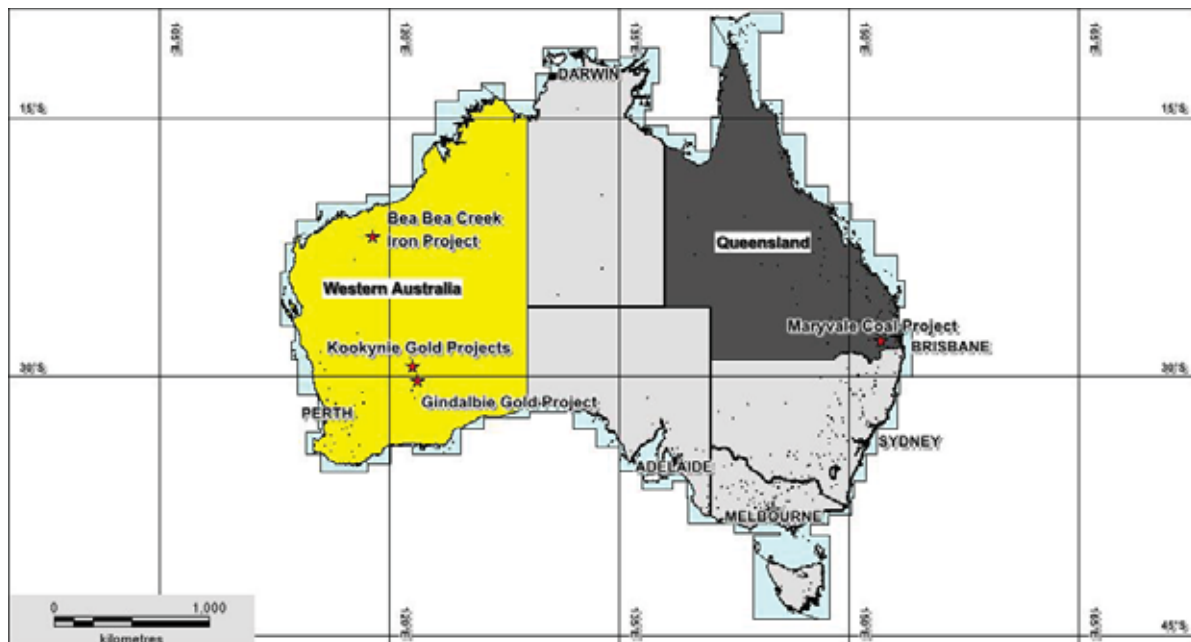


## QUARTERLY ACTIVITIES REPORT – 30<sup>th</sup> September 2016

### EXPLORATION HIGHLIGHTS

- All granted tenements are up to date regarding statutory requirements.
- **Maryvale Coal Project in Queensland**
- EPC 1506 coal quality results from drilling in June 2016 have been completed.
- EPC 1539 was relinquished.
- **Kookynie Gold Project in Western Australia**
- EPC 40/354(8 Mile Dam) was granted
- **Gindalbie Gold Project in Western Australia**
- EPC 27/550(Holey Dam), EPC 27/549(Gindalbie Dam) were granted
- **Hamersley Iron Project in Western Australia**
- E45/4619-I (Bea Bea Creek) in WA was granted during the Quarter.



*Figure 1: Kaili Resources granted project locations – granted*

PROJECT LOCATION	TENEMENT AREA IN SUB BLOCKS	TENEMENT AREA IN KM <sup>2</sup>
Queensland	53	169.6
Western Australia	165	528.0
<b>Total Area</b>	<b>218</b>	<b>697.6</b>

*Table 1: Kaili Resources granted tenement areas, all held 100%. km2 has been calculated at approximately 3.2km2 per block*

**WESTERN AUSTRALIA.**

## Hamersley Basin (Darnell Hill, Bustlers' Bore and Bea Bea Creek) Iron Projects

*E45/4619-I (Bea Bea Creek) held 100% by wholly owned subsidiary Kaili Iron Pty Ltd was granted on 28<sup>th</sup> July for a period of 5 years.*

Negotiations with the Native Title Parties are currently underway to finalise access agreements to move the remaining tenement applications towards granting.

The Native Title Parties are:

E08/2770-I (Darnell Hill)	Kuruma Marthundunera(Combined)	WC 1999/012
E46/1084-I (Bustlers Bore)	Palyku People	WC 1999/016
E45/4619-I (Bea Bea Creek)	Kariyarra People	
	WC 1999/003	

In addition, E45/4619 is located within the Mugarinya Community and a separate access permit is required.

## Yilgarn Craton (Gindalbie and Kookynie) Gold and Nickel

*E40/354, E27/550 and E27/549 held 100% by wholly owned subsidiary Kaili Gold Pty Ltd were granted on 8<sup>th</sup> July 2016 and 30<sup>th</sup> May 2016 respectively for periods of 5 years*

The Yilgarn Craton is one of the premier gold regions in the world and hosts numerous multimillion ounce gold mines and deposits. The Company reviewed several areas for tenement applications in proximity to known gold mineralisation and associated with mafic igneous extrusive/intrusive rocks. The Gindalbie area north east of Kalgoorlie and the Kookynie (**Figure 2**) are south east of Leonora were chosen and include the 5 granted tenements:

