

Quarterly report

FOR THE PERIOD ENDING 31 MARCH 2014

Argonaut Resources NL (Argonaut or the Company) (ASX: ARE) is pleased to release the following report for the three months to 31 March 2014 (the Quarter).

Highlights

Lumwana West, Zambia

- Lumwana West project is fully funded to production.
- Antofagasta can earn 70% by spending US\$18.9M on exploration plus the amount required to complete a feasibility study to international standards.
- If the project is feasible, Argonaut is either carried into production or bought-out prior to construction.
- Antofagasta to become a cornerstone shareholder in Argonaut via a US\$1.1M placement, with funds to be used to increase Argonaut's interest in the Lumwana West project to 90%.
- Argonaut will be operator until an election by Antofagasta during Phase II.
- Major drilling program of over 8,500m to commence in May 2014.
- Finalisation of Rights Issue documentation is expected within two weeks.

Alford, South Australia

- Argonaut's partner, Sandfire Resources NL (ASX: SFR), completed gravity and induced polarisation (IP) geophysical surveys plus eighty-five aircore drill holes for a total of 5,364m during the Quarter. Exploration was over the Alford East prospect and the Tickera Granite complex.
- Aircore drilling targeted oxide and basement geochemical anomalies in areas with coincident gravity, magnetic and IP chargeability anomalies.
- Preliminary results from drilling at Alford East in the period generated high priority targets for diamond drilling.
- A diamond drilling program of approximately 1,000m commenced in early April 2014.

Placement and Rights Issue

- Argonaut completed an oversubscribed placement to sophisticated and professional investors to raise \$1.5 million.
- The Company will undertake a 1 for 5 rights issue on the same terms as the placement to raise up to a further \$1.5 million.

Asset Sales

- Argonaut completed the sale of an office at 60 Park Street, Sydney, NSW for \$425,000.
- Negotiations to sell other non-core assets were advanced during the Quarter.

Corporate

- At the conclusion of the Quarter, Argonaut had a cash position of \$1.3M.
- The board and management of Argonaut has focussed on the following areas during the Quarter:
 - Secure competitive financing terms to progress the Lumwana West project; and
 - Restore Argonaut's cash reserves to a suitable position with minimum dilution.

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Outlook

- In anticipation of completion of financing arrangements, Argonaut is preparing to commence a major drilling campaign at the Lumwana West project in May 2014.
- Argonaut is now well-funded to continue exploration and development programs at priority projects.
- The planned rights issue and further asset sales will strengthen Argonaut's cash position.

Zambia

Lumwana West

(Argonaut 51%, earning 90%)

The Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia. The area is highly prospective for large tonnage, low to medium copper deposits. There are several major mines nearby to Lumwana West which are hosted in similar geological settings.

Via its 51% held subsidiary, Mwombezhi Resources Ltd, Argonaut has been successful in intercepting broad copper intercepts at the Nyungu deposit and has defined large, prospective targets at the West Mwombezhi and Kavipopo prospects.

Overlying earn-in agreement

Subsequent to the Quarter, announce the execution of an option agreement (the Overlying Agreement) with a wholly owned subsidiary of Antofagasta PLC (Antofagasta) for the exploration and development of the Lumwana West project in Zambia.

The Agreement covers all phases of the project's development from regional exploration to the completion of a feasibility study and, in the event the project is moved forward and Argonaut decides not to fund its pro-rata share of the project, it will be either carried into production or be bought-out at the value of its interest.

Principal commercial terms

The Agreement between Antofagasta, Argonaut Resources NL and Argonaut's related subsidiaries is in five phases. The principal commercial terms are described below.

Phase I involves the input by Antofagasta of **US\$5M within one year** in exchange for a 25% interest in the project. The funding is in two parts: US\$3.9M for exploration works commencing May 2014 and a US\$1.1M placement in Argonaut. Placement funds will be used by Argonaut to acquire an additional 39% interest in the project via the underlying Lumwana West Joint Venture, taking Argonaut's interest in the project to 90%.

Phase II involves exploration and development **expenditure of US\$15M by Antofagasta within four years** of the completion of Phase I at a minimum expenditure rate of US\$2.5M per year. Antofagasta can earn an effective 51% interest in the project by completing Phase II.

