



ABN: 63 095 117 981 | ASX: CAP

**We find it. We prove it.  
We make it possible.**

**30 April 2015**

**ABOUT CARPENTARIA:**

Carpentaria is an emerging producer of iron ore in eastern Australia. The company currently has a majority share in the Hawsons Iron project, in addition to other magnetite interests in the developing Braemar Iron Province.

**CARPENTARIA'S AIM:**

Build a long lasting, low cost premium iron business

**CAPITAL STRUCTURE:**

Ordinary Shares 123,987,777

**MAJOR SHAREHOLDERS:**

Silvergate Capital 18.19%

Conglin In't Invest' Group 11.42%

NEFCO 3.2%

Management, Including Unlisted Options 6.1%

**FINANCIAL**

Cash on hand as at 31/3/2015  
A\$2,971,293

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CARPENTARIA EXPLORATION LIMITED

www.capex.net.au

# Quarterly Report

## For the Quarter ended 31 March 2015

### Highlights

#### HAWSONS IRON PROJECT

- Programme to make all aspects of project "BFS ready" completed, with highly successful metallurgical test work, port study and power study results boosting development prospects.
- The results have reaffirmed and improved earlier project assumptions on processing, power, water, supply chain and environment.
- Product marketing programme commenced.
- Superb pilot plant test results, showing that the project can produce highest quality pellet feed at competitive costs, satisfying premium end of processed iron market.
- These results support cost targets within first quartile of global processed iron costs.
- Draft China steel industry adjustment policy to favour Hawsons type products.
- Hawsons supply chain studies successfully completed to prefeasibility study (PFS) level.
- Product transport cost assumption from mine to free on board (FOB) ship reduced to USD13/t from USD16/t\*.
- Hawsons BFS to target FOB costs of USD39-47/t\* for >70% Fe product.
- Capital Intensity target for BFS >70%Fe pellet feed of \$120-\$160/t\*
- Network capability study confirms that the existing electricity infrastructure can deliver the required power for the project with only limited network upgrades.

\*Exchange rate 1.00 AUD buys 0.78 USD



## **PLANNED JUNE QUARTER DEVELOPMENT ACTIVITIES**

### **HAWSONS IRON PROJECT (“HAWSONS” OR “THE PROJECT”)**

A programme to make all aspects of the project ready for the bankable feasibility study (BFS) has been finalised with completion of metallurgical test work, port and power studies.

The Company will be seeking additional investment to advance the BFS in parallel with a product marketing campaign designed to secure expressions of interest from potential offtake parties.

#### **Marketing**

Carpentaria will continue to analyse the market to identify and engage with steel makers and traders that require Hawsons’ unique, highest quality processed iron products across several markets.

Preliminary identification of markets has included high grade blast furnace pellet and pellet feed market in China and high grade feed for Japanese and Korean markets, where improvements in ore quality are required to balance the inexorable long term degrading ore quality from the Pilbara.

In addition direct reduction (“DR”) pellet feed and pellet markets for DR iron production with ultimate use in electric arc furnaces in the Middle East, India and South-East Asia have been engaged and will be developed.

The marketing programme will review the potential to produce up to one tonne of high quality product from existing test work samples to allow advanced test work in DRI production facilities and other steel making facilities.

Feedback from the marketing programme will inform future decisions about the most profitable product mix for the project.

#### **Environmental and Regulatory**

Environmental monitoring and selected work programmes to assess key project impacts are ongoing. Stakeholder consultation including discussions on water in NSW and transport infrastructure in South Australia will continue.

## **REVIEW OF MARCH QUARTER ACTIVITIES**

### **DEVELOPMENT UPDATE**

#### **Hawsons Iron Project JV (CAP 60%, Pure Metals P/L 40% (diluting))**

The programme to bring all elements of the project to a BFS ready stage was completed in the March quarter, with very promising, and in some cases, superb results. The programme has successfully built on the considerable study work since discovery and has, in each case, supported the assumptions made early in the project life. A sound platform for further investment has been built.