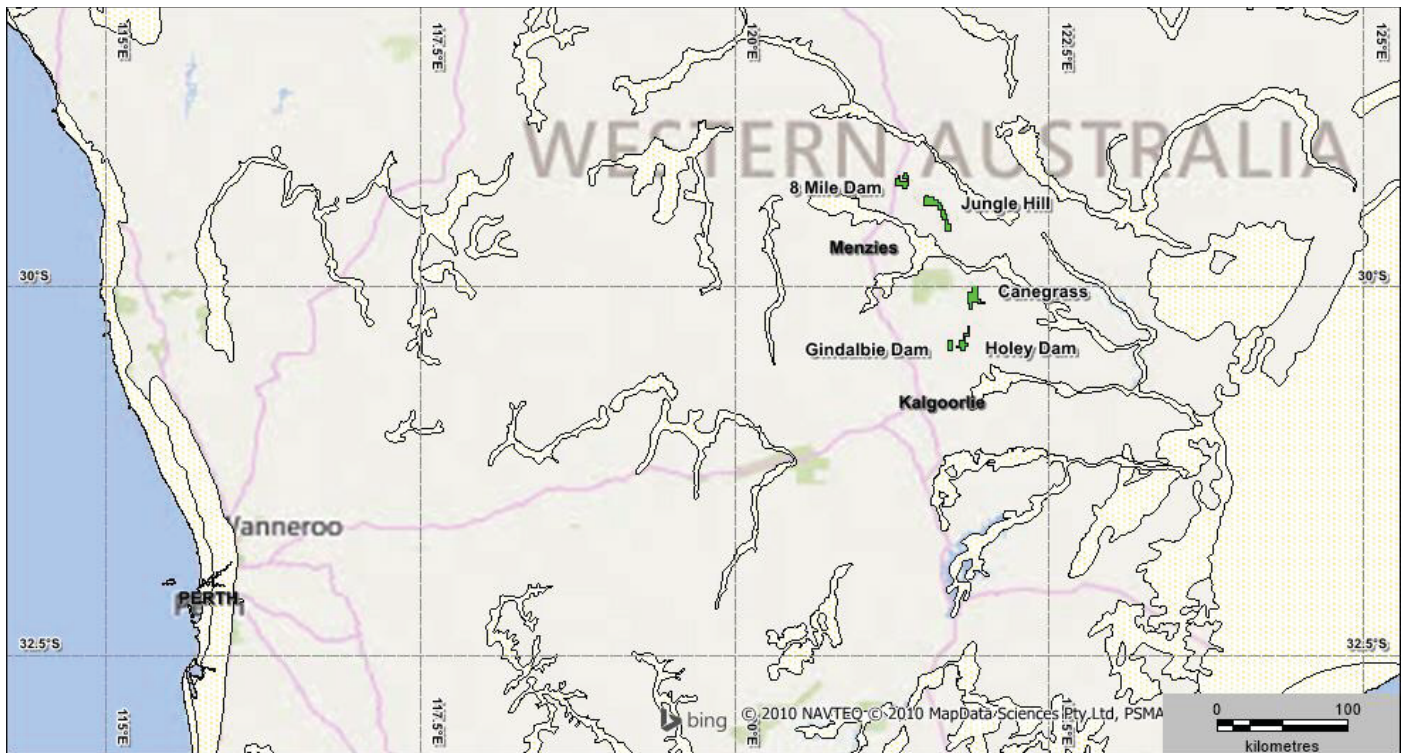
Gindalbie - Canegrass, Holey Dam and Gindalbie Dam for 201 km<sup>2</sup>

Kookynie – 8 Mile Dam and Jungle Hill for 221 km<sup>2</sup>.



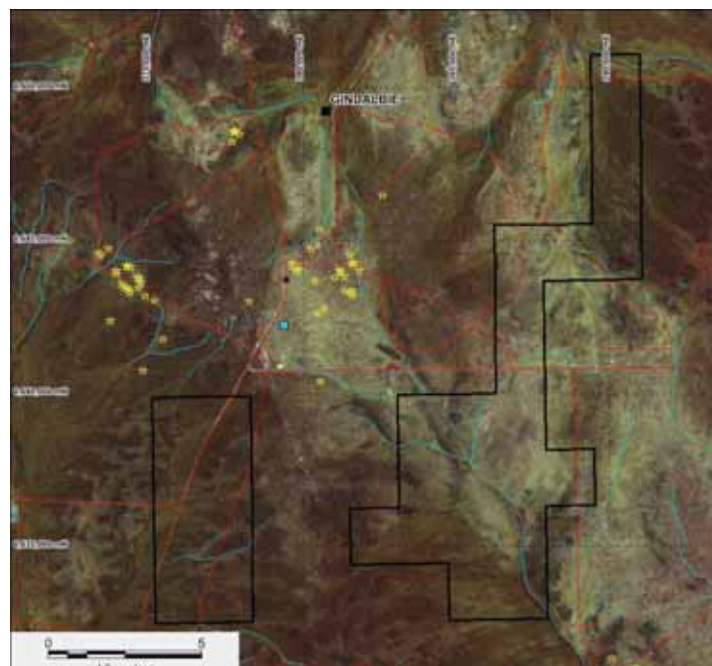
**Figure 2:** Kaili Resources Western Australian gold project locations (red) and gold mining operations of other operators(yellow).

During the Quarter the 8 Mile Dam, Gindalbie Dam and Canegrass tenements were granted (**Figure 3**) and are located 650km north-east of Perth.



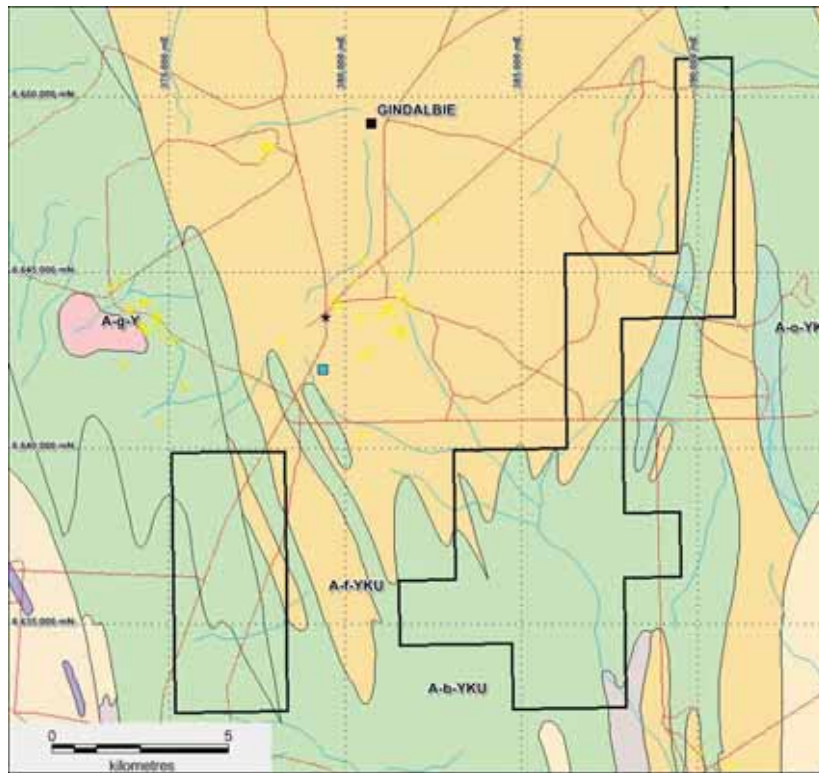
**Figure 3:** Recently granted 8 Mile Dam, Gindalbie Dam and Holey Dam tenements with the other recently granted gold tenements

The Gindalbie and Holey Dam tenements are also located in the Gindalbie region 80km north east of Kalgoorlie and 15km south of the Gindalbie homestead as shown in **Figure 4**. The historical Gindalbie mining centre is shown as a cluster of yellow stars in the centre of **Figure 4** and associated with felsic volcanic lithologies whereas other gold mining centres are generally associated with mafic lithologies (**Figure 5**). The interpreted geology of the Gindalbie and Holey Dam tenements comprise primarily mafic extrusive and intrusive lithologies shown in shades of green in **Figure 5** with minor felsic lithologies in light brown



