

## ASX Announcement

31 October 2019

### SEPTEMBER 2019 QUARTERLY ACTIVITIES & CASH FLOW REPORT

#### 1. KEY POINTS

Hexagon Resources Limited (ASX: HXG) reported on its increased focus on the downstream segments of the graphite supply chain where, consistent with its Scoping Study findings, there are opportunities for higher, more stable margins in light of the currently over-supplied nature of the graphite primary concentrates market.

Through the quarter, the Company also undertook a detailed assessment of a new business opportunity involving a proven rare earth element (REE) separation process targeting the 'downstream pinch-point' of the REE supply chain; REE separation, which is currently undertaken mostly in China, causing a supply crisis.

#### *Rare Earth Elements (REE)*

- **Hexagon to enter US rare earths processing industry as part of expanded energy materials strategy**
  - Hexagon to acquire a 49% interest in an advanced, downstream REE separation technology, RapidSX™, subject to shareholder approval for the acquisition to be sought at the 2019 AGM in November
  - Hexagon will form incorporated joint venture, American Innovation Metals Inc. (AIM) with Innovation Metals Corp
  - RapidSX™ is ready for commercialisation following pilot-scale testwork funded by US Department of Defense.

#### *Graphite*

- **Hexagon continues with Downstream Scoping Study findings to outline a fast-track, go-to-market plan with a 2-year time frame to achieve sales of battery materials into US markets.**
  - This is a unique, comprehensive strategy consistent with the Company's increased downstream focus.
- **Upstream Graphite projects located in Western Australia and Alabama, USA:**
  - 100% ownership of the McIntosh tenements to return to Hexagon following receipt of Mineral Resources' Notice of Withdrawal, effective 31 October 2019
  - Reconnaissance exploration completed at Ceylon Graphite Project with trench sampling results up to 4.93 wt.%C and a bulk sampling program completed.

#### *Gold*

- **Hexagon consolidates tenements at its Halls Creek Gold project by acquiring a 75% interest in a new exploration licence:**
  - Hexagon completed an airborne magnetic survey of the consolidated tenements to define targets for drilling. Interpretations are expected in December.

## **CORPORATE**

- Highly credentialed energy-materials expert, Dr. Gareth Hatch, appointed Senior Strategic Technical Advisor.
- A\$3.1 million cash at the end of the September quarter.

## **2. COMMENTARY & OUTLOOK**

The Company must direct its expenditure towards activities that will increase shareholder value via near term cash generative opportunities. To this end the Company continued to build its focus on developing downstream business opportunities given recent trends and events in the global graphite concentrate market.

In line with its long-term broader expertise in 'energy-materials' it undertook detailed due diligence of a down-stream REE opportunity which culminated in a binding agreement, reported on 10 October 2019. With clear milestones towards commercialisation, the Company considers that its focus on these two related energy materials, REE and graphite, will generate significant share price appreciation as it hits the milestone targets it has set itself.

With a change in management in early 2017, the Company has consistently reported its plans to participate in downstream segments of the graphite supply chain – recognising its developing expertise in these processes and stronger, more stable margins for these products. This culminated in the positive outcomes reported in May 2019 for its scoping level study of a stand-alone downstream graphite transformation business, which favoured a US manufacturing site.

The Company has since late 2017 been developing an extensive network in the US comprising well credentialed technical and commercial people and organisations involved in the broader energy materials sectors. The Alabama graphite project was an initiative which has successfully reinforced Hexagon's presence in North America and the battery materials supply chain in particular.

Early this year, Hexagon's interest in downstream 'pinch-points' of the supply chain and presence in the US, underpinned by an ongoing interest in speciality, energy related materials, led to an opportunity to assess and ultimately close a deal on acquiring an interest in a proven, mid-stream REE separation process called RapidSX™.

Energy materials, a North American focus and participating in the critical segments of the relevant supply chains have been an evolving process which in the opinion of the Company has placed it in its strongest position ever with respect to short-time frames to cash flow. This is based on significant commercialisation opportunities in deep markets with strong growth outlooks.