This quarter PFS level studies were completed on power, port and metallurgical upgrading.

The work has demonstrated that the project has a clear and achievable project pathway and that best quality iron products are well positioned in the market. That is, high value processed iron products such as high grade pellet feed and pellets are a significant and irreplaceable component of modern and efficient steel making, in contrast to the unprocessed iron ore fines market.



The high value products are typically costly to produce, and Hawsons' soft ore and location provide a significant cost advantage allowing the BFS to target first quartile costs for pellet supply, providing a significant boost to development prospects and potential for attractive returns on investment.

Carpentaria also believes that recent Chinese government policy drafts support the increased use of high quality pellets in modern steel mills, while the One Belt One Road regional infrastructure policy will stimulate demand for high quality steel over the medium term.

These actions provide strong reasons to believe the outlook for Chinese demand is at the higher end of ranges.

Work carried out this quarter is detailed below.

### **Metallurgical Processing**

The test work programme carried out at the ALS Iron Ore Technical Centre, Perth has included a pilot plant programme testing magnetic separation, ball milling and elutriation (refer ASX announcement, 22 October 2014).

The programme of upgrading completed this quarter investigated recovery and high grade potential using flotation and higher velocity elutriation (water washing) and subsequent regrinding of the upgrading rejects. Bulk sample test work parameters were identified by initial sighter tests on the product from the earlier pilot plant programme.

The results are superb and demonstrate the unique benefits of the Hawsons material and provide a high degree of flexibility in the Hawsons process route allowing for significant optimisation during the BFS. Key outcomes of the test work were:

- Product upgrading using flotation and elutriation can both produce a range of product quality including high value DR grade (Tables 1 and 2);
- Regrinding of the rejects demonstrated that upgrading will not affect recoveries, as over 60-86% of the reject is able to be recovered as >68% Fe concentrate and over 98% of magnetite recovery is achievable through the circuit (Table 3).

The Company expects the test work will support improvement in the project economics as the increased revenue from a higher grade product is more than the expected small increase in costs.

The final circuit and costing will be determined once a product mix is determined. Feedback from the marketing program. However the results clearly demonstrate a number of options are available to produce highest quality iron products at very competitive costs.

These results largely complete the current phase of highly successful processing test work at the ALS Iron Ore Technical Centre in Perth. Overall, the results demonstrated beyond doubt the two advantages of Hawsons material over other ores; that is, it can produce a product of rare purity, and that it can do this without prohibitive grinding costs.



*Elutriation Column with Hawsons material, Iron Ore Technical Centre, WA*



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Table 1 ELUTRIATION TESTWORK RESULTS						
	Wash Rate (L/min)	Mass Recovery (%)	Fe (%)	SiO2 (%)	Al2O3 (%)	SiO2 + Al2O3 (%)
Bulk sample 1	9	98.2	<b>70.0</b>	2.03	0.29	<b>2.32</b>
Bulk sample 1	11	90.7	<b>70.0</b>	1.82	0.28	<b>2.10</b>
Bulk sample 1	13	80.5	<b>70.2</b>	1.61	0.23	<b>1.84</b>
Bulk sample 2	9	96.1	<b>69.7</b>	2.35	0.32	<b>2.67</b>
Bulk sample 2	11	90.7	<b>69.7</b>	2.37	0.31	<b>2.68</b>
Bulk sample 2	13	81.3	<b>69.9</b>	2.11	0.28	<b>2.39</b>

Table 2 FLOTATION TESTWORK RESULTS					
	Mass Recovery (%)	Fe (%)	SiO2 (%)	Al2O3 (%)	SiO2 + Al2O3 (%)
Bulk sample 1	85.0	<b>71.0</b>	0.46	0.14	<b>0.60</b>
Bulk sample 1	90.9	<b>70.5</b>	0.87	0.20	<b>1.07</b>
Bulk sample 1	95.0	<b>70.0</b>	1.50	0.26	<b>1.76</b>
Bulk sample 2	86.3	<b>70.4</b>	0.88	0.19	<b>1.07</b>
Bulk sample 2	89.4	<b>70.1</b>	1.16	0.22	<b>1.38</b>
Bulk sample 2	94.0	<b>69.5</b>	1.90	0.28	<b>2.18</b>

