

## ASX ANNOUNCEMENT AND MEDIA RELEASE

31 October 2016

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

## HIGHLIGHTS

- Infill drill holes continue to intersect wide mineralised zones at Namdini Project
- Shallow updip drill holes at Namdini planned for Q4 2016
- 3 drills now onsite operating 24/7
- Further exploration planned around the Namdini orebody
- Further exploration planned within the Bolgatanga and Subranum Projects

**Cardinal Resources Limited** (ASX: CDV) (“**Cardinal**” or “**the Company**”), an African gold focused exploration company, is pleased to present to shareholders its Quarterly Activities report for the period ended 30 September 2016. Currently Cardinal holds four tenements within the Bolgatanga Project, with Subranum comprised of a single tenement in central Ghana (Figure 1).

### **Commenting on the quarter’s activities, Managing Director Archie Koimtsidis said:**

“We are further encouraged by continued intersections of wide gold mineralisation reported during Q3 from the drilling within the Namdini Project (Figure 3).

“These gold intersections continue to confirm and enhance the gold potential of this project.

“We are looking forward to the commencement of the planned exploration programme which will begin with shallow first pass Auger drilling to test the larger Namdini Project area and also target areas within the Bolgatanga and Subranum Projects.”



**Figure 1: Cardinal Resources Tenements in Ghana**

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## NAMDINI PROJECT

The Namdini tenement is located ~12 km SE from Cardinal's Ndongo Prospect (Figure 2).