Phase III involves the **completion of a feasibility study to international standards**. Antofagasta may conduct additional work necessary to commence the feasibility study, such as a preliminary feasibility study, prior to electing to commence the definitive study. Antofagasta will have up to two years to complete additional work and four years to complete the feasibility study. Antofagasta can earn an effective 70% interest in the project by completing the feasibility study.

Phase IV is the period following the delivery of the feasibility study, but prior to the development decision. Argonaut may elect not to contribute or dilute during this period, subject to certain reimbursement conditions to be paid out of future dividends.

Phase V is the period after a development decision when, if Argonaut decides not to fund its pro-rata share of the project, Antofagasta may elect to **either carry Argonaut into production**, with Argonaut's development costs being funded by 60% of future dividends, or **buy-out Argonaut's** interest for its pro-rata share of the project's net present value .

Antofagasta may elect to stop contributing at certain stages in which case various provisions including standard dilution and drag-along/tag-along rights will apply.

Argonaut will be the operator under the Agreement during Phase I and part of Phase II. Antofagasta may elect to become operator at any stage during Phase II.

Lumwana West Exploration Targets

On 12 December 2013, Argonaut announced an updated global Exploration Target for the Lumwana West project of 1,090 to 1,560Mt at 0.45 to 0.65% copper. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

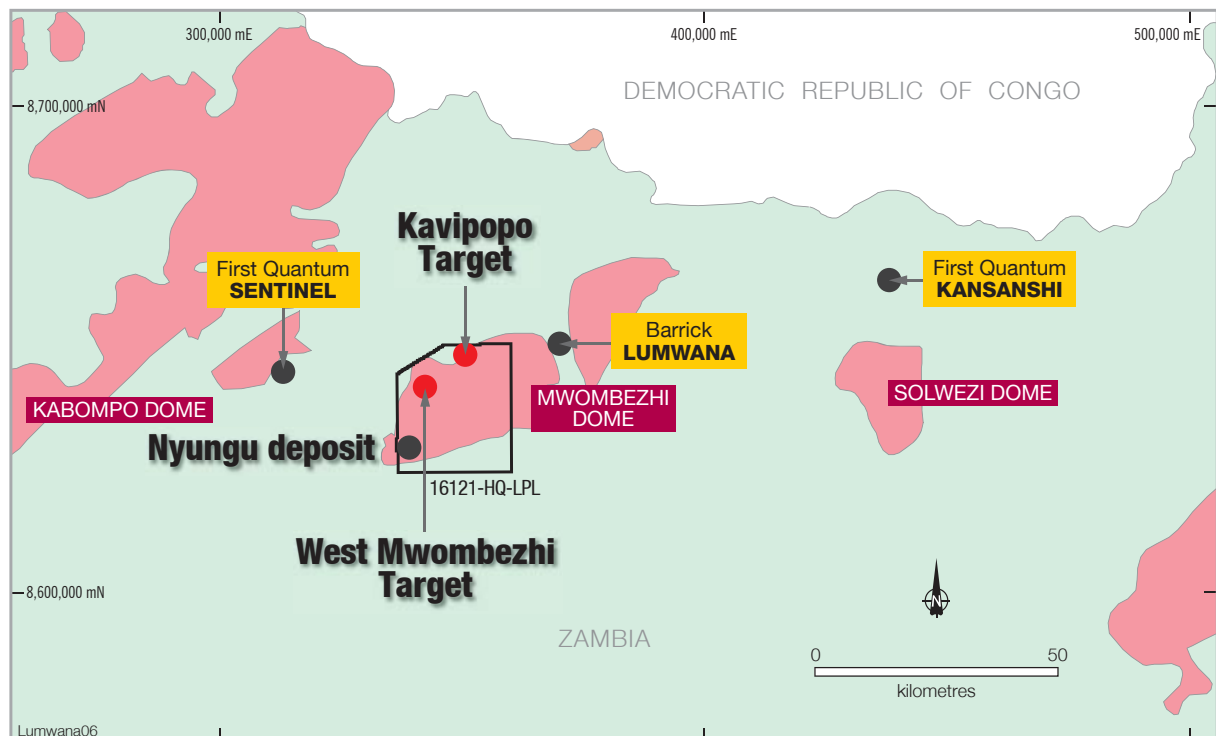
Grades and tonnages for the Exploration Target are expressed as ranges for potential copper mineralisation at three target areas shown in Table 1 and Figure 1.