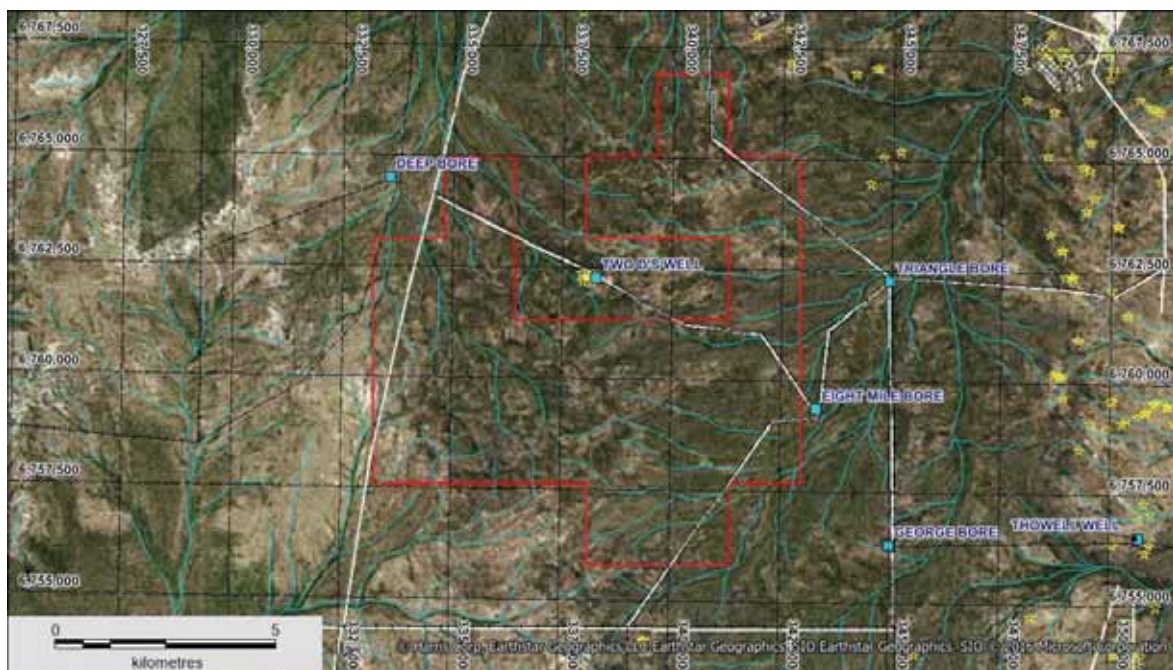
**Figure 4** Satellite image of the Gindalbie Dam (west) and Holey Dam (east) projects – north to top of map



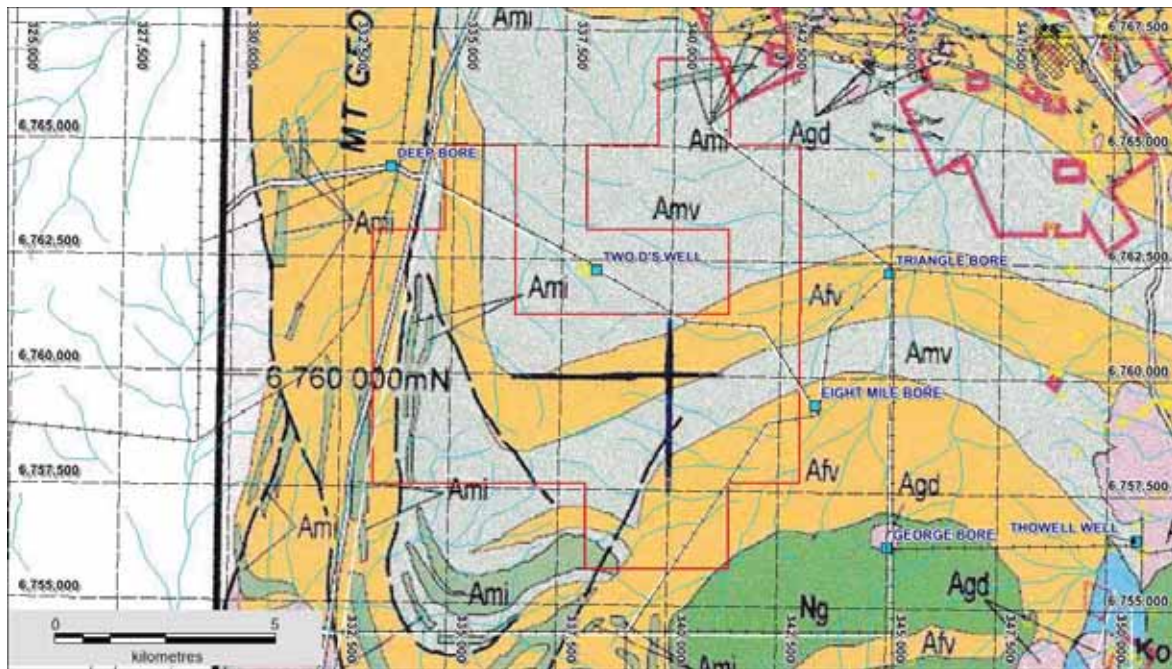


**Figure 5** Solid geological map of the Gindalbie Dam (west) and Holey Dam (east) projects – north to top of map

The Kookynie region comprises two tenements located 60km south east of Leonora, 8 Mile Hill and Jungle Hill. The 8 Mile Dam tenement is located 15km north of the historic town of Kookynie and adjacent to them Goldfields Highway (**Figure 6**) which links Leonora/Menzies to Kalgoorlie further south. The tenement comprises a folded sequence of Archaean mafic (Amv) and felsic (Amf) volcanic units with minor mafic sills (Ami) in the vicinity of the Two Dees historic gold mining centre (**Figure 7**). During the first year, the exploration approach will be the same as described for the other WA gold projects above, in addition several field traverses will be carried out to produce a regolith map of both tenements and refine the existing geological understanding.



**Figure 6** Satellite image of the 8 Mile Dam projects – north to top of map



**Figure 7** Solid geological interpretive map of the 8 Mile tenement

During the quarter 13 surficial sampling traverses were completed within the Jungle Hill, Canegrass and Gindalbie Dam project (**Figure 8**). All surficial geochemical sampling was completed using the Olympus DELTA premium portable handheld XRF analyser in soil mode with sample sites every 100m along east-west traverse lines spaced every 1km. Geological and regolith mapping was carried out along the traverse in addition to the collection of the geochemical data. The data collected by the instrument are considered to be a partial assay. At the start and finish of each traverse 3 standards were measured included a silica blank standard to allow calibration of the results. Table 2 shows the typical lower detection limits for a range of elements.

