.5	4.2	22
	Indicated + Inferred	Oxide + Primary	1.7	4.2	70
Barracuda	Inferred	Oxide	0.2	4.5	11
		Primary	0.5	4.4	21
	Inferred	Oxide + Primary	0.7	4.4	32
Total	Indicated + Inferred	Oxide + Primary	21.3	4.5	964

Note: Rounding may result in differences in totals for tonnage and grade

3. MCINTOSH FEASIBILITY STUDY

The PFS outcomes reported above provide a strong rationale to advance the Project to a FS where major “value-add” opportunities need to be assessed as well as undertaking more detailed assessments for the various Project inputs.

The potential enhancements to the PFS include significant process flow sheet improvements, reduction and refinement of operating and capital cost estimates, the potential to utilise ore-sorting technologies and downstream processing of the McIntosh flake concentrate product.

3.1 Plant Improvements

Detailed review of the process flow sheet and recent test work has highlighted several opportunities to improve the current PFS level process flow sheet, including:

- Review of front-end comminution to consider low energy equipment like mineral sizers and HPGR crushing;
- Coarser grind for flotation resulting in smaller mill and power requirements;
- Preservation of flake size – currently the feed material is ground to a P80 passing 106 microns and the resultant concentrate yields 71% of flake size being Fine to Small. Size preservation is possible given that graphite flakes are “breakage resistant” with a Bond Work Index of approximately 48 compared to 15 for gangue minerals. Also, graphite has a lower specific



gravity, which combined with shape factors (e.g. flakes rather than euhedral particles), they report to cyclone overflow at coarser size than the gangue minerals; and

- Recovery of sulphides from the tailings stream to provide an additional revenue stream and /or decrease environmental load on the tailings dam.

These are important possibilities to significantly enhance the technical performance and economics of the Project.

3.2 Downstream Processing

The initial focus will be on:

- a. Spheronisation and purification test work (battery market), which has commenced in China; and
- b. Intercalation test work (for expandable graphite market), planned to commence July, 2017.

Downstream processing represents opportunities to achieve higher margins and gain greater benefit of the quality technical attributes of the McIntosh concentrate – such as grade, purity, crystallinity and excellent electrical properties which may minimise downstream processing costs and yield quality intermediate products. As an example, spherical graphite sells for four to six times higher prices than standard flake graphite concentrates, – acknowledging that the conversion or yield of graphite concentrate to spherical graphite is typically between 20% to 60%.

Hexagon is already working with several technical experts in the battery material and battery design fields to evaluate its product for the battery end market and to design test work programs which meet the stringent standards imposed by the battery manufacturers as part of their pre-qualification processes. Pre-qualification can be a lengthy process and this is planned to fast track that.

3.3 Ore Sorting

“Sighter” test work on the utilisation of ore-sorting technology in the McIntosh process flow sheet was undertaken during the June quarter from samples submitted in April, 2017.

The key sorting sensors under investigation either singularly or in combination are based on X-ray transmission and electrical conductivity. Graphite is highly conductive and invisible to X-rays. The results received to date are very preliminary but do indicate that approximately 80-90% of the graphite is reporting to between 40 to 70% of the mass, subject amongst other things to the feed particle size. The objective is to get as high a recovery of graphite to the lowest mass pull possible and these results are encouraging and warrant further test work.

The next phase of test work on ore sorting will be on indicative graphite recovery vs mass pull for different mineralised domains for example; sub-grade, low-grade and high-grade and then more detailed work examining how to improve recovery and waste partitioning for each domain. Ultimately, subject to the test work outcomes ore sorting may be appropriate for the entire run-of-mine ore stream, or might just be applied to the lower grade material, which contains higher proportions of gangue minerals, that is if it proves to be viable at all.

The opportunities that ore sorting may unlock include:

- Reduce the scale of the required processing equipment - saving on capital costs;
- Reduce operating costs with less material passing through the main plant and perhaps also less abrasive material which may also improve processing efficiency; and
- Reduce downstream or collateral effects e.g. acidification of tailings by rejecting high-sulphide material prior to grinding.