The potential mineralisation is interpreted to be hosted in a biotite kyanite graphite schist. It is interpreted that the targeted areas feature the same original geological unit prior to metamorphism and that this unit has been folded around the margin of the Western Mwombezhi Dome and offset by faulting. Disseminated mineralisation at the Nyungu Deposit is typically 1% to 5% sulphide dominated by chalcopyrite. Minor bornite, pyrite and localised carrollite has also been noted.

Table 1: Exploration Target ranges for the Lumwana West project.

	Cu Grade	West Mwombezhi	Kavipopo	Nyungu	Global Exploration Target
	(%)	(t)	(t)	(t)*	(t)
Min Case	0.65	240,000,000	720,000,000	130,000,000	1,090,000,000
Mid Case	0.5	430,000,000	860,000,000	155,000,000	1,345,000,000
Max Case	0.45	490,000,000	890,000,000	180,000,000	1,560,000,000

* See RungePincockMinarco (RPM) report released 9 April 2013, Schedule 1



Location



- Katanga (conglomerate, quartzite, argillite, arkose, shale, greywacke, dolomite, banded iron fm, mixitite, limestone & schist)
- Pre-Katanga (schist, gneiss & granulite) & Basement Complex (granite, gneiss, migmatite, & granite)
- Licence boundary

Figure 1: The Domes Region has an international scale copper endowment and is host to the new generation of copper mines in the Central African Copperbelt.

Table 1 is based on the assumption that the measured chargeability response at West Mwombezhi and Kavipopo is derived from copper-bearing disseminated sulphide mineralisation plus graphite, as found at Nyungu and nearby at the Chimiwungo deposit at Barrick Gold Corporation's Lumwana mine (Figure 2). Chargeability responses like those used to estimate the Exploration Target shown in Table 1 can also be caused by:

- non-copper bearing sulphide minerals;
- graphite;
- major lithological contrasts; or
- a combination of these causes.

Argonaut has not yet conducted a discovery phase drilling program at the West Mwombezhi or Kavipopo targets. Drilling programs are required to test the targets.

Proposed drilling to test Exploration Target

The Lumwana West Technical Committee comprising representatives of Antofagasta and Argonaut met twice prior to the Agreement being executed. As a result, initial drill targets and budget allocations were agreed in advance leaving the field crew well placed to start work immediately.

The agreed initial drilling program to test the Exploration Targets is as follows:

West Mwombezhi discovery drilling:

- Stage 1: 960m of diamond core drilling for a total of 3 drill holes.
- Stage 2: 370m of diamond core drilling for a total of 1 drill hole.
- Drill testing coincident IP chargeability and soil geochemistry anomaly on 400m drill traverse spacing.
- Commencing May 2014.

Kavipopo discovery drilling:

- Stage 1: 800m of diamond core drilling for a total of 2 holes.
- Stage 2: 380m of diamond core drilling for a total of 1 drill hole.
- Drill testing coincident IP chargeability and soil geochemistry anomaly on 400m drill traverse spacing.
- Commencing June 2014.

Nyungu extensional and follow-up drilling:

- Stage 1: 840m of diamond core drilling for a total of 3 drill holes.
- Stage 2: 650m of diamond core drilling for a total of 2 drill holes.
- Drill testing three previously undrilled chargeability anomalies.
- Drill holes will be located at Nyungu West, Nyungu South and Nyungu North.
- Commencing June 2014.

Lumwana West – project setting

The Lumwana West project is located on the western lobe of the Mwombezhi Dome in the Central African Copperbelt. The Mwombezhi Dome is one of several domes in an area of the Copperbelt known as the Domes Region. (Figure 1).

The Domes Region is host to the new generation of Copperbelt mines (Figure 1 and Table 2) including Barrick Gold Corporation's Lumwana Mine on the eastern lobe of the Mwombezhi Dome and First Quantum Minerals Ltd's Kansanshi, the largest copper mine in Africa. The Sentinel Mine, currently under construction to the west, is also owned and operated by First Quantum.