Table 3 DAVIS TUBE WASH TESTWORK RESULTS ON REGRIND REJECTS		
	Mass Recovery (%)	Fe (%)
Bulk sample 1 Flotation	61.1	67.9
Bulk sample 2 Flotation	64.6	68.7
Bulk Sample 1 Elutriation	79.0	70.8
Bulk Sample 2 Elutriation	86.0	71.5

**Port study cuts Hawsons cost assumptions**

During the quarter the Company successfully completed a supply chain prefeasibility level study offering the potential for further cost savings (refer ASX Announcement 23 February 2015).

Funded jointly with Port Pirie operator Flinders Ports, the study has increased confidence in the project’s economics and technical delivery by bringing the supply chain solution from the conceptual to the prefeasibility stage, allowing for a near 20% reduction in the supply chain cost assumptions for the Hawsons Project to USD13 per tonne from USD16/t previously (refer ASX Announcement 28 April, 2014).



Figure 1 Aerial view of Port Pirie





The results demonstrate that a 20 million tonne per annum (Mtpa) export facility at South Australia's Port Pirie is both technically and economically feasible, providing increased certainty to the project.

The latest study reaffirms the clear and achievable project pathway and Hawsons' infrastructure advantage.

The Port Pirie Iron Ore Export Facility Pre-feasibility Study Report produced by GHD investigated rail unloading, product storage, transfer to existing berths, barge loading and delivery to cape size vessels in the Spencer Gulf. The product would be unloaded utilising "straight loops" in the existing rail corridor, minimising new construction and cost. The product would be transferred to an adjacent storage shed of over 300kt capacity.

A pipe conveyor was selected over a conventional conveyor for transfer of product from storage shed to the wharf because it is sealed, has tighter turning capability and a quieter operation (Figure 2).

A new quadrant loader would be installed at Port Pirie with a capacity of 21Mtpa at 70% utilisation. This capacity would result in barge utilisation rates of around 60%.

The solution assumed standard self-unloading barges with payload capacities of 12,000-17,500t capable of loading a 170,000t ocean going vessel in the Spencer Gulf in under two days (Figure 3).

The total capital cost of the works is estimated to  $\pm$  30% accuracy at AUD\$230m plus contingency costs. The capital cost includes landside logistics costs of AUD\$144m (excludes storage shed). Flinders Ports estimates that this cost can be reduced materially with further study and value engineering will be conducted to further reduce costs during the next phase of the project.

**Infrastructure**

During the quarter TransGrid completed a feasibility study report on aspects of the existing power network that is located 35km east of the Hawsons Iron Project site. The finalised report was issued in January 2015 (refer ASX Announcement 28 January 2014) and was summarised in the previous Quarterly Report.

The study concluded that the existing poles and wires, plus the introduction of new voltage support, substation augmentation and communication systems, can more than support the delivery of the 120 megawatts (MW) required by the Hawsons Project.

Access to the existing power line gives the project access to the National Electricity Market (NEM). Notably, NEM power prices in NSW are currently materially lower than those available for competing grid-connected projects located in South Australia and Western Australia. Hawsons has a much lower power requirement than other magnetite projects because of its soft rock, further reducing the power costs for the project.



Figure 2 Pipe conveyor system at Port



Figure 3 Transhipment from Port Pirie



### **Water Supply and Environmental**

Carpentaria has received confirmation from the NSW Government that the time period available to lodge the EIS under the Director General Requirements (DGRs) has been extended by two years, until November 2016. This reaffirms Hawsons' Significant Project Status.

Carpentaria continues to meet its water and other monitoring requirements for successful delivery of the EIS.