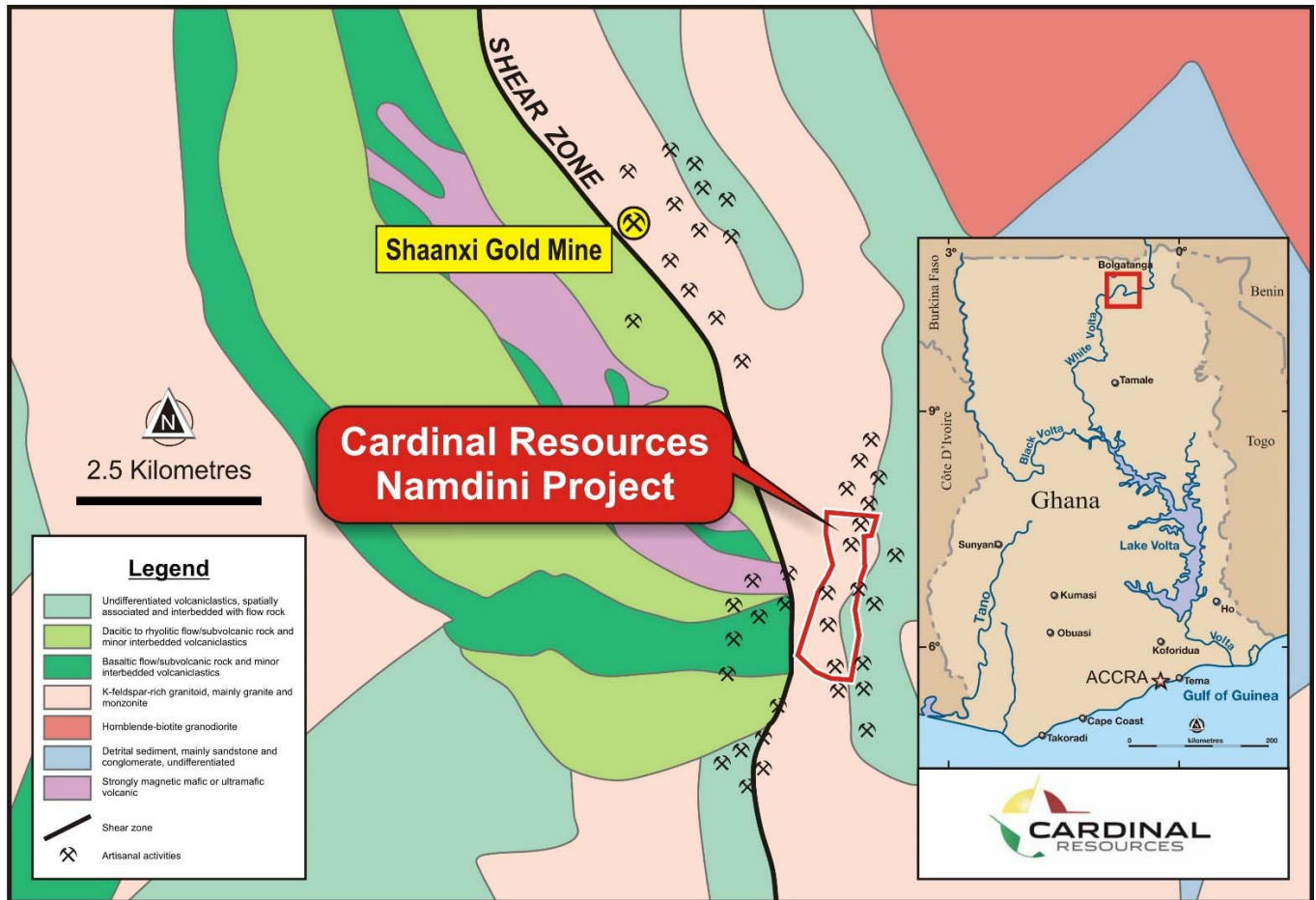


Figure 2: Namdini Project Proximity Map

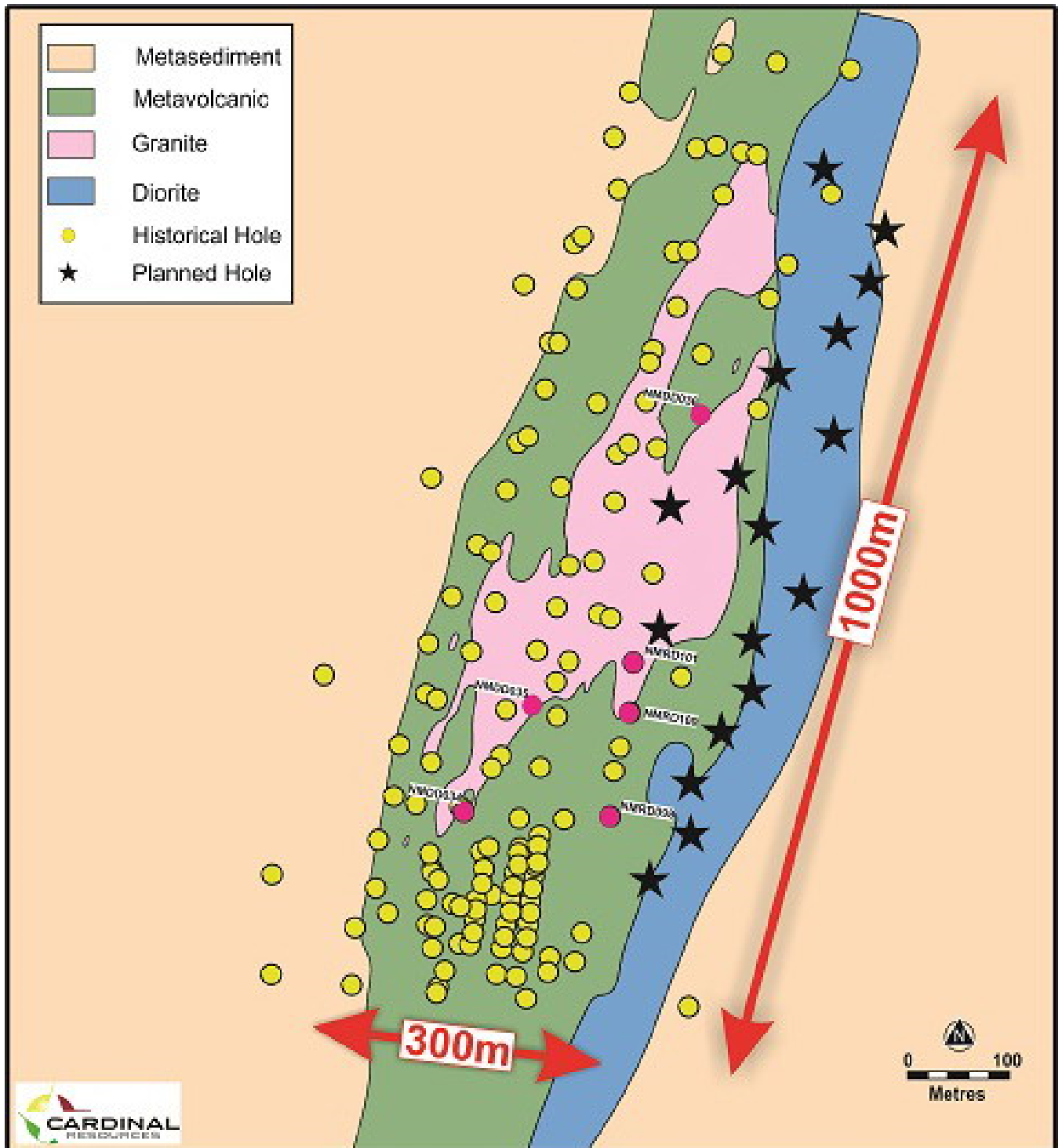
## Drilling and Sampling Summary

Infill diamond, reverse circulation (RC) with diamond tails and RC drilling continued at the Namdini Project during this quarter (Figure 3).

Total drilling for the quarter comprised of 20 drill holes totalling 2,914.82m, with a combined total of 2,296 samples for fire assay, including duplicates, blanks and standards (Table 1).

DRILL METHOD	No. Holes	Total (m)	No. Samples	Duplicates	Blanks	Stds	Total Samples
DD Drilling	3	782.30	782	0	19	18	819
RC Drilling	11	1,740.00	992	37	33	34	1,096
RC with diamond tails	6	392.52	354	8	10	9	381
<b>TOTALS</b>	<b>20</b>	<b>2,914.82</b>	<b>2,128</b>	<b>45</b>	<b>62</b>	<b>61</b>	<b>2,296</b>

Table 1: Namdini Drilling (Q3 2016)



**Figure 3: Namdini Drill Hole Collars**  
**Diamond and RD (RC + diamond tail) Drill Collars (coloured mauve)**

### Namdini Drilling

Drilling at Namdini comprised of 3 diamond drill holes and 3 Reverse Circulation (RC) drill holes with diamond tails (Figure 3). All samples have been submitted for fire assay with the results pending.