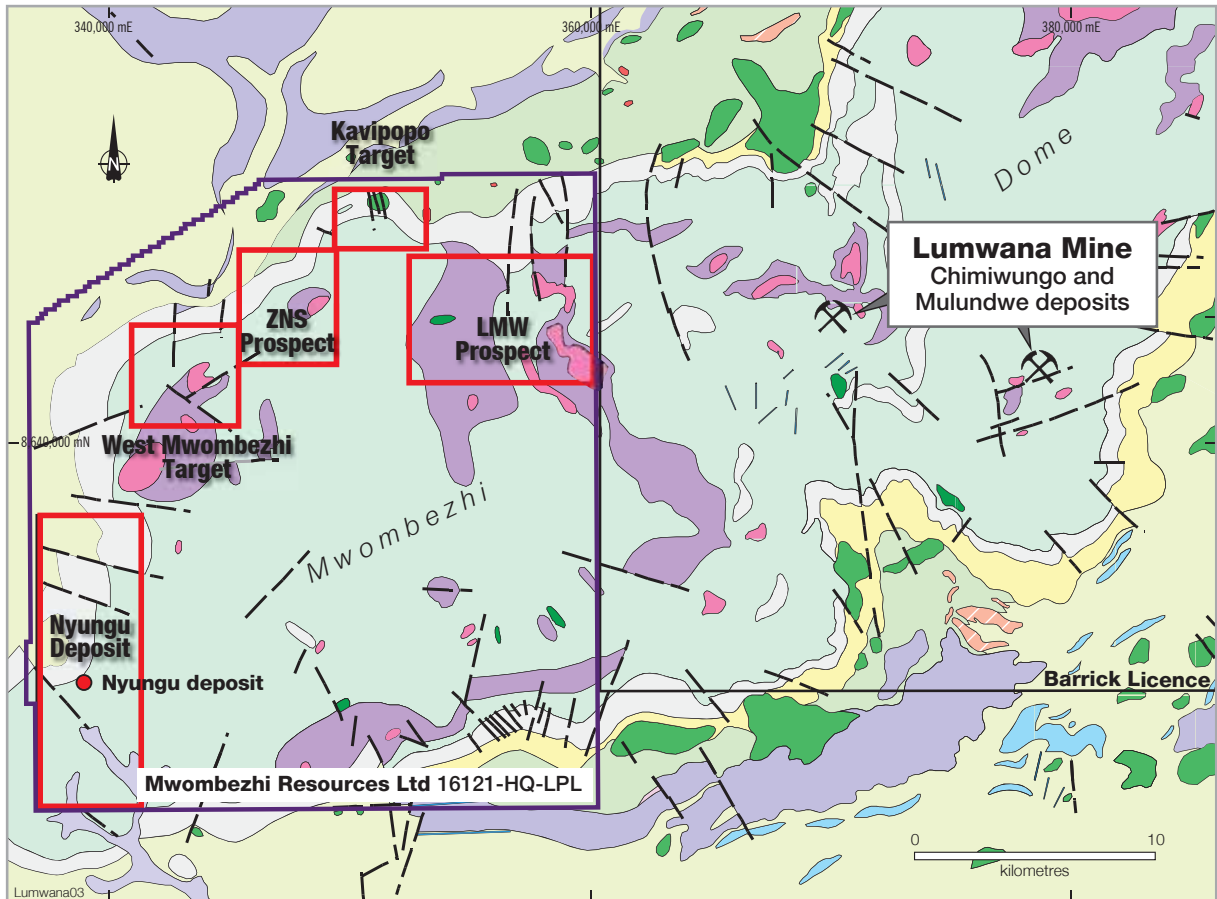


Figure 2: Lumwana West large scale prospecting licence, prospect locations and Lumwana mine location.

Table 2: Geologically comparable copper deposits and production in the Domes Region.

	Lumwana* Barrick	Kansanshi** First Quantum	Sentinel** First Quantum
Reserves	594Mt at 0.56% Cu	504Mt at 0.65% Cu	774Mt at 0.50%Cu
Resource***	537Mt at 0.50% Cu	1.1Bt at 0.81% Cu	1.2Bt at 0.50% Cu
Production	170,000tpa nameplate	Expansion to 400,000tpa	300,000tpa commencing 2015

* Lumwana Ore Reserve and Mineral Resource at 31 December 2013.