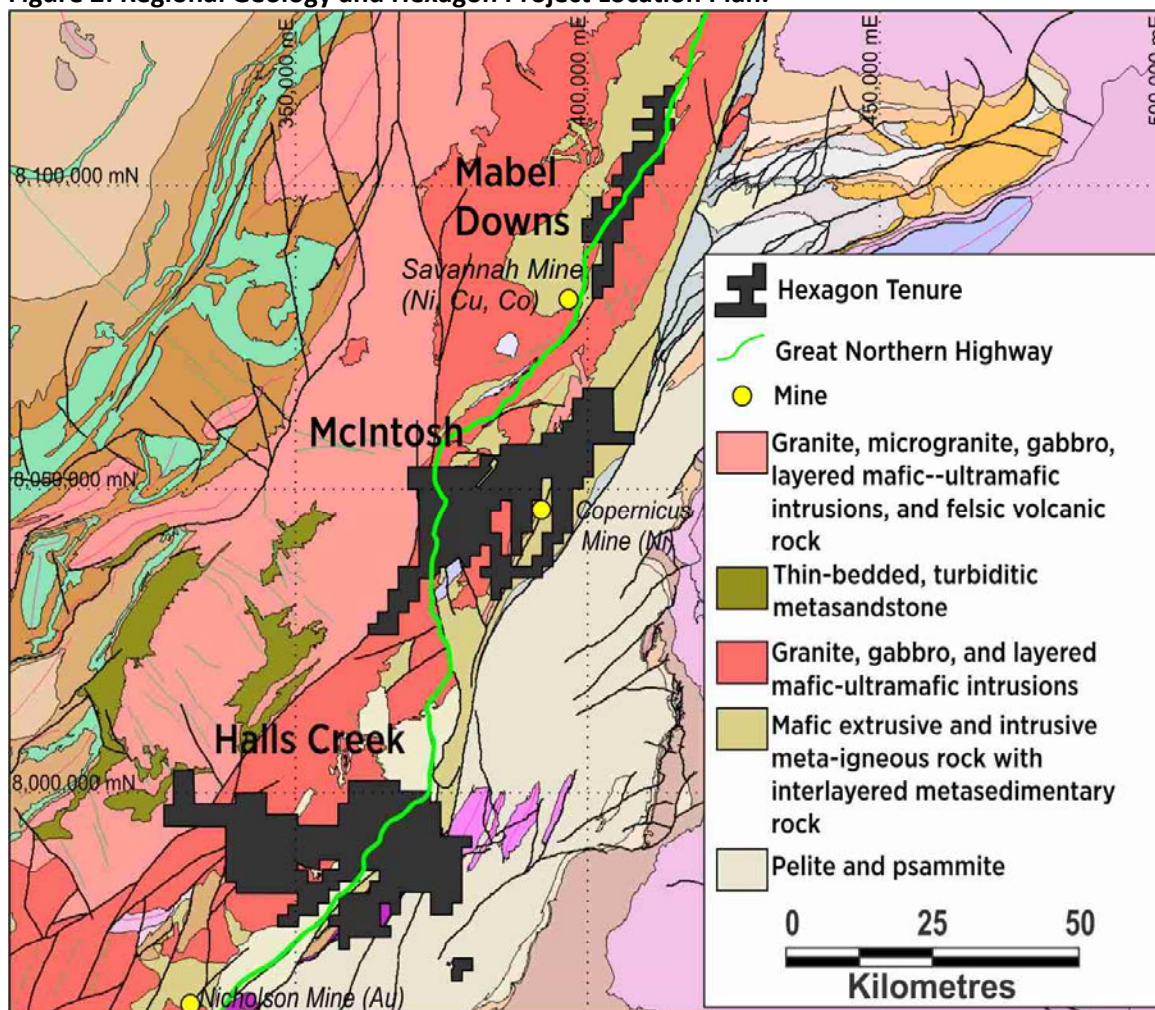
3.4 Outline Development Schedule & Funding

The Company aims to complete a FS to fast-track the Project toward commercialisation. Discussions on offtake and financing will be advanced in parallel with the planned FS activities.