### **Iron Ore Market and Product Marketing**

During the quarter Carpentaria was active approaching participants in the DR market. Market feedback on the proposed product specifications was very positive, and product marketing will continue in the next quarter.

Production of high value processed iron products is generally high cost. However, Hawsons has a number of competitive advantages allowing a cost target within the first quartile. The pellet production cost curve from *Metal Bulletin Research* (Figure 4) clearly illustrates the Hawsons cost advantages.

#### **Components of processing and pelletising costs**

##### **Grinding and upgrading**

Hawsons has repeated test work results demonstrating its unusually low grinding energy and costs. Typical iron ores use large amounts of energy, many times more than at Hawsons, to reduce the material to the required grind size of approximately 50 microns.

Hawsons' geology allows for exceptional quality as the pure magnetite is easily separated from gangue minerals. Hematite ores, being non-magnetic, are unable to be easily upgraded meaning very high grade products from hematite are rare. Magnetite ores are strongly magnetic and are upgradeable and Brazilian itabarite ores are weakly magnetic and also upgradeable.

In all cases mineral characteristics determine the final quality able to be achieved. It is rare that products near to pure (>69% Fe Hematite/Itabarite, or >71.5% Fe Magnetite) can be produced economically from a given ore.

Grinding and upgrading costs are typically between USD15-35/t, but at Hawsons engineering estimates based on repeated test work are less than USD8/t product. Hawsons is also typically higher grade than average products, adding further to the price differential, conservatively around USD3 per iron unit (1%Fe) per tonne.

##### **Pelletising**

Data from pellet plant manufacturer Outotec shows that pelletising hematite and itabarite consumes about three times the energy as pelletising magnetite. At current coal prices this converts to over USD3/t in operating costs. In addition, productivity per square metre is between 75% and 150% greater for magnetite vs weathered non-magnetite ores providing a significantly greater return on capital.

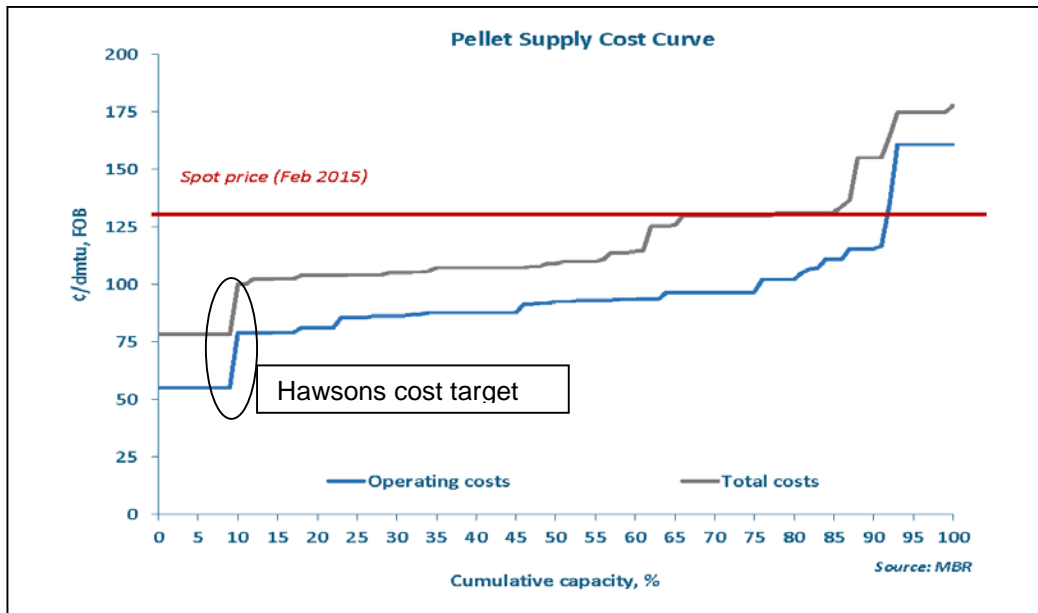


Figure 4 Pellet supply cost curve FOB per iron unit (Source: Metal Bulletin Research March 2015). The spot price of USD 101/t CFR China for a 65%Fe pellet in February 2015 is corrected to USD 83/t to reflect USD 17/t shipping from Brazil, the dominant producer. This is then corrected for iron units to 128 cents/dry metric tonne unit as presented on the graph.