** Kansanshi and Sentinel Ore Reserve and Mineral Resource at 31 December 2012.

*** Measured, Indicated and Inferred Resource estimations combined by weighted average.

Lumwana West Joint Venture

The Lumwana West Joint Venture involves large scale prospecting licence 16121-HQ-LPL. Under the terms of the joint venture, Argonaut's 100% held subsidiary, Lumwana West Resources Ltd (LWR), can earn up to 90% of Mwombezhi Resources Ltd which holds 16121HQ-LPL.

The Joint Venture is in two phases.

- In earning an initial 51%, LWR paid a US\$300,000 signing fee and funded US\$1.8 million in exploration works prior to 31 December 2012. The Company paid US\$600,000 to the initial shareholders on the first allotment of shares.
- To earn a further 39%, for a total of 90%, LWR spent an additional US\$2.4 million on exploration and must make a final cash payment of US\$1.1 million to the initial shareholders prior to 31 December 2014.

Australia

Alford, South Australia

(Argonaut 100%)

The Alford Project on South Australia's Yorke Peninsular lies 20km north-east of Wallaroo, in the Olympic Domain near the south-eastern margin of the Gawler Craton. The tenement is prospective for iron oxide copper-gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside.

Gravity and Induced Polarisation (IP) geophysical surveys were completed by Argonaut's partner, Sandfire Resources NL, during the Quarter. Combined IP chargeability and gravity targets were defined by 3D modelling for follow-up aircore drilling.

Five gravity anomalies within the Tickera Granite complex were defined by 200 x 200m gravity stations. A number of these anomalies were further tested by IP surveys and limited aircore drilling.

A detailed infill gravity survey was completed along the main Alford East trend on a 50 x 400m spacing. IP traverses were completed to provide coverage over Alford East at 200m line spacing.

Eighty-five aircore holes for a total 5,364m were drilled in the period to define new geochemical anomalies and infill existing anomalies. Aircore drilling was conducted in areas with coincident gravity, magnetic and IP chargeability anomalies.

Preliminary results from drilling at Alford East in the period generated high priority diamond drilling targets. A program of approximately 1,000m of diamond drilling commenced at Alford East in early April 2014.

Alford Farm-in Joint Venture

On 9 November 2012, Argonaut announced it had signed a farm-in joint venture letter agreement with Sandfire Resources NL in relation to the Company's 100% owned EL3969, Alford, on the Yorke Peninsula in South Australia.

Under the terms of the letter agreement, Sandfire may earn a 49% interest in the Alford tenement by sole funding \$4,000,000 of exploration within three years (the First Earn-in).

If Sandfire meets the minimum commitment during the First Earn-in Period, it then has the right to form a Joint Venture with Argonaut's subsidiary, Kellaray Pty Ltd, to jointly explore the tenement or to proceed to earn an additional 26% interest in the project by spending a further \$4,000,000 on exploration within an additional three years (the Second Earn-in).

Torrens, South Australia

(Argonaut 30%)

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRQ) and relates to the Torrens Project, EL 4296.

The Torrens Joint Venture is exploring for iron oxide-copper-gold (IOCG) systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 50 kilometres of Oz Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

Litigation

The Company previously announced that the Full Court of the Supreme Court of South Australia had overturned the decision of 14 January 2011 by the Environment, Resource and Development Court of South Australia (the ERD Court) that Mining Operations (exploration) may not be conducted on EL4296.

A date for the ERD Court retrial has not been set. It is important to note that in overturning the original decision, the Full Court provided considerable guidance for the purpose of an ERD Court retrial including disallowing the original ERD Court Judge from re-hearing the matter.

The Torrens Joint Venture partners remain open to a negotiated settlement with regard to land access for the purposes of proposed drilling activities on Andamooka Island and Lake Torrens.

Musgrave Minerals

(Argonaut 2.1%)

Argonaut's wholly owned subsidiary, Kelayar Pty Ltd, vended four mineral Exploration Licence Applications in the Musgrave Block into Musgrave Minerals Ltd. Argonaut holds 2.1% of the ordinary shares in Musgrave Minerals.