Mg	~ 0.5%
Al, Si	~ 0.1%
P	~ 500 ppm
S	~ 100 ppm
K, Ca	~ 20-30 ppm
Ti, V, Cr	~ 5-10 ppm
Mn, Fe, Cu, Pb, Zn	~ 3-5 ppm
As, Mo, Sr, Rb, Zr, U, Th	~ 1-2 ppm
Ag, Cd, Sn, Sb	~ 5-10 ppm
Au	~ 5-7ppm

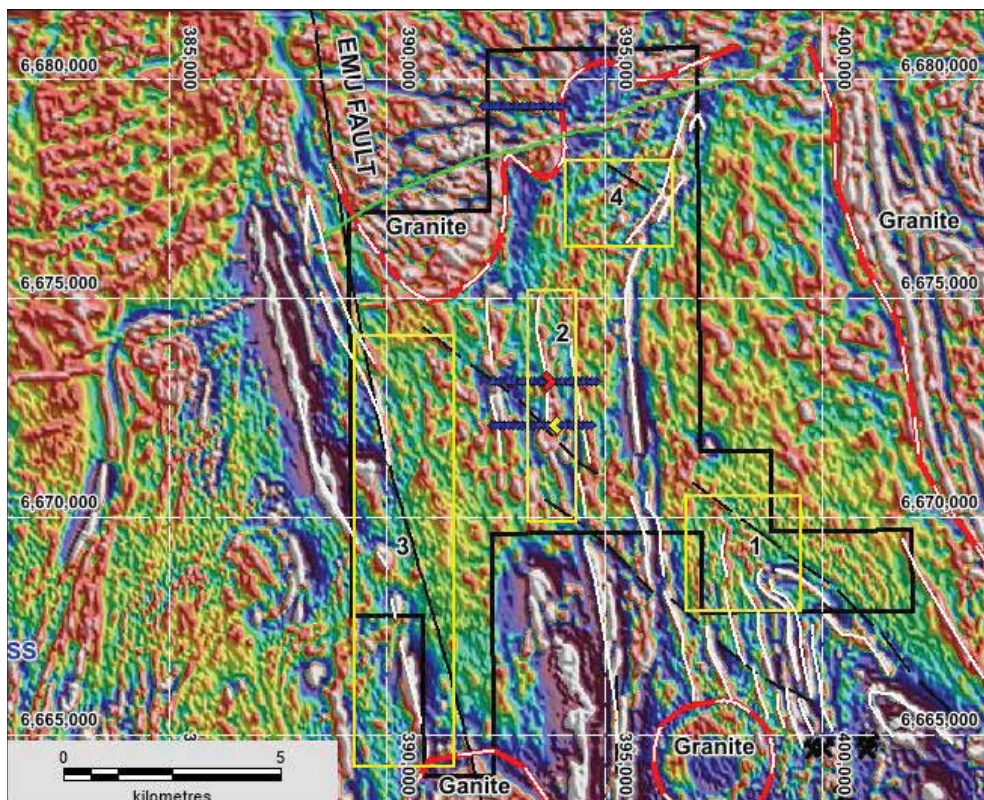
**Table 2** Typical Lower Limits of Detection for a 120 second test per beam using Soil and Mining modes in Silica matrix





**Figure 8** Satellite Image showing the location of the 13 sampling/mapping traverses

The 3 sample traverses within the Canegrass tenement are shown in **Figure 9** overlaid on an 1VD (vertical derivative) aeromagnetic image. The image comprises fine grained clayey silt with surficial fine quartz and ironstone lag. In the centre of the tenement the traverses encountered well foliated felsic and mafic volcanics and an area of quartz and ironstone (**Figure 10**) with an elevated arsenic reading as shown by the red and yellow diamonds. These elevated arsenic responses and associated strongly foliated bedrock will be followed up in the September quarter with soil sampling.



**Figure 9** Aeromagnetic image of the Canegrass Tenement showing the 3 sampling traverses



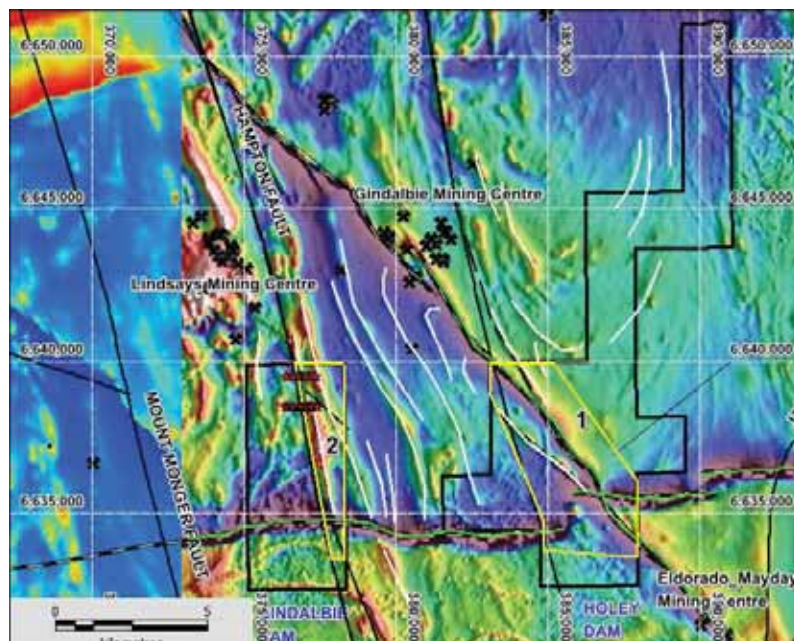
In **Figure 9** note the following:

- Stratigraphy is white
- Fault are in black
- Granites in red
- Proterozoic dykes in green
- Tenement outline in black



**Figure 10** Strongly foliated stratigraphy (left) and quartz/ironstone (right) in the centre of Area 2 Canegrass tenement