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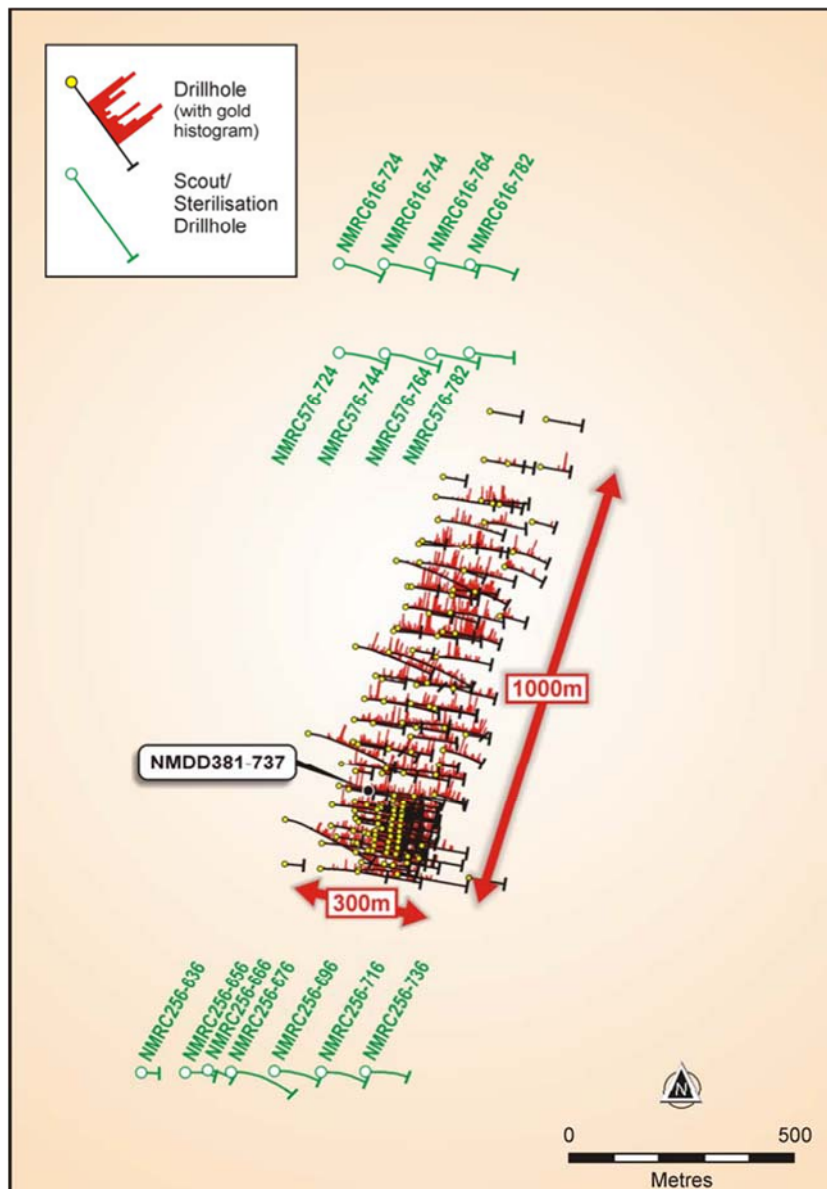
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### Namdini Scout Sterilisation Drilling

Scout sterilisation drilling at Namdini North and Namdini South during this quarter comprised of 11 RC drill holes and 3 RC drill holes with diamond tails (Figure 4).

Note: 1 RC drill hole was completed and reported during the Q2 2016 reporting period.

Three lines of shallow inclined reverse circulation drilling were completed to the north (two lines) and south (one line) of the Namdini deposit in order to initiate assessment of suitable locations for the positioning of infrastructure required for any future open pit mining located on the Namdini deposit. A total of 15 holes were drilled for 2,027 metres of RC drilling and 88.85 metres of diamond drill 'tails' for a total of 2,115.85m.



**Figure 4: Scout-Sterilisation Drill Holes**

Drill hole NMDD381-737 intersected the same mineralised lithologies as found in all previous Namdini drill holes and also confirmed the lower metasedimentary contact.

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### **Diamond Drilling**

The drill rigs were aligned at -65° dip drilling east which allows for the shallowing of the drill holes with depth. The azimuth was set at 095° instead of 100° (normal to the strike of the formations) as the borehole traces usually deviate to the right with depth due to the clockwise rotation of the drill rods.

The drill holes were surveyed near the top of each drill hole, then every 30m down the hole to determine the dip and azimuth of the drill holes with depth.

The core was orientated at each drill run using a digital instrument. The core was marked showing the base of the drill hole, then the core from each drill run was laid in a length of angle iron to fit the core together so that the orientation line could be drawn along the length of the core at the drill site. Geotechnical parameters were measured using this orientation line as the datum line.

### **Logging and Sampling**

The core was photographed both dry and wet, then logged lithologically. Weathering, mineralisation and alteration were all captured on a digital tablet for entry into the Cardinal database. A hand held kenometer device was used to measure the geotechnical parameters using the orientation line as a reference.

The core was then cut in half and then quartered. One quarter of the core was consistently sampled at 1 metre intervals, with the remaining three quarters core stored in metal core trays and placed on metal racks under cover in the core shed at Bolgatanga.

The quarter core samples were bagged, weighed, labelled and inserted into polyweave bags for despatch to the laboratory for sample preparation, bulk density determinations on selected samples from each lithological unit and fire assay. QAQC protocols were observed by inserting in-house blanks and commercial certified reference material (CRM) as standards at every 22<sup>nd</sup> sample.

RC samples were collected through a cyclone, then weighed and split on site using a 3-tier splitter. The splitter generates two samples (1 laboratory and 1 reference sample, which is stored at Bolgatanga). Duplicate samples were taken every 22 samples and included with the samples for assaying. In-house blanks and commercial certified reference material (CRM) as standards were inserted at every 10<sup>th</sup> sample after the duplicates.

Washed RC chips from each 1 m sample bag were logged, then stored in chip trays. Each chip tray contains 10 compartments into which are placed the washed chips for future reference if required.