Musgrave Minerals has a large footprint in the Musgrave Block – one of the least explored geological provinces in Australia – with tenements covering an area totalling 50,000km², approximately 5% of the State of South Australia.

Musgrave Minerals is also earning up to 75% of the Menninnie Dam silver-zinc-lead project in South Australia. The Project covers a contiguous area of 2,471km² in the Southern Gawler Craton. The project hosts an inferred mineral resource of 7.7Mt at 27g/t silver, 3.1% zinc and 2.6% lead.

Kroombit

(Argonaut 100%)

No field based work was undertaken on the Kroombit project during the Quarter.

Aroona

(Argonaut 100%)

EL4358 and EL5336, Aroona, are subject to a joint venture agreement with Perilya Limited.

No field based work was undertaken at Aroona during the Quarter.

Laos

Century

(Argonaut 70%)

An application to extend the Century concession agreement was lodged in November 2012. The Century concession and related company licences expired in February 2013. The extension is still actively being sought but the Argonaut board acknowledges the reduced chance that exploration will recommence. This has been reflected in the Company's accounts.

The Century tenement is subject to a Management and Shareholders Agreement with Aurum Inc. Under the terms of the agreement, Aurum has been appointed the manager of the Century Thrust Joint Venture Agreement and will have the right to earn a 51% beneficial interest in the Century concession.

In order to acquire this interest, Aurum must spend US\$6.5 million on exploration within five years. The five year period includes an initial one year assessment period. At the completion of this earn-in Argonaut's interest in the Century concession will be 19%.

Century is located approximately 70km northwest of the capital city Vientiane on the highly prospective Loei-Luang Prabang fold belt, a prominent, regionally mineralised belt, which stretches from Thailand in the south, to Laos in the north.

Xekong

On 15 May 2013, Argonaut announced it had elected not to pursue the extension of the Xekong concession due to the nature of available renewal terms. This project was previously held by the Lao registered company, Xekong River Mining Co Ltd (XRM) of which Argonaut held a 65% interest. Company licences for XRM expired in February 2013 and Argonaut has no reason to believe the licences will be extended. XRM's Lao shareholders have indemnified Argonaut against potential losses under Lao law.

Corporate

At the conclusion of the Quarter, Argonaut's cash position was \$1,326,000.

Placement and Rights Issue

On 6 March 2014, Argonaut announced the placement of 68,719,000 ordinary Argonaut shares to sophisticated and professional investors at 2.2c per share with one attaching option for every three new shares to raise approximately \$1.5 million. The options will expire on 31 March 2017 and will have a strike price of 6c. The options will be issued for no additional consideration. Subject to compliance with the ASX listing rules, it is the intention of the Company to request official quotation for the Options.

The new shares will rank equally with existing fully paid ordinary shares in the Company.

The funds raised via the placement will be used by the Company for:

- strategic development of the Lumwana West project;
- maintenance of the Company's Torrens joint venture interest; and
- working capital.

In addition, the Company will complete a rights issue with shares and options to be offered on the same basis as the placement. The new shares will be priced at 2.2c each and will come with one free option for every three new shares issued.

The Directors are pleased to be conducting the rights issue at the same pricing as the placement to allow existing shareholders to participate on equivalent terms.

Further details of the rights issue and its related prospectus will be released as they are finalised.

Antofagasta Placement

The placement to Antofagasta under the Overlying Agreement will involve the issue of the following securities to Antofagasta: 54,899,991 ordinary shares at 2.156 cents per share. The shares are intended to be issued to Antofagasta on 5 May 2014. 20,540,433 ordinary shares will be issued in accordance with ASX Listing Rule 7.1 and 34,359,558 ordinary shares will be issued in accordance with ASX Listing Rule 7.1A.

Asset Sales

On 12 February, Argonaut announced the sale of an office at 60 Park Street, Sydney, NSW for \$425,000. The sale was concluded in March.

Negotiations to sell other non-core assets are well progressed.

About Argonaut

Argonaut is an Australian Securities Exchange listed mineral exploration and development company focussed on large copper targets with projects in Zambia, South Australia and Queensland. Argonaut's projects are in the advanced exploration and feasibility stages.