The milestones Hexagon has set and will continue to develop and report on include:

### ***Rare earths (via AIM)***

- Secure agreements for REE concentrate feedstocks and licencing agreements (in progress)
- Meet US Govt requests for funding proposals – to gain potential funding support for US facility
- Commence construction of the commercial demonstration plant (**CDP**) - first commercialisation step of RapidSX™
- CDP – demonstrate self-funding aspects; through clients meeting operating costs and subject to testwork, start of licence fees receipts
- Utilise this unique downstream position to assess other REE opportunities e.g. Upstream projects.

## **Graphite**

- Continue downstream product development of advanced graphite materials. Test results of Hexagon’s electric-arc furnace (**EAF**) graphite electrode additive was completed with positive results reported 16 October 2019
- Fast-track commercialisation of battery materials production via procurement of commercially available flake concentrates with specific attributes to be transformed into battery-ready materials in formats understood and acceptable to mainstream battery manufacturers. This would satisfy the strong “Made in USA” sentiment and requirement of the burgeoning EV manufacturing industry in the US southern states.
- Technical collaboration agreement for ‘Performance+’ targeting steel makers
- Site selection and offtake agreements for the Go-to-Market battery materials plan
- Assess opportunities to fast-track graphite business in North America e.g. strategic acquisition.

## **Gold**

- Explore the Halls Creek Gold project utilising valuable detailed airborne magnetics survey completed in September. Whilst not a core focus, the company can add value and then seek a credible exploration partner to take the project forward.

## **Corporate**

- Increase US/European investor base supported with North American Newswire service and local IR support
- In response to discussions with US-based investors, plan a dual listing (cross-listing or interlisting) on the American OTC Markets OTCQB exchange – an efficient and cost-effective option to increase visibility and create liquidity for its shares in the US.

Hexagon’s Board and Management look forward to meeting with shareholders at the Company’s Annual General Meeting on 22 November 2019.

### **3. UPSTREAM ACTIVITIES**

In September, Hexagon provided an update on its corporate strategy and priorities in the wake of recent trends and events in the global graphite concentrate market, regarding its positive action in response to mine-sourced (upstream) graphite market concerns and how it is well positioned to advance downstream opportunities, where prices and margins remain strong. The Company plans to focus its expenditure on activities which will add value for shareholders as outlined below and in Section 4.

#### **3.1 Graphite – Upstream Market Assessment**

The pricing and demand for industrial minerals, such as graphite, is driven by individual supplier-customer agreements for specific product qualities, unlike commodities where pricing is exchange-based for production of broadly uniform specifications.

There is depressed pricing and significant oversupply in the graphite primary concentrate market at present, demonstrated by a global market that cannot currently absorb substantial amounts of additional supply causing the world’s largest graphite concentrate producer reportedly selling material for more than US\$100/tonne below its cost to produce.

With oversupply and idled capacity, graphite concentrate production is not expected to be in balance until approximately 2023-2024. The increased disconnect between the graphite upstream and downstream has widened to the point where today, downstream processors see no threats to securing low-cost, high-quality graphite concentrate in the near to medium term – even in the high-growth battery materials sector.

Hexagon's detailed evaluation of the graphite market and key supply chains indicate there is currently sufficient concentrate production and, more importantly, unused capacity to meet the strong demand forecasts for battery-related graphite applications. Existing graphite upstream producers with idled capacity are able to rapidly ramp up production with low capital costs with material that is already "qualified" or "known" by end-users, as the market opportunities arise.

Thus, to be a new producer without an assured downstream home for production creates a serious challenge to new entrants in many ways including meeting the much more extended working capital requirements to achieve steady-state production and run operations for long periods required to qualify their concentrates and lock-in off-take agreements. This will ultimately lead to a rebalancing of supply and demand and those entities which have an integrated downstream business "in house" will be in a much stronger position to bring their upstream capacity online in a profitable way.