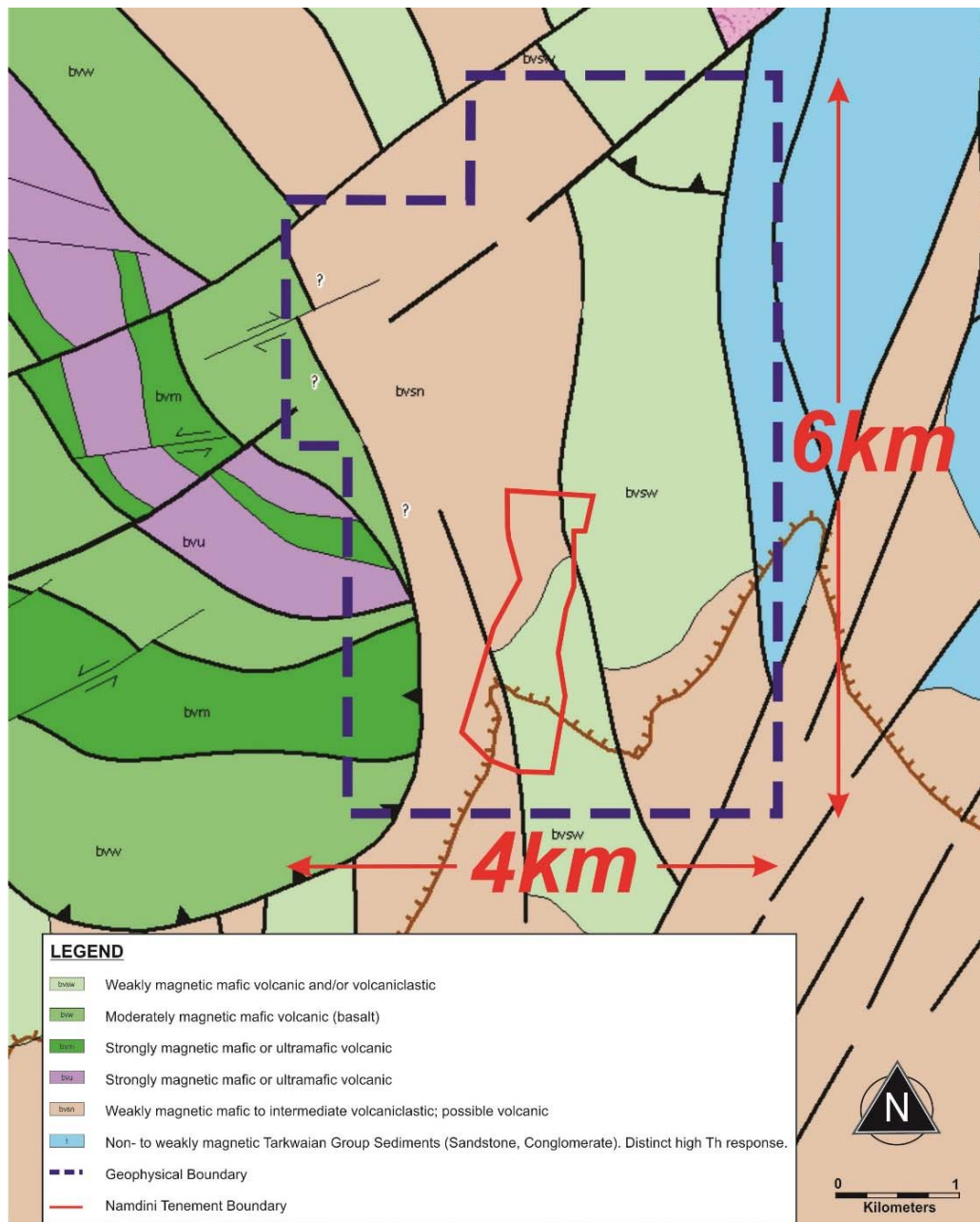
The Company has redirected its sample submissions from SGS Laboratory in Burkina Faso to the SGS Laboratory Ghana which will assist in the acceleration of assay results.

### Namdini Ground Geophysics

During the previous quarter Gradient Array Induced Polarisation and Ground Magnetic surveys were completed over a 24 sq km area around Namdini (Figure 5).

Soil auger drilling has been planned during this quarter to utilise the same grid lines for shallow soil sampling over the accessible areas within this 24 sq km area. Weather permitting, these surveys will start during October 2016.

Geochemical results will be combined with the ground geophysical interpretations to delineate drill targets to extend and further enhance the gold potential of the Namdini area.

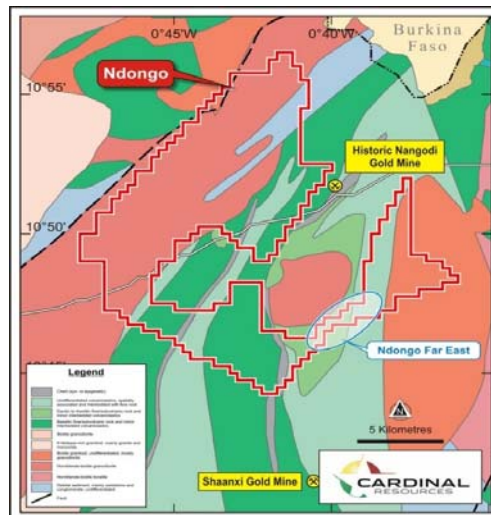


## BOLGATANGA PROJECT

### NDONGO PROSPECT

#### Ndongo Far East Prospect

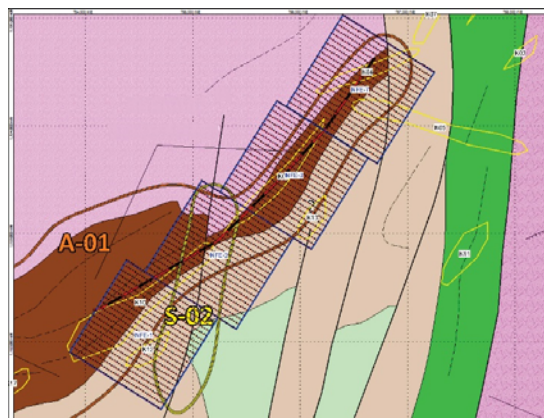
The airborne geophysical survey over the Ndongo Tenement identified a magnetic body intruded into the low pressure dilation zone around the southern and SE margins of the Pelungu Granite (Figure 6).