Hawsons has a USD2-13/t location advantage over key markets in Asia that is not reflected in this illustration. Hawsons' 68%Fe pellet cost target range is USD45-53/t FOB

### Sea freight

Traded pellets and feed for traded pellets is produced primarily in Brazil, Canada and northern Europe (over 75%). Hawsons is over 18 days closer to key markets in China and 4-14 days closer to other key markets resulting in resulting in 2-13/t benefits over the competitors, depending upon fuel prices and shipping rates.

### Market

In China, domestic pellet feed supply for blast furnaces is increasingly in short supply as high cost domestic suppliers are forced to close. The Chinese market has over 100Mtpa of unused pelletising capacity, and significant productivity and pollution benefits can be realised using pellets in blast furnaces.

It can be assumed that the productivity benefits of high grade pellets to blast furnace steel mills are largely reflected in the pellet feed and pellet premiums, currently at approximately USD20 and USD35/t respectively.

The electric arc furnace steel makers in India, Middle East and other South-East Asian countries require consistent DRI feed to balance mixed scrap input. DRI plants source iron from DR pellet feed.

Due to the high production costs of high value processed iron products and that only some deposits can be upgraded, there is relative scarcity of product. Hawsons therefore has the potential to become a new, low cost, source of supply of processed iron products. These products are an irreplaceable component of steel making, and providing increased diversification of supply for buyers increases the project's investment attractiveness.



### Chinese government policies

In March 2015 the Chinese Ministry of Industry and Information Technology (MIIT) released Policies for Adjustment in China's Steel Industry (2015) (Public consultation draft). In addition other relevant Chinese government policy announcements include the One Belt One Road regional connectivity infrastructure strategy.

These policies support Carpentaria's view that following the adjustment of China's steel industry demand growth for steel (and iron ore) will return. It will be driven by significant regional infrastructure projects in Asia supported by Chinese funding, Chinese construction and supply of high quality Chinese steel.

The key goals outlined in Policies for Adjustment in China's Steel Industry (2015) (Public consultation draft) policy include:

By 2017

- steel capacity to be balanced with capacity utilisation rising above 80%
- Industry average profit rate and return on assets to also recover to a reasonable level

By 2025

- Speed up M&A to create three to five major steel producers
- Ensure the 10 largest companies account for no less than 60 percent of total output
- Concentration of steel capacity towards enterprises and regions with comparative advantages
- R&D initiative to focus on value added steel production and most steel production to meet international standards.
- Reduce emissions and energy consumption in steelmaking
- Scrap steel to generate 25% of new steelmaking [up from 14%]
- Construct iron ore supply channels

Carpentaria believes the result of this policy will be modernisation of China's steel industry where new, less polluting capacity located proximal to imported ore will replace high cost, high polluting capacity reliant in part on high cost domestic ore.

The new capacity will be dominated by the manufacture of high quality steels for regional infrastructure and to meet domestic consumer demand. Production of higher quality steel and a reduction in emissions and pollution is facilitated by high quality feed such as that from Hawsons.

Chinese investment in magnetite mines will be incentivised by the closure of significant amount of high cost magnetite production in China.

The One Belt One Road infrastructure strategy is very positive for the Chinese steel industry. The policy is supported by the establishment of the Asian Infrastructure Investment Bank (AIIB) and policy implementation has begun with a recently announced \$46 billion package to assist construction of infrastructure in Pakistan.