The Company is exploring for copper at its flagship Lumwana West project in Zambia and copper (+/- gold and silver) at its Alford and Torrens projects in South Australia. The Company also owns a zinc-copper deposit at Mt Kroombit in Central Queensland and a 70% interest in a gold exploration project in Laos.

Argonaut has a significant investment in Cuesta Coal Ltd which listed on the Australian Securities Exchange in May 2012.

Lindsay Owler

Director

Argonaut Resources NL

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, as described on page 10 of the Company's 2013 Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits 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 Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Table 1 - Summary of mining tenements

South Australian Mineral Exploration Licences						
Tenement	Granted	Expiry	Area Km²	Locality	Licensee	Interest
EL 5183	21/05/2012	20/05/2014	36	Campfire Bore	Coombedown Resources Pty Ltd	10% ¹
EL 5212	05/11/2012	04/11/2015	481	Alford	Kelaray Pty Ltd	100%
EL 5336	04/06/2013	03/06/2015	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 4296	18/08/2009	17/08/2014	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 4358	04/11/2009	03/11/2014	127	Mt Parry	Kelaray Pty Ltd	100%
EL 4577	18/10/2010	17/10/2015	134	Sandstone	Coombedown Resources Pty Ltd	10% ¹
EL 5359	06/12/2013	05/12/2015	170	Yardea	Kelaray Pty Ltd	100%

Queensland Mineral Exploration Permit						
Tenement	Granted	Expiry	Area Km²	Locality	Licensee	Interest
EPM 15705	28/09/2006	27/09/2016	63	Kroombit Creek	Kelaray Pty Ltd	100%

Queensland Mining Lease						
Tenement	Granted	Expiry	Area Km²	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%

Laotian Exploration Licences						
Tenement	Granted	Expiry	Area Km²	Locality	Licensee	Interest
174/MIH.DGM ²	08/10/2004	21/02/2013	226	Sangthong	Argonaut Resources Laos Co Ltd	70%

Zambian Large Scale Prospecting Licences						
Tenement	Applied	Expiry	Area Km²	Locality	Licensee	Interest
16121-HQ-LPL	21/07/2011	20/07/2015	583	North Western Province	Mwombezhi Resources Ltd	51%

¹ Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.

² Renewal application

Table 2 - Summary of mining tenements acquired in March 2014 Quarter

No tenements were acquired in the March 2014 Quarter.

Table 3 - Summary of mining tenements surrendered in March 2014 Quarter

No tenements were surrendered in the March 2014 Quarter.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Argonaut Resources NL

ABN

97 008 084 848

For the period ending

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(148)	(1,293)
(b) development	-	-
(c) production	-	-
(d) administration	(197)	(599)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – abnormal costs, fraud related recovery	-	-
Net Operating Cash Flows	(331)	(1,850)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets (commercial property)	425	425
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	425	425
1.13 Total operating and investing cash flows (carried forward)	94	(1,425)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	94	(1,425)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,134	1,134
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Joint venture contributions received	-	351
1.20	Other (capital raising costs)	(81)	(81)
	Net financing cash flows	1,053	1,404
	Net increase (decrease) in cash held	1,147	(21)
1.21	Cash at beginning of quarter/ year to date	180	1,348
1.22	Exchange rate adjustments to item 1.20	(1)	(1)
1.23	Cash at end of the period	1,326	1,326

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
1.24	Aggregate amount of payments to the parties included in item 1.2	121
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Payment for Directors Fees (1.24)

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

NA

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

NA

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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
4.3	Production	-
4.4	Administration	250
Total		400

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	Previous quarter
		\$A'000	\$A'000
5.1	Cash on hand and at bank	1,326	180
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details) – short term deposits	-	-
Total: cash at end of period (item 1.22)		1,326	180

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of year	Interest at end of 3 months
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	326,415,807	326,415,807		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	51,539,337	51,539,337	\$0.022	\$0.022
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,000,000 (Exp. 31/12/2015, \$0.10) 10,000,000 (Exp. 11/12/2015, \$0.15) 17,179,779 (Exp. 31/03/2017, \$0.06)			
7.8 Issued during quarter	17,179,779 (Exp. 31/03/2017, \$0.06)			
7.9 Exercised during quarter				
7.10 Expired during quarter				

7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:Date: 30 April 2014
(Company secretary)

Print name: Andrew Bursill
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* 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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