Supply chain pinch-points are present in the downstream with insufficient transformation capacity outside of China, coupled with extreme capacity concentration and product quality issues in China.

Hexagon's response to this evolving situation over the past 18 months has been to increasingly focus on downstream graphite markets where the demand and price outlook remains strong. (refer section 4.1 below)

### **3.2 McIntosh Flake Graphite Project**

On 1 October 2019, Hexagon advised that it had received notice from Mineral Resources Limited (ASX: MIN) of its intention to withdraw from the McIntosh Joint Venture effective 31 October 2019. Hexagon will regain 100% interest in the McIntosh project tenements and all data and samples generated from MIN's work.

In mid-2017, Hexagon completed a pilot program treating 2.4 tonnes of McIntosh drill core to produce a bulk graphite concentrate targeting the lithium-ion battery anode market. As part of the feasibility study MIN and subsequently, Hexagon undertook further testwork on drill core samples from the Emperor deposit. The objective of Hexagon's work program was to develop a flow sheet capable of preserving larger graphite flakes whilst achieving reasonable concentrate grades and graphite recovery. Flowsheet development was focussed on different P80 primary and secondary regrinds utilising gentle polishing mills and stirred mills followed by multiple stages of flotation. Reagent optimisation including the use of lime and sodium silicates to suppress sulphide and mica/muscovite gangue minerals was also investigated.

Results were received in late September and are being assessed by Hexagon, however with the Company's increased downstream focus this is not considered to be a priority. Some initial observations are that results appear to reflect the pilot work completed in 2017, albeit the recovery, whilst not optimised is lower (2017 – 93%). This appears related to the very high (12-14%) sulphide content in these samples which are generally from deeper, less oxidised portions of the Emperor deposit compared to previous samples.

More specifically, samples from 3 drill holes totalling 276 kg at a combined head grade of 4.47% wt.% C were submitted to a specialist testwork facility in China. Hexagon's former Chief Development Officer reported that the outcome of the flowsheet testwork has confirmed and identified an appropriate mineral concentration flowsheet for McIntosh Emperor ore. The treatment process could utilise a coarser primary ore grinding, and rougher flotation concentrate regrind via polishing mill at P80 106µm to be followed by 10 stages of cleaner flotation stages with gentle stirred mills in between cleaners. The final product concentrate (10th cleaner) achieved a target commercial grade of 94-95% wt. % C content at a recovery of 82.98 %. This was from non-optimised, open-circuit work and it was recommended that Locked-Cycle and optimisation work should be undertaken.

Hexagon has ongoing responsibilities and commitments centred on the McIntosh tenements to a variety of stakeholders. It is reviewing these obligations and ongoing work programs to preserve and generate maximum value from these holdings.

### **3.3 Ceylon Graphite Project (ALABAMA, USA)**

In March 2019, Hexagon acquired an 80% interest in a private USA registered company, Charge Minerals LLC (CML). CML holds several Mineral Claim agreements in Alabama including the early stage Ceylon graphite mine project, centred on a historical open pit excavation last worked in 1946.

In July, Hexagon announced initial reconnaissance exploration results from the Ceylon project following a comprehensive mapping and trench sampling program completed in May 2019. This work aimed to generate a detailed geological and structural map as the basis for detailed sampling to identify sites for bulk sampling of approximately 100 tonnes of graphite mineralisation.

Work included:

- Collection of 49 rocks from the Ceylon Mine and 34 from the adjacent Rushing Project, with 69 collected for graphite, and 11 for potential gold mineralisation
- 29 trenches were dug to either blade refusal or a maximum of about 2 metres if no rock exposure, for a total of 2,769 metres
- 90 pits were dug to expand the coverage in areas with shallow dip or to cover more ground quickly
- Trenches and pits were geologically logged for weathering intensity, shear intensity, lithology, visual graphite estimate, presence of vanadium-bearing mica, mineralogy, flake size estimate, and structural measurements
- 765 samples were submitted from the trenches for laboratory analysis plus standards (5 per 100 for a total of 42) and duplicates (5 per 100 for a total of 38)

The laboratory results illustrated graphite content ranging from 0% up to 4.93 wt.% C, with a median of 1.86%. The ore which was historically mined in the Alabama Graphite Belt generally targeted zones with graphite grades of 3 to 5 wt.% C, which is consistent with the laboratory results returned for the Ceylon Project.