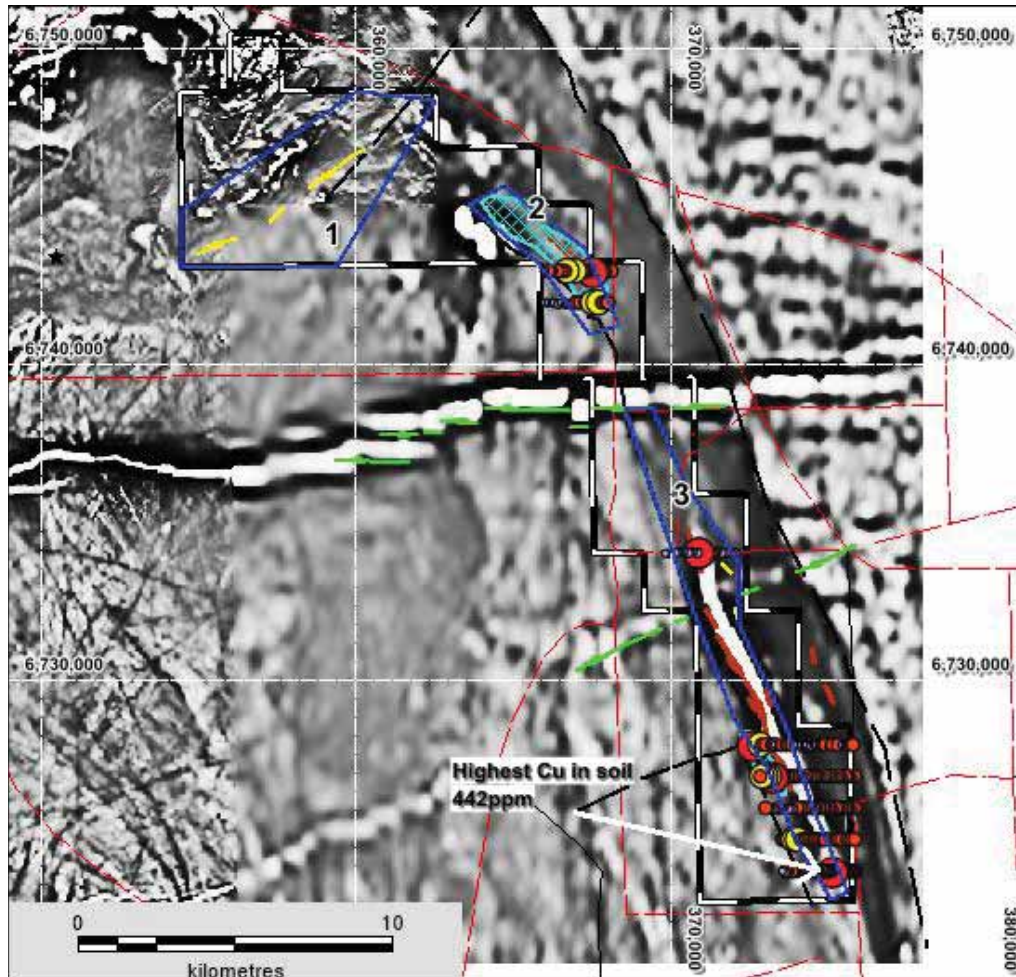
Within the Gindalbie Dam tenement (Figure 10) two sampling and mapping traverses were completed as shown by the red stars



**Figure 11** Aeromagnetic image of the Holey and Gindalbie Dam tenements showing the 2 sample traverses

The entire area of the traverses is covered by a transported sandy silt with surficial fine quartz and ironstone lag with localised calcrete. During the traverses and area of drill spoil was located comprising unweathered high Mg basalt. Further sampling within the Gindalbie and Holey tenements was hampered by persistent rain and inaccessible vehicular access.

The Jungle Hill tenement is part of the Kookynie project area located 60km south of Leonora and 55km north east of Menzies. During the quarter eight sampling and mapping traverses were completed across the tenement as shown in **Figure 12**.



**Figure 12** Aeromagnetic image of the Jungle Hill tenement showing the proposed target areas

A variety of surface types were encountered from depositional unconsolidated sediments to outcropping Archaean mafic to felsic volcanics and very localised residual laterite. The image in Figure 12 shows the copper readings in ppm:

- Red 100 to 442ppm
- Yellow 50-100ppm
- Brown < 50ppm



The features to note in **Figure 12** are:

- The tenement area is black and white
- Quartz veins are yellow
- BIF (Banded Iron Formation) units are brown
- Proterozoic dykes are light green
- Areas of anomalous iron response from the ASTER satellite data are light blue
- Faults are in black

The target areas are described below:

**1** A 6km north east trending quartz vein associated with a prominent north east fault on the eastern limb of a south west

plunging syncline comprising basalt and gabbro.

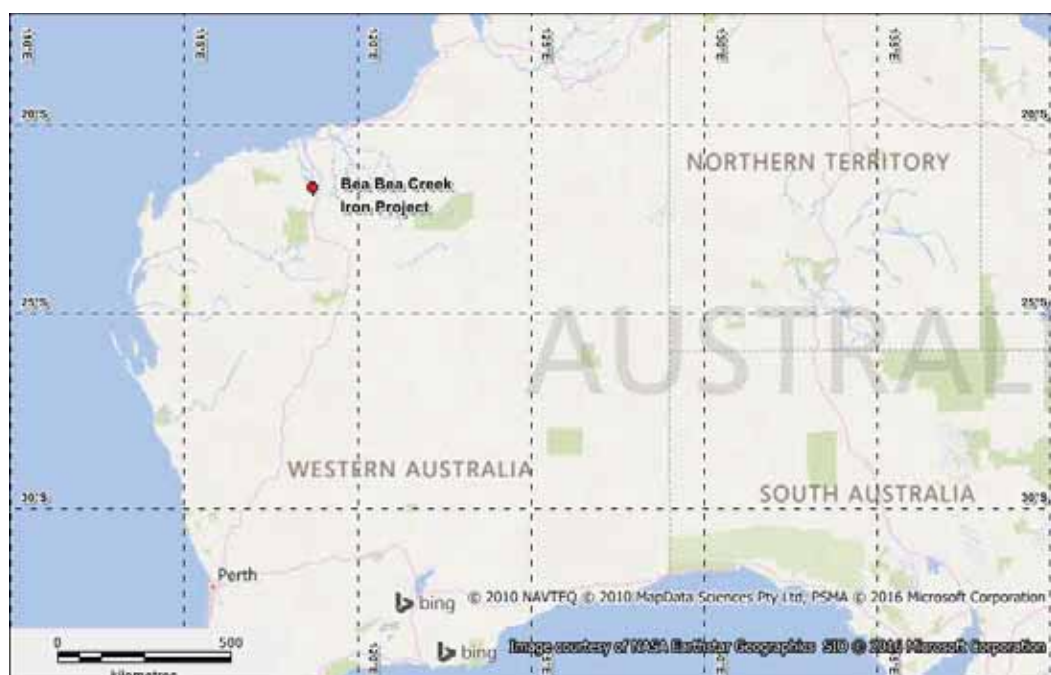
**2** An area of elevated Cu geochemistry associated with an iron enrichment from processing of ASTER satellite imagery.