**Figure 6: Ndongo Far East Prospect**

Previous geochemical sampling in this area delineated anomalous gold-in-soil values around the margins of this magnetic intrusive, which constitutes a target area for more exploration.

During the previous quarter Gradient Array Induced Polarisation (GAIP) and Ground Magnetic (GMAG) ground geophysical surveys were completed over 4 sq km of this target area which should indicate whether any gold-bearing sulphides are developed around the margins of this magnetic intrusive (Figure 7).



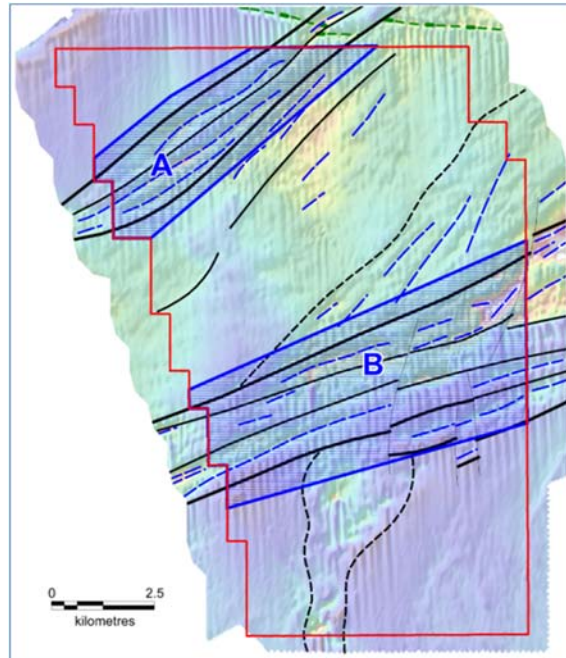
**Figure 7: Ground Geophysical Survey Area over Ndongo Far East Prospect**

A soil auger survey was planned during this quarter to utilize the same geophysical grid to further delineate anomalous areas. This survey is planned to commence during the following quarter, weather permitting.



### KUNGONGO PROSPECT

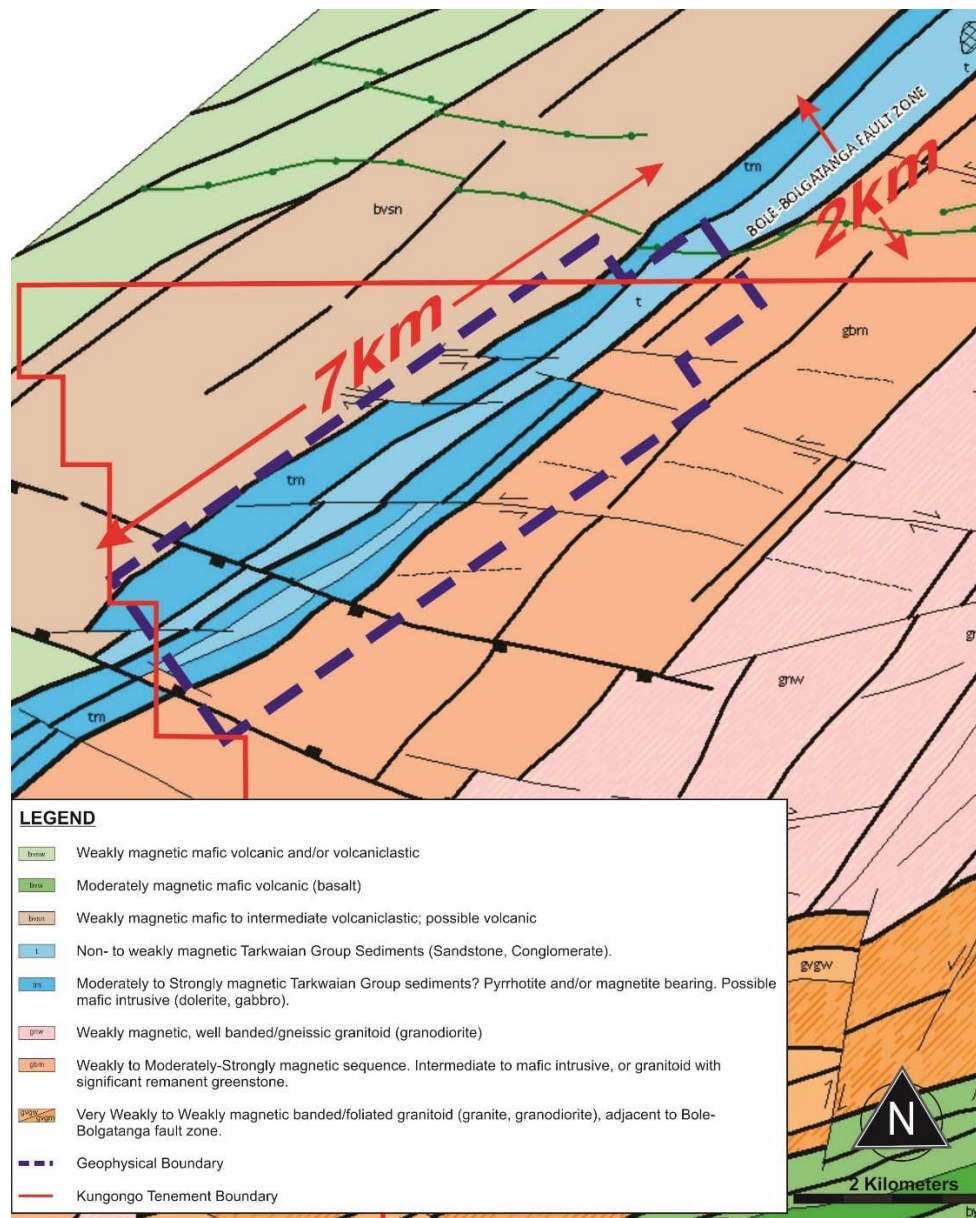
The airborne geophysical survey over the Kungongo Prospect delineated two interpreted target areas containing possible mineralised structures (Figure 8).