The graphite mineralisation was characterised into several ‘geo-metallurgical’ domains related to intensity of weathering, graphite grades and gangue mineralogy and host lithology. This is an important input into designing process flow sheets but also to track the deportment of the key elemental associations such as vanadium, boron, molybdenum and others from the deposit, through primary beneficiation into concentrates and ultimately to the finished graphite – to clearly demonstrate the clean nature of the materials.

A bulk sampling program was completed in August with approximately 100 tonnes of samples collected. A 500 kg sub-sample was submitted to a specialist testing facility in China to undertake bench-scale test work ahead of possible large-scale piloting work to generate graphite concentrates. The bench-scale work is expected to be completed in December 2019.

## **4. DOWNSTREAM – ACTIVITIES**

The Company is executing a very exciting business plan encompassing “Energy Materials” with a focus on expenditure on downstream, high-margin production of advanced graphite and commercialisation of the RapidSX™ approach to the separation of rare earth elements (REE).

#### 4.1 Advanced Graphite

The Company has built up a formidable technical knowledge based on testwork of its McIntosh project flake material which is applicable and highly valuable for a range of flake precursor material applications. This knowledge resides with the Company's technical team based in the USA.

Hexagon's findings underpinned the Downstream Scoping Study completed in May 2019 which generated very positive outcomes assuming a standalone downstream transformation business, purchasing, in the immediate term, commercially available graphite concentrates from a variety of third-party suppliers.

Based on certain key elements of this study, the Company is implementing a multi-path strategy to develop and sell battery ready materials into the US market, comprising;

- A fast track, go-to-market plan with a two-year time frame to first sales;
- Parallel development strategy evaluating new, more efficient, greener graphite transformation technologies with a five-year timeline to first sales; and
- Possible strategic acquisitions or partnerships to fund or accelerate these two development streams.

A summary of this plan was released by the Company 23 September 2019 as a commercialisation of battery materials production via procurement of commercially available flake concentrates with specific attributes to be transformed into battery-ready materials in formats understood and acceptable to mainstream battery manufacturers. This meets the strong "Made in USA" sentiment and requirement of the burgeoning EV manufacturing industry in the southern US states.

#### 4.2 Rare Earth Elements

Subsequent to the end of the September quarter, Hexagon announced it had executed a binding Investment Agreement to secure an option to acquire a 49% interest in an advanced, downstream REE separation technology from Innovation Metals Corp. (IMC). IMC's separation process is ready to commercialise, following pilot-scale testwork initially funded by the federal government of the United States via the US Department of Defense's Army Research Laboratory.

IMC's proprietary RapidSX™ separation approach will enable current and future rare earth producers outside of China to serve US, European, Japanese and Korean markets, mitigating the current extreme concentration of rare-earth supply and separation capability in China.

The rare-earth processing business meshes well with Hexagon's build-out of downstream processing of energy materials and is well covered by the US team that the company has already assembled.

Full details are reported in ASX announcement dated 10 October 2019.

Hexagon is currently in discussions with relevant counterparties on different paths to achieve a rapid and meaningful scale roll out of the technology and an attractive commercial business.

### 5. DISCOVERY

The Company has two "exploration stage" tenement areas located in the East Kimberley, comprising:

- The McIntosh project – prospective for graphite and base metal massive sulphide deposits; and

- The Halls Creek project – prospective for gold and base metal massive sulphide deposits.