### OTHER ASSETS

During the quarter one tenement was allowed to expire. This amounted to a reduction in tenement holdings of 18 units or 51 km<sup>2</sup>. Annually, this equated to a reduction in Carpentaria's minimum statutory exploration commitment of \$48,000.





The timing of tenement relinquishment is linked to the expiry of the licences to best manage costs and further tenements will be surrendered next quarter.

## ABOUT HAWSONS IRON PROJECT

The Hawsons Iron Project joint venture (Carpentaria 60%, Pure Metals P/L 40%) is currently undertaking aspects of bankable feasibility study based on low cost, long term supply of a high grade, ultra-low impurity iron product to a growing premium iron market.

The project has a clear technical and permitting pathway. It is located 60km southwest of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a conceptual 10 Mtpa start-up operation. A mining lease application has been lodged.

The project's soft rock is different from traditional hard rock magnetite and allows a very different approach from typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a premium magnetite product without complex and expensive processing methods. The Company is targeting the growing premium high grade pellet feed market that is separate to the bulk fines market and believes its targeted costs are very competitive and profitable at prevailing long-term price forecasts for this sector.

The project is underpinned by Inferred and Indicated Resources totalling 1.8 billion tonnes at 15% mass recovery for 263 million tonnes of concentrate grading at 69.7%Fe. The Company confirms that it is not aware of any new data that materially affects this resource statement since the first public announcement and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported (ASX Announcement 26 March 2014 and Table 1).

Category	Billion Tonnes (cut off 12% mass recovery)	Magnetite mass recovery (%)	concentrate grades					Contained Concentrate million tonnes
			Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%	
Inferred	1.55	14.7	69.6	2.9	0.20	0.004	-3.0	228
Indicated	0.22	16.2	69.8	2.8	0.20	0.005	-3.0	35
<b>Total</b>	<b>1.77</b>	<b>14.9</b>	<b>69.7</b>	<b>2.9</b>	<b>0.20</b>	<b>0.004</b>	<b>-3.0</b>	<b>263</b>

Table 1 JORC compliant resources- Hawsons Iron Project based on Davis Tube test work of drill material

For further information

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The information in this announcement that relates to Exploration Result, Exploration Targets and Resources is based on information compiled by Q.S. Hill who is a member of the Australian Institute of Geoscientists and has had sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Q.S.Hill is a full-time employee of Carpentaria and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



### Carpentaria Exploration Tenement Schedule at end of 2015 March Quarter

<u>Licence</u>		<u>Name</u>	<u>Original Grant Date</u>	<u>Expiry Date</u>	<u>Equity</u>	<u>Sub-blocks</u>	<u>Area (km<sup>2</sup>)</u>
EL 6901		Combaning	8/10/2007	8/10/2015	100%	154	435.8
EL 6936	1	Euriowie	7/11/2007	7/11/2015	100%	16	46.9
EL 6979	2, 3	Redan	11/12/2007	11/12/2016	60%	62	179.8
EL 7208	3	Burta	22/09/2008	22/09/2015	60%	100	289.7
EL 7504	3	Little Peak	8/04/2010	8/04/2017	60%	14	40.6
EL 7735		Koonenberry 1	16/05/2011	16/05/2016	100%	29	86.3
EL 7736		Koonenberry 2	16/05/2011	16/05/2016	100%	21	62.3
EL 7737		Koonenberry 3	16/05/2011	16/05/2016	100%	15	44.4
EL 7738		Koonenberry 4	16/05/2011	16/05/2016	100%	8	23.7
EL 7739		Mt Shannon	16/05/2011	16/05/2016	100%	46	137.1
EL 7740		Wertago	16/05/2011	16/05/2016	100%	29	85.5
EL 7741		McDougalls D	16/05/2011	16/05/2016	100%	13	38.3
EL 7829		Yanco Glen	2/09/2011	2/09/2016	100%	50	146.2
EL 7896		Barellan	6/02/2012	6/02/2016	100%	50	141.7
EL 8082		Tooloom	1/05/2013	1/05/2016	100%	100	297.4
EL 8095		Advene	28/05/2013	28/05/2015	100%	100	287.1
EL 8189		Grong Grong	29/10/2013	29/10/2016	100%	148	418.7
EL 5561	4	South Dam	10/12/2014	9/12/2016	100%	27	77.9
EPM 14955	5	Mount Agate	29/06/2006	28/06/2016	100%	55	176.0
MLA 460	6, 7	Hawsons Iron	Under application	Under application	100%	n/a	187.0
<b>Totals</b>		<b>20 licences and applications</b>				<b>1,037</b>	<b>3,202.4</b>