This target area is located on the faulted contact between granite and basalt. At the contact, ferruginous vein quartz was noted.

**3** A linear north south trend comprising a BIF flanked by basalt and granite with elevated Cu and Au associated with a locally brecciated and gossanous ironstone. The zone appears to be terminated by an east west Proterozoic mafic dyke in the north.

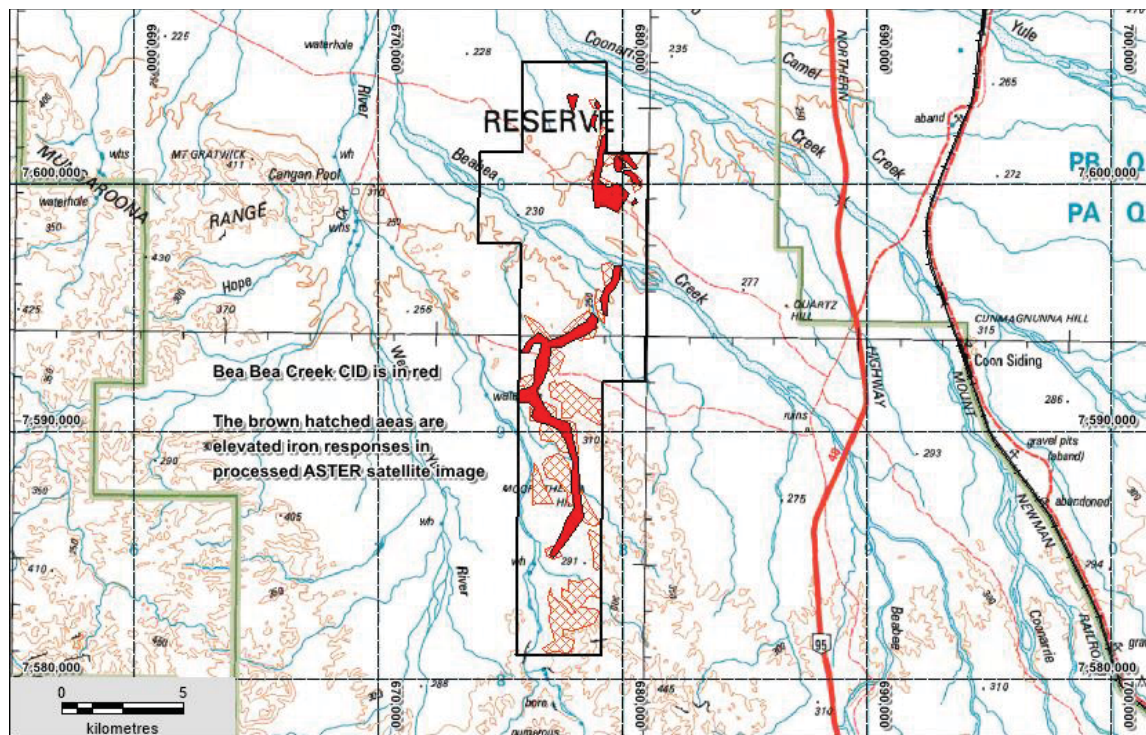
Follow up soil sampling is planned for the December Quarter across the Gindalbie Dam, Holey Dam and Canegrass tenements. The soil sampling will involve the collection of soil samples at 100m spaced intervals across line spaced at 250m. The samples will be submitted to the ALS Laboratory in Kalgoorlie for low level Au analysis.

E45/4619-I (Bea Bea Creek) was granted during the quarter to Kaili Resources 100% subsidiary company Kaili Iron Pty Ltd for a period of 5 years. Bea Bea Creek is located 1200km north of Perth in the Pilbara region of WA (**Figure 1**).



**Figure 13** Bea Bea Iron Project Location

The Pilbara region of WA is one of the premier iron regions of the world with several world class iron ore mining operations. Kaili Iron has targeted the CID (Channel Iron Deposit) style of iron mineralisation which are found in ancient palaeochannels resulting in cemented masses of concretionary iron oxides of hematite to hematite-goethite composition. Major producing CIDs include Robe River (Rio Tinto) and Yandicoogina(BHP). Typical composition of ore from Yandicoogina is about 58% Fe, 0.05% P, 4.8% SiO<sub>2</sub> and 1.4% Al<sub>2</sub>O<sub>3</sub>. The location of mapped CID channels within the Bea Bea Creek tenement is shown in **Figure 14**.



**Figure 14** Bea Bea Iron Project showing the mapped CID channels and areas of elevated iron responses from processed ASTER satellite imagery.

The area of mapped (GSWA) CID forms a linear region up to 20km in length located to the west of the Great Northern Hwy and BHP and Fortescue Metals Group (FMG) railway lines that link the Pilbara region to Port Headland (**Figure 14**). Year 1 exploration will involve field traverses across the mapped CID and interpreted ASTER ferric iron areas with the work comprising geological mapping and collection of geochemical data via the portable Olympus Delta XRF analyser. In addition, selected samples rock samples will be submitted to the ALS geochemical laboratory in Perth.

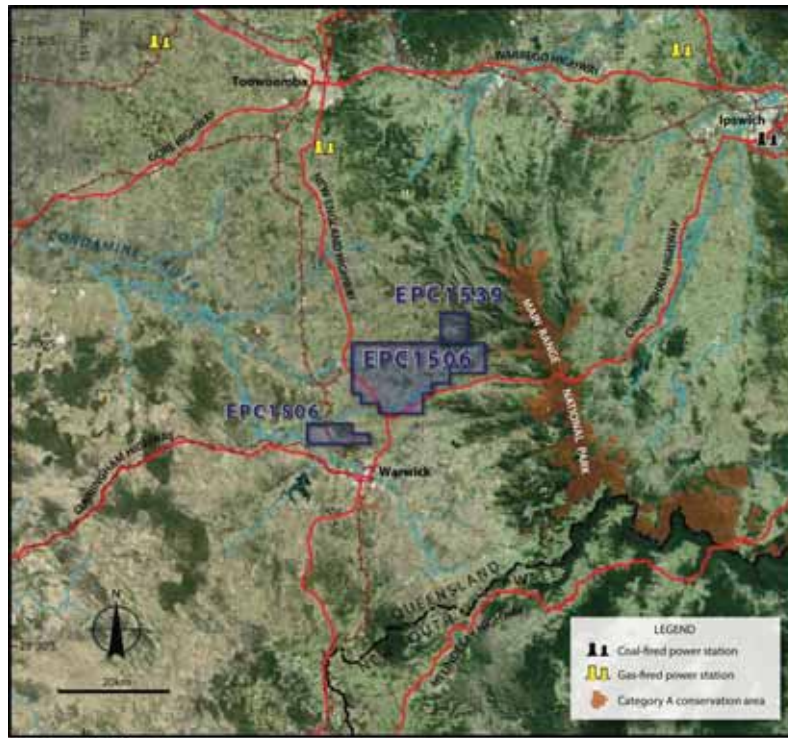


## QUEENSLAND

### Clarence Moreton Basin (Maryvale) Coal Project

*EPC1506 is held 100% by wholly owned subsidiary APEC Coal Pty Ltd*

During the quarter, analytical results were received from the coal drilling program carried out within EPC 1506 and 1539. In addition, EPC 1539 was relinquished as the 200m coal exploration drill hole failed to intersect coal mineralisation and was terminated in basalt.