**Figure 8: Kungongo – 2013 airborne survey magnetic image with preliminary interpretation and two target zones**

Target A occurs over a ~6 km long portion of the SW extension of the regional Bole-Bolgatanga Fault (Shear) Zone which extends over northern Ghana. Target B occurs over a ~7 km long area underlain by Birimian greenstones and granitoids.

During the previous quarter (Q2 2016) Gradient Array Induced Polarisation (GAIP) and Ground Magnetic (GMAG) ground geophysical surveys were completed over a 14 sq km area of Target A to delineate possible drilling targets along the shear zone (Figure 8).



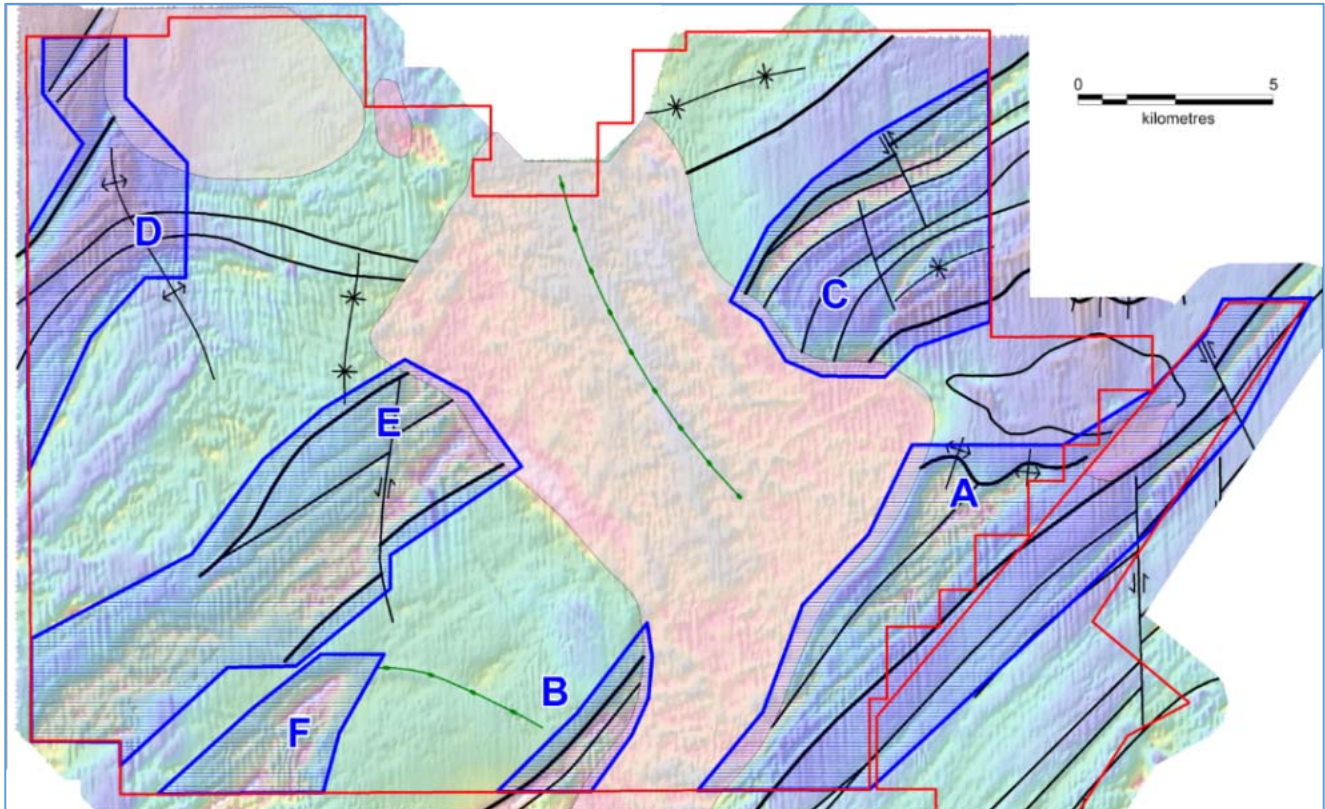
**Figure 9: Ground Geophysical Survey Area over Kungongo Target A**

A shallow auger geochemical programme was planned during this quarter utilizing the same GAIP survey grid of 200m line spacings across the entire ~6 km strike length of this shear zone. A total of 36 lines have been cleared across strike for the auger programme to begin during the next quarter (Figure 9).

The geochemical results will be combined with the ground geophysical results to better define drill targets during the next quarter.

## BONGO PROSPECT

The airborne geophysical survey over the Bongo Prospect delineated six interpreted target areas containing possible mineralised structures (Figure 10).