- *FS:* subject to site access around the wet season and funding the objective is to complete the FS in a 6 to 8 month time frame. Careful consideration of the overall marketing strategy will come into play as the Company balances its focus around flake graphite concentrate production and sales and its desire to advance its role into the secondary stage processing for all or a portion of its concentrate production. Pre-qualification requirements of its secondary products such as potentially purified spherical graphite will impact on these considerations.
- *Development:* following on from that, having taken proper account and accommodation of secondary processing options and subject to project financing and the normal approvals process the Company considers that construction might commence late Q2 of 2018 with first production in approximately 12 months thereafter. Again, seasonal aspects around “the wet” will also need to be considered in terms of the start of any construction activities.
- *Financing:* The Company has commenced discussions with a range of parties canvassing a variety of funding options for the Project. This includes standard debt-equity, offtake based structures as well as seeking a partner to fund the development. All discussions remain at a preliminary stage and no agreements or terms have been settled. These PFS outcomes enable this activity to be advanced more rapidly.

4. EXPLORATION

Figure 2: Regional Geology and Hexagon Project Location Plan.





Hexagon has three key tenement groups all located in the East Kimberly as shown in Figure 2, comprising:

- The McIntosh Project – prospective for graphite and base metal massive sulphide deposits;
- The Halls Creek Project – prospective for gold and base metal massive sulphide deposits; and
- The Mable Downs Project – prospective for base metal sulphides and possibly graphite.

The McIntosh tenements are the core focus and host the McIntosh Flake Graphite Project which is in feasibility study. Preliminary assessment work has commenced on the Halls Creek and Mable Downs tenements in terms of the Company's current priorities and overall strategy on how to advance these two tenement groups. This includes consideration of several unsolicited joint venture and divestment offers. However, these are at a very preliminary stage of consideration and discussion and there is no certainty that any agreements will be reached.

Further heritage surveys are required to enable Hexagon access to undertake drill testing of several of the new Exploration Targets recently identified at McIntosh. The heritage clearance process has been initiated and meetings with the Traditional Owners and other stakeholders are scheduled for later in July.

5. CORPORATE

5.1 Transactions

In June 2015, the former management of Hexagon entered into a Framework Agreement for a proposed merger with China Sciences Hengda Graphite Co ("Hengda") and Mr Wang Fengjun, General Manager and major shareholder of Hengda, and consequently paid a US\$2 million deposit (Hengda Debt). Hexagon had subsequently terminated its contractual arrangements relating to the proposed merger with Hengda. Current management has been actively exploring legal and commercial avenues through which to recover the Hengda Debt leading to a financial settlement of all claims in June, 2017.

The dispute has been settled via the sale of the Hengda Debt at a discounted value under a confidential financial settlement paid in late June. Hexagon has no further involvement or claims in respect of the Hengda Debt, other than a small residual payment due in three months.

5.2 Financial Position

The Company finished the June 2017 quarter with \$1.86 million cash at bank after receipt of the Hengda settlement and after expenditure during the quarter of \$681,000 on exploration/evaluation and \$235,000 on administration and staff costs. The quarterly cash flow and forecast is summarised in Attachment 1: Appendix 5B Quarterly Cash Flow Report.

Management considers that the combination of its current cash (\$1.86 million) and the unlisted shares in Battery Mineral Resources Ltd with a current market value of approximately A\$1.3 million that the company has from the sale of its Korean assets earlier in the year, enable it to step-up the feasibility study process and continue strategic offtake and financing initiatives.

The Company has no debt.

5.3 Board

As a continuation of its stated objective of further development of the Board and management to take the company into production, The Board of Hexagon appointed Mr Charles Whitfield as the new non-executive Chairman on 5 May 2017.

Due to increasing business commitments, outgoing Chairman, Mr Neville Miles elected to step down from the Board as well as Mr Tony Cormack, Non-Executive Director who stepped aside as Executive Director and CEO in March 2017 due to personal reasons. Finally, Mr Brent Van Staden resigned as co-Company Secretary leaving Ms Leni Stanley now as sole Company Secretary.