The Company also has the Ceylon Graphite project Mineral Claims, held though its interest in CML, located in Alabama, USA. The McIntosh and Ceylon graphite projects have been discussed above.

## 5.1 Halls Creek Project

The Halls Creek project is an early-stage exploration project prospective for gold and base metals deposits.

In September, Hexagon announced it had entered a binding Purchase Agreement to consolidate its Halls Creek Gold Project in northern Western Australia. The agreement enables Hexagon to acquire a 75% interest in a new Exploration Licence, under application, filling a critical prospective gap in the central part of its tenements for \$20,000.

Hexagon's 100%-owned subsidiary company, Halls Creek Resources Pty Ltd, is purchasing the tenement (under application) which is owned jointly by two private entities (Vendors). The key terms are:

1. Structure – Hexagon purchasing a 75% interest in ELA80/5126, for:
  - a. \$5,000 deposit on signing (Completed)
  - b. \$15,000 purchase payment on grant of the Exploration Licence and Ministerial consent for transfer; and
  - c. A 1.5% Net Smelter Return Royalty payable to the Vendors.
2. Call Option – Hexagon has a Call Option to acquire the outstanding 25% for either \$25,000 cash or Hexagon shares to a value equivalent of \$30,000, at Hexagon's election, within 2 years of the formation of the tenement being granted and the joint venture being formed.
3. Subject to the expiry of the Call Option, the Vendors will be free carried on their equity up to a Decision to Mine stage.
4. HXG to be responsible for meeting tenement expenditure commitments and Heritage obligations.

The Company remains open to partnering with a well credentialed exploration company, potentially via a joint venture, to further explore at Halls Creek, and this consolidation makes a partnership more attractive.

The east Kimberley Mineral Field contains the first ever gold discovery in Western Australia in 1885 at Old Halls Creek and significant gold has been produced from the area since that time.

Hexagon's Halls Creek Project is an early-stage gold and base metal exploration project in the east Kimberley region of Western Australia. Now covering 571km<sup>2</sup>, the project has had very little systematic exploration work to date. Several high-priority targets and new prospective zones have been identified across the project, including the Lady Helen Au-Ag prospect where very high grades were returned from early exploration work.

Upon executing the agreement, Hexagon approved expenditure to fly, process and interpret high-resolution airborne magnetic and radiometric data of the consolidated Halls Creek tenements to provide a high-quality data set critical for detailed target generation and refinement work ahead of drilling. The aerial survey work was completed in September and the interpretations are expected in December 2019. This will provide Hexagon with greater understanding of the regional controls on gold and base metal mineralisation ahead of ground mapping and geochemical sampling to define drilling targets – ready for testing within the next field season.

## 6. SUSTAINABILITY

### 6.1 Health and Safety

No injuries or major incidents were recorded for the quarter on any Hexagon managed programs.

## 7. CORPORATE

### 7.1 Financial Position

The Company finished the September 2019 quarter with \$3.07 million cash at bank.

*Cash outflows:* - a total of \$1.2 million, comprising - \$0.7 million spent on exploration and development and \$0.5 million on administration and staff costs – which includes the financing, legal and offtake-related expenditures in Australia and the USA.

*Cash inflows:* - there were no significant cash inflows during the quarter.

A Quarterly cash flow and forecast is summarised in the attached Appendix 5B.

### 7.2 Capital Structure

In October, Hexagon advised it had cancelled 3,000,000 performance rights and 300,000 unlisted options for nil consideration which was related to the cessation of Michael Chan's (Chief Development Officer) employment with the Company, effective 30 September 2019.

Following the cancellation of these performance rights and options, the Company now has on issue the following securities:

- 291,783,397 Fully Paid Ordinary Shares
- 1,600,000 Performance Rights
- 8,032,500 Options exercisable at 15 cents expiring 16 October 2020
- 8,032,500 Options exercisable at 17 cents expiring 16 October 2020
- 8,032,500 Options exercisable at 20 cents expiring 16 October 2020.