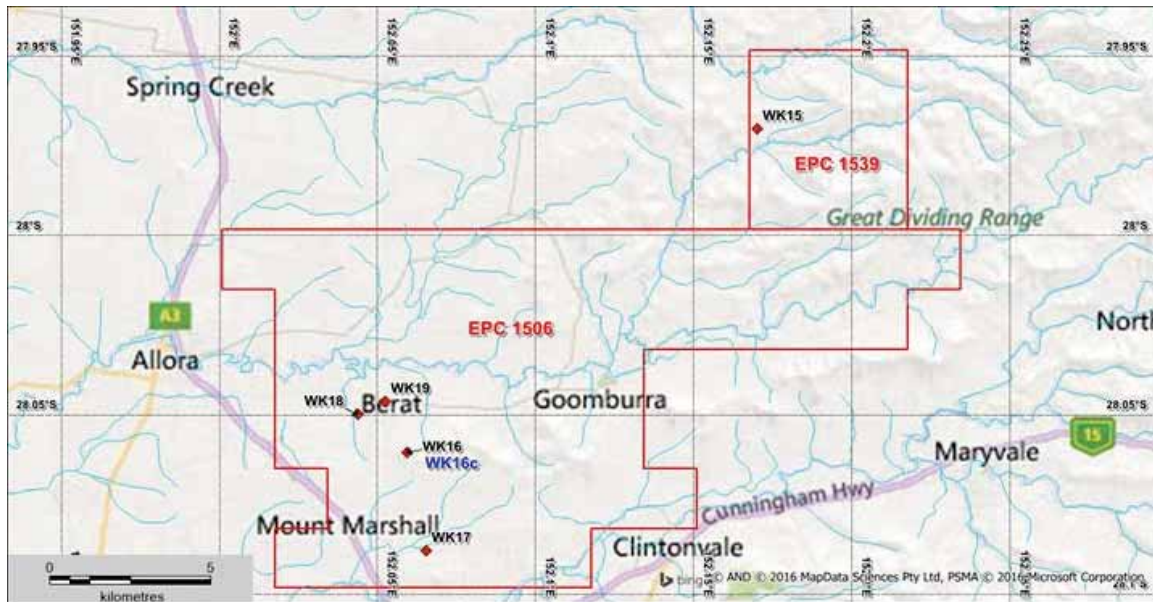


**Figure 15** Location of EPC 1506 to the north of the town of Warwick

The Maryvale Project comprises EPC 1506 which is located in along the western slopes of the Great Dividing Range within the southern portion of the Darling Downs region. The tenements are bordered by the Main Range National Park in the east which forms part of the Great Dividing Range.

The tenements are situated in the Clarence- Moreton Basin, approximately 30 km north of Warwick and 50 km south of Toowoomba, in southeast Queensland. Access to the tenement is possible through a series of sealed and unsealed roads and tracks branching from the Cunningham Highway and the New England Highway. Part of the Darling Downs, which includes the towns of Allora, and Warwick is known as the Southern Downs.

Kaili Resources' 100% subsidiary company APEC Coal Pty Ltd completed drilling at the Maryvale Coal Project in the June Quarter located south west of Brisbane in South East Queensland within EPC 1539 and EPC 1506. 5 chip holes and 1 partially cored were completed for a total advance of 1228m including 7.87m of Core. One hole (WK15) was drilled in EPC 1539 and the remainder (WK16 to WK19) were drilled in the south west of EPC 1506 (**Figure 15**). The partially cored hole (WK16C) was a twin hole or the chip hole WK16 at the same site.



**Figure 15** EPCs 1506 and 1539 showing the completed drillholes WK15 to WK19

		GPS Pickup						Bulwer Seam Package			Condamine Seam Package		
EPC	Hole ID	Easting (MGA 94)	Northing (MGA 94)	AHD	TD	Dip	Basalt Depth (m)	Roof	Floor	Interval	Roof	Floor	Interval
EPC 1539	WK15	418372	6905852	648	200	-90°	>200	NA	NA	NA	NA	NA	NA
EPC 1506	WK16	407593	6895752	602	255	-90°	117	160	181	21	NA	NA	NA
EPC 1506	WK16C	407595	6895748	602	176	-90°	120	163			NA	NA	NA
EPC 1506	WK17	408173	6892717	505	189	-90°	35	121	130	9	174	179.5	5.5
EPC 1506	WK18	406077	6896902	508	207	-90°	29	181.5	194	12.5	NA	NA	NA
EPC 1506	WK19	406878	6897302	516	201	-90°	46	182	192	10	NA	NA	NA
					1228								

**Table 1** Drill hole summary details

**Table 1** shows a summary of the drilling within EPC 1539 and EPC 1506 with all but 1 drill hole intersecting the targeted Bulwer Seam. In addition, WK 17 intersected a portion of the underlying Condamine Seam. The results are preliminary only as a full stratigraphic correlation between the drilling in this program and historical drilling has not been completed. Selective coal seam sampling (**Table 2**) was carried out by consultants GeoConsult within all coal drill holes that intersected coal mineralisation. GeoConsult are currently working on revising the geological model in light of the new drill results with the updated model planned to be reported on in the December as well as a prior ASX announcement.