The current Board comprises Mr Charles Whitfield (Chairman), Mr Mike Rosenstreich (Managing Director) and Mr Gary Plowright (Non-Executive Director).

5.4 Capital Structure

During the quarter 2,750,000 unlisted options exercisable at 13.3 cents each lapsed following the resignations of Mr Miles and Mr Cormack.

The Company has 246,366,747 fully paid ordinary shares on issue and 17,931,250 unlisted options on issue at the end of the quarter.

6. COMPETENT PERSONS' ATTRIBUTIONS

Exploration Results and Mineral Resource Estimates

The information within this report that relates to exploration results, Exploration Target estimates, geological data and Mineral Resources at the McIntosh Project is based on information compiled by Mr Shane Tomlinson and Mr Mike Rosenstreich who are both employees of the Company. Mr Rosenstreich is a Fellow of The Australasian Institute of Mining and Metallurgy and Mr Tomlinson is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

For further information please contact:

Mike Rosenstreich
Managing Director
Hexagon Resources Limited
MikeR@hexagonresources.com
+61 8 6244 0349

David Ikin
Senior Account Director
Professional Public Relations
David.ikin@ppr.com.au
+ 61 408 438 772



Attachment 1: Hexagon Tenement Holdings as at 30 June, 2017

Project	Tenement	Type	Number	Ownership Status at end of Quarter
McIntosh, WA	Melon Patch	E	E80/3864	100% Hexagon
	McIntosh Hills	E	E80/3928	100% Hexagon
	Melon North	E	E80/3906	100% Hexagon
	Melon South	E	E80/3907	100% Hexagon
	White Rock South	E	E80/4688	100% Hexagon
	Panton West	E	E80/4734	100% Hexagon
	Black Rock Creek	E	E80/4739	100% Hexagon
	Togo	E	E80/4732	100% Hexagon
	Edle Creek	E	E80/4825	100% Hexagon
	Alice Downs	E	E80/4842	100% Hexagon
	White Rock	E	E80/4841	100% Hexagon
	Carolyn Hills South	P	P80/1821	100% Hexagon
	Panton North	E	E80/4733	100% Hexagon
	Mabel Hill	E	E80/4879	100% Hexagon
	Wills Creek	E	E80/4931	100% Hexagon
Mabel, WA	Mabel Downs	E	E80/4385	100% Hexagon
	Spring Creek	E	E80/4797	100% Hexagon
	Six Mile Bore	E	E80/4814	100% Hexagon
Halls Creek, WA	Golden Crown South	E	E80/4794	100% Hexagon
	Highway	E	E80/4793	100% Hexagon
	Granite	E	E80/4795	100% Hexagon
	Granite	P	P80/1816	100% Hexagon
	Granite	P	P80/1817	100% Hexagon
	Granite	P	P80/1815	100% Hexagon
	Granite	P	P80/1818	100% Hexagon
	Granite	P	P80/1414	100% Hexagon
	Granite	P	P80/1799	100% Hexagon
	Granite	P	P80/1801	100% Hexagon
	Granite	P	P80/1800	100% Hexagon

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

HEXAGON RESOURCES LIMITED	
ABN	Quarter ended ("current quarter")
29 099 098 192	30 June 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(681)	(2,684)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(69)	(182)
	(e) administration and corporate costs	(166)	(853)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	602
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(914)	(3,107)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	(2)	(2)
	(b) tenements (see item 10)	-	-
	(c) Receivables	772	772
	(d) other non-current assets	-	1,000
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	770	1,770

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	304
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(110)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,194

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,001	1,000
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(914)	(3,107)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	770	1,770
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,194
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,857	1,857

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	863	68
5.2 Call deposits	994	1,933
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,857	2,001

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
39
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation

700

9.2 Development

-

9.3 Production

-

9.4 Staff costs

162

9.5 Administration and corporate costs

139

9.6 Other (provide details if material)

-

9.7 Total estimated cash outflows

1,001

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .
(Company secretary)

Date: 17 July 2017

Print name: Leni Stanley

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.