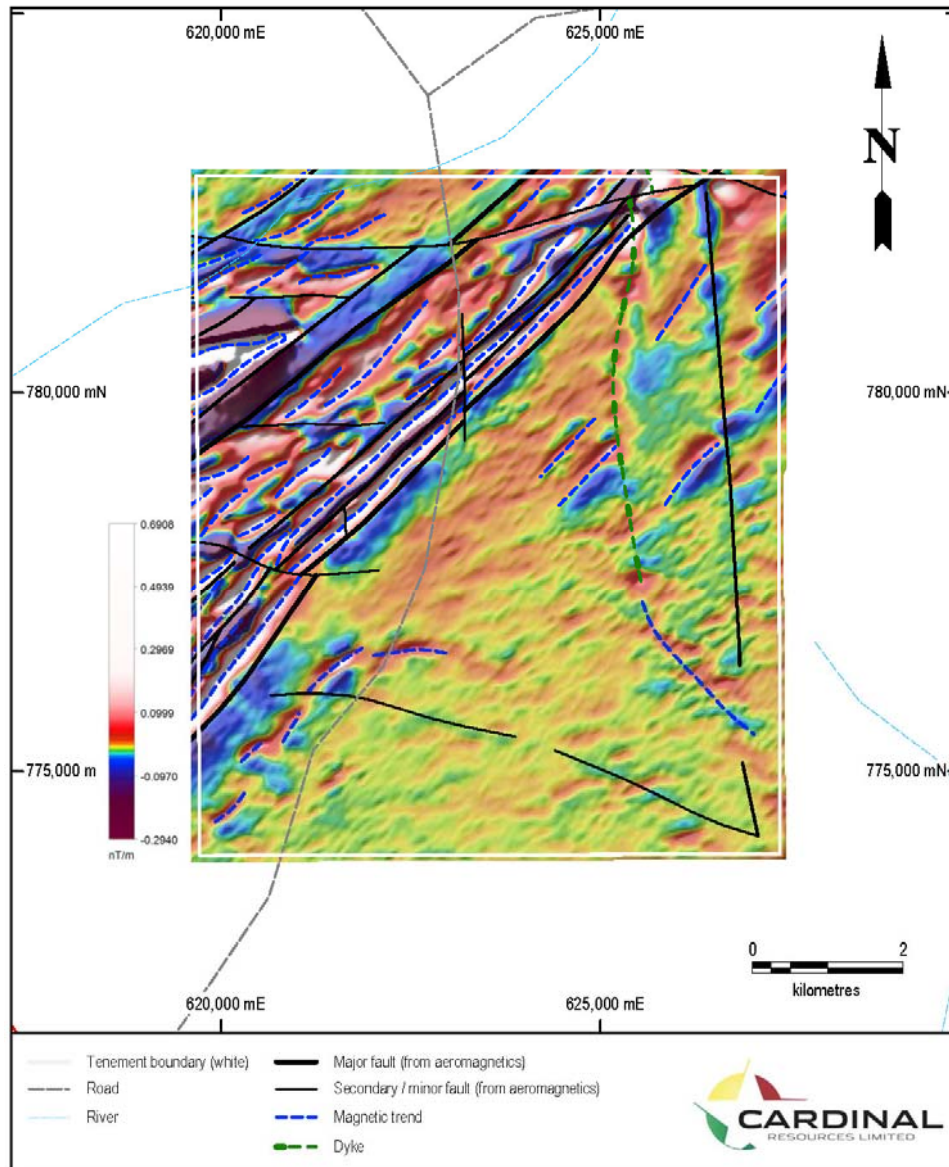
**Figure 10: Bongo - 2013 airborne survey magnetic image with preliminary interpretation and six target zones**

During this quarter planning was done for possible soil auger programmes over Targets A, C and D. Thereafter Gradient Array Induced Polarisation (GAIP) and Ground Magnetic (GMAG) ground geophysical surveys will be considered, depending on the geochemical results.



## SUBRANUM PROJECT

Previous exploration at Subranum has established that the NE extension to the regional Bibiani Shear Zone is developed for approximately 9 km trending SW-NE across the Subranum tenement (Figure 11).



**Figure 11: 2013 airborne survey  
over reduced to pole first vertical derivative magnetic image.**

This previous exploration has established a significant anomalous zone of ~5 km to the NE from the SW boundary. Previous shallow drilling, however, had been on 11 fences of varying distances between 200m to >500m apart (Figure 11).

To properly evaluate the gold mineralisation contained within this anomalous zone, Cardinal is planning a focused systematic exploration programme to cover this ~5 km anomalous strike length.

Clearing of the historical drill access tracks was started in this quarter with planned exploration to start during the next quarter.

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## CORPORATE

On 11 July 2016 the Company announced that it had completed a share placement of up to 75 million shares at \$0.29 per share ("**Placement**"). The Placement welcomed a number of new, well credentialed fund managers to the Company's share register, including Precious Capital Global Mining and Metals Fund in Switzerland and Colonial First State Growth Equities in Australia, amongst others.

Approximately 55.5 million shares were issued on 19 July 2016 under ASX Listing Rules 7.1 and 7.1A. The balance of the Placement, being approximately 19.5 million shares were issued on 26 August 2016 on receipt of shareholder approval at the General Meeting held on 25 July 2016.

On 5 September 2016 the Company advised that 50 Class B Performance Shares had been converted into 5,000,000 fully paid ordinary shares of the Company.

On 27 December 2012, 50 Class B Performance Shares were issued as part of the acquisition of the share capital of Cardinal (Australia) Pty Ltd by Cardinal Resources (previously Ridge Resources Limited). The issue of these shares were approved by Shareholders of the Company at the general meeting held on 19 November 2012. For further information please see ASX announcement 5 September 2016 Conversion of Performance Shares.