Reference	Sample Type	From(m)	To(m)	Thickness(m)	Wet Mass	Relative Density	% Inherent Moisture	% Ash	%Volatile Matter	% Fixed Carbon	%Moisture	%Total Sulfur	Calorific Value[MJ/kg]	Calorific Value(kCal/kg)
14386	Core	164.42	164.72	0.30	4.3	2.28	4.6	81.4	11.4	2.6	-	-	-	-
14387	Core	164.72	165.00	0.28	2.8	1.39	5.1	18.0	39.9	37.0	5.1	0.47	26.22	6262
14388	Core	165.00	165.16	0.16	1.9	1.64	4.4	42.5	30.7	22.4	4.4	0.40	17.09	4081
14389	Core	165.16	165.65	0.49	4.7	1.30	5.2	8.5	44.5	41.8	5.2	0.46	27.46	6559
14390	Core	165.65	166.00	0.35	4.2	1.54	5.6	34.1	31.5	28.8	5.6	0.37	19.64	4690
14391	Core	166.00	166.28	0.28	2.9	1.71	5.6	48.2	26.4	19.8	5.6	0.32	13.81	3297
14395	Grab/Chip	82.00	83.00	1.00	0.2	1.68	4.8	47.6	27.1	20.5	4.8	0.29	15.71	3751
14396	Grab/Chip	83.00	84.00	1.00	0.1	1.83	4.6	57.7	22.1	15.6	-	-	-	-
14397	Grab/Chip	179.00	179.00	1.00	0.2	1.58	3.7	41.5	33.0	21.8	3.7	0.34	18.16	4336
14398	Grab/Chip	179.00	180.00	1.00	0.3	1.54	3.5	34.6	34.2	27.7	3.5	0.39	20.08	4795
14400	Grab/Chip	46.00	47.00	1.00	0.3	1.54	4.9	33.1	34.5	27.5	4.9	0.38	20.10	4801
14401	Grab/Chip	162.00	163.00	1.00	0.7	1.93	5.5	63.6	16.5	14.4	-	-	-	-
14402	Grab/Chip	179.00	180.00	1.00	0.8	2.39	5.7	83.6	9.2	1.5	-	-	-	-
14403	Grab/Chip	182.00	183.00	1.00	0.7	1.77	5.7	54.8	23.7	15.8	-	-	-	-
14404	Grab/Chip	186.00	187.00	1.00	0.3	1.75	6.0	50.9	24.4	18.7	6.0	0.43	13.61	3251
14405	Grab/Chip	191.00	192.00	1.00	0.3	1.73	6.1	52.2	23.8	17.9	6.1	0.36	12.65	3021
14406	Grab/Chip	192.00	193.00	1.00	0.2	1.91	5.7	61.0	21.7	11.6	-	-	-	-
14407	Grab/Chip	193.00	195.00	2.00	0.3	2.23	4.9	78.9	11.0	5.2	-	-	-	-
14408	Grab/Chip	197.00	198.00	1.00	0.2	1.87	4.9	60.8	20.3	14.0	-	-	-	-
14409	Grab/Chip	62.00	63.00	1.00	0.2	1.63	6.0	42.8	28.7	22.5	6.0	0.34	16.67	3982
14410	Grab/Chip	63.00	64.00	1.00	0.2	1.64	7.5	43.5	27.1	21.9	7.5	0.30	15.42	3682
14411	Grab/Chip	117.00	118.00	1.00	0.2	1.59	5.4	38.7	28.0	27.9	5.4	0.41	18.67	4460
14412	Grab/Chip	185.00	186.00	1.00	0.3	1.81	7.3	59.4	19.1	14.2	-	-	-	-
14413	Grab/Chip	186.00	188.00	2.00	0.2	1.99	9.2	69.8	13.4	7.6	-	-	-	-
14414	Grab/Chip	188.00	190.00	2.00	0.1	2.20	10.1	80.1	9.5	0.3	-	-	-	-
14415	Grab/Chip	190.00	192.00	2.00	0.3	1.81	6.3	57.1	20.6	16.0	-	-	-	-
14416	Grab/Chip	192.00	193.00	1.00	0.1	1.70	5.6	48.5	24.7	21.2	5.6	0.37	15.34	3664

Results are on an air-dried basis

Table 2 Coal quality analyses

## LICENCES STATUS

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to minerals tenements held at the end of the September 2016 quarter and acquired or disposed of during that quarter and their locations.

	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area km2	Expiry
<b>Granted</b>								
28/7/2016	E45/4619-I	Bea Bea Creek	Iron	WA - Pilbara	Kaili Iron Pty Ltd	100%	105.6	27/7/2021
8/7/2016	E40/354	8 Mile Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	70.4	7/7/2021
30/5/2016	E31/1114	Jungle Hill	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	150.4	29/5/2021
30/5/2016	E31/1113	Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	108.8	29/5/2021
1/7/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	67.2	31/06/2021
1/7/2016	E27/549	Gindalbie Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	25.6	31/06/2021
13/5/2009	EPC 1506	Maryvale 1	Coal	QLD - Surat Basin	APEC Coal Pty Ltd	100%	169.6	13/5/2017
<b>Application</b>								
	E08/2770-I	Darnell Hill	Iron	WA - Pilbara	Kaili Iron Pty Ltd	100%	67.2	
	E46/1084-I	Bustler's Bore	Iron	WA - Pilbara	Kaili Iron Pty Ltd	100%	64.0	

During the quarter ELs 40/354, 27/550, 27/549 and 45/4619- in WA were granted and EPC 1539 in Qld was relinquished. There was no change in beneficial interests under farm-in or farm-out agreements.

*(The information in the report above that relates to Exploration Results is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566).*

*Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)*

**Jianzhong Yang**  
Chairman

**28th October 2016**



## 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

KAILI RESOURCES LIMITED

### ABN

39 077 559 525

### Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 -Receipts from customers	-	58
1.2 Payments for		
(a) exploration & evaluation	(206)	(281)
(b) development		
(c) production		
(d) staff costs	(81)	(247)
(e) administration and corporate costs	(83)	(175)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	23
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (GST)	(9)	(1)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(373)</b>	<b>(623)</b>

<b>2. Cash flows from investing activities</b>		
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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,650	2,908
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(373)	(623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,276</b>	<b>2,276</b>



5. <b>Reconciliation of cash and cash equivalents</b> 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	583	213
5.2    Call deposits	1,693	2,437
5.3    Bank overdrafts		
5.4    Other (provide details)		
<b>5.5    Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,276</b>	<b>2,650</b>

**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**

32

- Office rent contribution to a related entity of Director Jianzhong Yang.
- Director Salary and Super

**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**

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	
9.3 Production	
9.4 Staff costs	80
9.5 Administration and corporate costs	85
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>310</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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	EPC1539 (QLD)	Wholly Owned	100%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EPC40/354 (8 Mile Dam)	Wholly Owned	-	100%
	EPC27/550 (Holey Dam)	Wholly Owned	-	100%
	EPC27/549 (Gindalbie Dam)	Wholly Owned	-	100%
	E45/4619-I (Bea Bea Creek)	Wholly Owned	-	100%



**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: .....  
(Director/Company secretary)

Date: .28 October 2016

Print name: .....LONG ZHAO.....

**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.