## 8. COMPETENT PERSONS' ATTRIBUTIONS

### *Exploration Results and Mineral Resource Estimates*

The information within this report that relates to exploration results, Exploration Target estimates, geological data and Mineral Resources at the McIntosh and Halls Creek Projects is based on information compiled by Mr Mike Rosenstreich who is an employee of the Company. Mr Rosenstreich is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and he consents to the inclusion of this information in the form and context in which it appears in this report.

### **For further information please contact:**

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**Attachment 1: Hexagon Tenement Holdings as at 30 September 2019**

Project	Type	Number	Ownership Status at end of Quarter	Tenement Status
McIntosh, WA*	E	E80/3864	49% of MJV	Granted
	E	E80/3928	49% of MJV	Granted
	E	E80/3906	49% of MJV	Granted
	E	E80/3907	49% of MJV	Granted
	E	E80/4688	49% of MJV	Granted
	E	E80/4734	49% of MJV	Granted
	E	E80/4739	49% of MJV	Granted
	E	E80/4732	49% of MJV	Granted
	E	E80/4825	49% of MJV	Granted
	E	E80/4842	49% of MJV	Granted
	E	E80/4841	49% of MJV	Granted
	P	P80/1821	49% of MJV	Granted
	E	E80/4733	49% of MJV	Granted
	E	E80/4879	49% of MJV	Granted
	E	E80/4931	49% of MJV	Granted
	E	E80/5151	49% of MJV	Granted
	E	E80/5157	49% of MJV	Granted
	L	L80/0092	49% of MJV	Application
	M	M80/638	49% of MJV	Application
	M	M80/639	49% of MJV	Application
Halls Creek, WA**	E	E80/4794	100% Hexagon	Granted
	E	E80/4793	100% Hexagon	Granted
	E	E80/4795	100% Hexagon	Granted
	E	E80/4858	100% Hexagon	Granted
	E	E80/5126	75% Hexagon	Application
	P	P80/1816	100% Hexagon	Granted
	P	P80/1817	100% Hexagon	Granted
	P	P80/1815	100% Hexagon	Granted
	P	P80/1818	100% Hexagon	Granted
	P	P80/1814	100% Hexagon	Granted
	P	P80/1799	100% Hexagon	Granted
	P	P80/1801	100% Hexagon	Granted
Alabama, USA***	MLAs	P80/1800	100% Hexagon**	Agreed

\* Interest in the McIntosh Joint Venture as at 30 September 2019. This will revert to 100% Hexagon effective 31 October 2019.

\*\* Refer Section 5.1 for details on E80/5126

\*\*\* Mineral Lease Agreements with respective mineral rights holders

+Rule 5.5

## 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

<b>HEXAGON RESOURCES LIMITED</b>	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
27 099 098 192	30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(623)	(623)
(b) development	(107)	(107)
(c) production	-	-
(d) staff costs	(97)	(97)
(e) administration and corporate costs	(400)	(400)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,217)</b>	<b>(1,217)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<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	-	-
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)	-	-
<b>2.5 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. 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 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,203	4,203
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,217)	(1,217)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	84	84
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,070</b>	<b>3,070</b>

<b>5.</b>	<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	971	1,838
5.2	Call deposits	2,099	2,365
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,070</b>	<b>4,203</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	131
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	

6.1: Includes payments to Managing Director.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

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

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

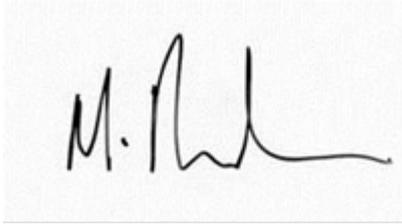
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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	229
9.2 Development	81
9.3 Production	-
9.4 Staff costs	79
9.5 Administration and corporate costs	371
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>760</b>

<b>10. 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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### Compliance statement

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



Sign here:

Date: 31 October 2019

Print name: Mike Rosenstreich

### 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.