## CAPITAL STRUCTURE

As at the date of this report the Company has following capital structure;

Capital Structure	Listed	Unlisted	Total
Fully Paid Ordinary Shares (CDV)	303,474,697	-	303,474,697
Options Ex. \$0.15 on or before 30 September 2019	116,187,039	-	116,187,039
Options Ex. \$0.22 on or before 18 March 2020	-	9,500,000	9,500,000
- Class A Performance Shares	-	50	50
- Class C Performance Shares	-	60	60

## Cash Balance

The Company's cash balance at 30 September 2016 was approximately \$22 million.



**TENEMENT SCHEDULE - ASX LISTING RULE 5.3.3**

The following mining tenement information is provided pursuant to ASX Listing Rule 5.3.3. No tenements in part or whole, were relinquished, surrendered or otherwise divested during the quarter ended 30 September 2016.

Tenement	Licence Status	Ref	Note	Interest Acquired During Quarter	Interest Divested During Quarter	Interest Held at End of Quarter
<b>Ghana</b>						
<b><i>Bolgatanga Project</i></b>						
Ndongo	Prospecting	PL9/22		-	-	100%
Kungongo	Reconnaissance	RL9/28		-	-	100%
Bongo	Reconnaissance	RL9/29		-	-	100%
Namdini	13 SS Mining Licenses		2	-	-	100%
<b><i>Subranum Project</i></b>						
Subranum	Prospecting	PL/309	1	-	-	-

**Notes:**

1. **Subranum Project:** Cardinal Resources Subranum Limited has entered into a Sale and Purchase agreement with Newmont Ghana Gold Limited (a subsidiary of Newmont Mining Corporation) for the purchase of Subin Kasu Prospecting Licence (the "Subranum Project").
2. **Namdini Project:** Cardinal Mining Services Limited (a subsidiary of Cardinal Resources Limited) acquired 13 Small Scale Licences (the "Namdini Project") through the sale and purchase agreement with Savannah Mining Limited (an affiliated company of Cardinal Mining Services).

For further information contact:

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**Competent Person's Statement**

The information in this Announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by **Mr Paul Abbott** a full time employee of Cardinal Resources Limited, who is a Member of the Geological Society of South Africa. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in this Announcement of the matters based on their information in the form and context in which it appears.

**Disclaimer**

This ASX announcement ("Announcement") has been prepared by Cardinal Resources Limited (ABN: 56 147 325 620) ("Cardinal" or "the Company").

This Announcement contains summary information about Cardinal, its subsidiaries and their activities, which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information, which a prospective investor may require in evaluating a possible investment in Cardinal.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Cardinal's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are a number of risks, both specific to Cardinal and of a general nature which may affect the future operating and financial performance of Cardinal and the value of an investment in Cardinal including but not limited to economic conditions, stock market fluctuations, gold price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel and foreign currency fluctuations.

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**Not financial product advice**

This Announcement does not contain all information which may be material to the making of a decision in relation to the Company. Recipients of this document should carefully consider whether the securities issued by the Company are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. No account has been taken of the objectives, financial situation or needs of any recipient of this document. Any investor should seek independent financial and taxation advice independent assessment and determination as to the Company's prospects prior to making any investment decision, and should not rely on the information in this Announcement for that purpose. Neither the Company nor its related bodies corporate is licensed to provide financial advice in respect of the Company's

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securities or any financial products. This Announcement does not involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold securities in the Company. The securities issued by the Company are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the shares or that there will be an increase in the value of the shares in the future.

#### **Forward-looking statements**

Certain statements contained in this Announcement, including information as to the future financial or operating performance of Cardinal and its projects, may also include statements which are 'forward-looking statements' that may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These 'forward – looking statements' are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Cardinal, are inherently subject to significant technical, business, economic, competitive political and social uncertainties and contingencies, and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Cardinal disclaims any intent or obligation to update publicly or release any revisions to any forward-looking statements, whether as a result of new information, future events, circumstances or results or otherwise after today's date or to reflect the occurrence of unanticipated events, other than required by the Corporations Act and ASX Listing Rules. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements.

All forward-looking statements made in this Announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

#### **No verification**

Although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement (including information derived from publicly available sources) may not have been independently verified.

## 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

Cardinal Resources Limited

#### ABN

56 147 325 620

#### Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
(a)	exploration & evaluation	(2,331)	(2,331)
(b)	development	-	-
(c)	production	-	-
(d)	staff costs	(175)	(175)
(e)	administration and corporate costs	(411)	(411)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	27	27
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	(168)	(168)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(3,058)</b>	<b>(3,058)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
(a)	plant and equipment	(104)	(104)
(b)	tenements (see item 10)	-	-
(c)	investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets	-	-
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)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(104)</b>	<b>(104)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	21,750	21,750
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	165	165
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,266)	(1,266)
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	<b>Net cash from / (used in) financing activities</b>	<b>20,649</b>	<b>20,649</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	4,865	4,865
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,058)	(3,058)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(104)	(104)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20,649	20,649
4.5	Effect of movement in exchange rates on cash held	(151)	(151)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>22,201</b>	<b>22,201</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	4,551	198
5.2	Call deposits	17,650	4,667
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>22,201</b>	<b>4,865</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
155
-

N/A

**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
-
-

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

8.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		<b>\$A'000</b>	<b>\$A'000</b>
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.		

N/A

9.	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(4,198)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(253)
9.5	Administration and corporate costs	(161)
9.6	Other – Payments to acquire tenements	(6,585)
9.7	<b>Total estimated cash outflows</b>	<b>(11,197)</b>

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

**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: Sarah Shipway  
Company Secretary

Date: 31 October 2016

Print name: Sarah Shipway

**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.