1. 100% Willyama Prospecting Pty Ltd (wholly owned subsidiary of Carpentaria).
2. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
3. JV farm-out; Pure Metals Pty Ltd.
4. Subsequent renewal of EL 4395.

5. Under transfer to ActivEX Ltd.
6. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
7. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/2010.  
Name of entity

### Carpentaria Exploration Limited

ACN or ABN

**63 095 117 981**

Quarter ended ("current quarter")

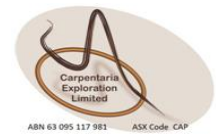
**31-Mar-15**

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(172)	(856)
(b) development	-	-
(c) production	-	-
(d) administration	(292)	(1,193)
(e) business development	(348)	(586)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	67
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes received	-	1,123
1.7 Refund of previous development costs & sale of Tenement	147	281
<b>Net Operating Cash Flows</b>	<b>(640)</b>	<b>(1,165)</b>
<b>Cash flows related to investing activities</b>		
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 - Exploration Advance	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(640)</b>	<b>(1,165)</b>

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1.13	Total operating and investing cash flows (brought forward)	(640)	(1,165)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	35	35
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(2)	(5)
1.18	Dividends paid	-	-
1.19	Share issue costs	-	-
	<b>Net financing cash flows</b>	<b>33</b>	<b>30</b>
	<b>Net increase (decrease) in cash held</b>	<b>(607)</b>	<b>(1,135)</b>
1.20	Cash at beginning of quarter/year to date	3,578	4,106
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,971</b>	<b>2,971</b>

**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	103
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

**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

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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	12	12
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

\$A'000

4.1	Exploration and evaluation *	520
4.2	Development	0
4.3	Production	0
4.4	Administration (includes Business Development)	303
	<b>Total</b>	<b>823</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	66	66
5.2 Deposits at call	2,905	3,512
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,971</b>	<b>3,578</b>

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**Changes in interests in mining tenements**

Tenement Reference	Nature of interest (note (2))	Interest at beginning of quarter Interest at end of quarter
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6.1 Interests in mining tenements relinquished, reduced or lapsed

EPM 14955	Begin 100% End Nil
EL 7680	Begin 100% End Nil

6.2 Interests in mining tenements acquired or increased

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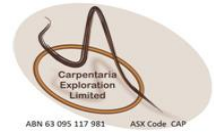
**Issued and quoted securities at end of current quarter**

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

	Number quoted	Issue price per security (see note 3) (cents)
7.1 <b>Preference +securities</b> (description)		
7.2 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs, redemptions		
7.3 <b>+Ordinary securities Quoted</b>	123,887,777	
<b>Options Quoted</b>		
<b>+Ordinary securities Un-Quoted</b> (restricted)		
7.4 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs		
7.5 <b>+Convertible debt securities</b> (description)		
7.6 Changes during quarter		
(a) Increases through issues		
(b) Exercise of Options		
7.7 <b>Options</b> (description and conversion factor)	Number	Exercise price Expiry date
Unlisted Options CAPAO	1,500,000	0.440 29-Nov-15
7.8 Issued during quarter		
7.9 Exercised during quarter		
7.10 Expired during quarter		
7.11 <b>Debentures</b>	-	
(totals only)		
7.12 <b>Unsecured notes</b> (totals only)	-	

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## 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.

28-04-15

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Company Secretary  
Chris Powell

- 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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