

Quarterly Activities Report

December 2017



Level 1, 135 Fullarton Road
Rose Park, SA 5067
Australia
Telephone +61 (0) 8 8364 3188
Facsimile +61 (0) 8 8364 4288
info@pnxmetals.com.au
www.pnxmetals.com.au

ASX: PNX

Issued Capital as at 31/01/18:
1,007,493,315

Board & Management:

Non Exec Chairman: Graham Ascough
Non Exec Director: Paul J Dowd
Non Exec Director: Peter J Watson
Non Exec Director: David Hillier
MD/CEO: James Fox
CFO/Co Secretary: Tim Moran

Top Shareholders as at 31/01/18:

Marlei International Limited 7.48%
BNP Paribas Nominees Pty Ltd 7.09%
Sochrastem SA 6.27%
Potezna Gromadka Limited 5.85%

Share Registry:

Computershare
Investor Services Pty Ltd
Level 5 115 Grenfell Street
Adelaide South Australia 5000
Phone:
1300 305 232 (within Australia)
+61 3 9415 4657 (outside Australia)

Quarterly Highlights:

Hayes Creek Definitive Feasibility Study (DFS)

- Completion of a 75 hole, 4,063 metre RC and diamond drilling program for resource extension, mine planning, hydrology, metallurgical and waste characterisation purposes – *assays due early Feb 2018*
- New mineralisation intersected in several exploration holes drilled beneath the existing pit design and outside of the current resource boundary at Mt Bonnie.
- Appointment of GR Engineering Services Limited as Definitive Feasibility Study (DFS) Manager
- Subsequent to quarter end, execution of agreement to acquire, on favourable terms, the Fountain Head mineral leases, the preferred site of the proposed processing plant for the Hayes Creek Project.
- Metallurgical testwork at Mt Bonnie shows improved zinc recoveries and concentrate grades.

NT Regional Exploration

- Identification of new zinc drill targets at the Moline with coincident geochemical and geophysical anomalism

Corporate:

- \$1.9 million cash on hand at 31 December 2017
- \$0.4 million R&D claim for 2017 financial year lodged, expected to be received March 2018
- \$0.6 million convertible notes settled through the issue of 24 million shares, and shareholder approval received to settle \$1.2 million loan through the issue of 80 million shares, now pending FIRB approval.

Planned Activities March 2018 Quarter:

Hayes Creek DFS

- Receipt, interpretation and modelling of assay results from recent drill program
- Completion of acquisition of Fountain Head mineral leases
- Lodgement of environmental Notice of Intent and progression of Environmental Impact Statement (EIS) related studies
- Locked-cycle and variability metallurgical testwork on Iron Blow and Mt Bonnie ore
- Commencement of DFS engineering and design by GR Engineering

Regional Exploration – Moline, Burnside & Chessman projects

- Refinement of base metals and gold targets for drill testing with the aim of discovering new economic mineralisation to complement the Hayes Creek Project
- Modelling of Airborne EM and magnetic datasets from surveys completed in the vicinity of the Hayes Creek Project

Northern Territory Project Development

Hayes Creek Zinc and Precious Metals Project

The Hayes Creek Project ('Project' or 'Hayes Creek') is comprised of the Iron Blow and Mt Bonnie zinc-gold-silver deposits, located less than 3km apart on wholly owned Mineral Leases within the Pine Creek region of the Northern Territory ('NT'), 170km south of Darwin (Figure 1).

As announced 31 January 2018 (refer ASX release on the same date for full details), PNX executed an agreement with a subsidiary of Kirkland Lake Gold Ltd ('KL Gold', TSX:KL, ASX:KLA), Newmarket Gold NT Holdings Pty Ltd ('Newmarket') to acquire 4 mineral leases at Fountain Head, thereby securing the preferred site for the Project's proposed processing plant and tailings facility.

A Definitive Feasibility Study ('DFS') is currently underway on the Project, following the successful completion of a Pre-Feasibility Study ('PFS') in July 2017¹ which confirms Hayes Creek to be a promising future low-cost, high margin zinc and precious metal mine that could create significant value for the Company's shareholders. The DFS is expected to provide increased confidence in all aspects of the Project as well as investigate opportunities to improve overall Project economics thereby increasing the prospect of favourable development finance terms and structure. It is expected to be completed in 2018.

The PFS forecasts the Project to generate an NPV₁₀ of \$133 million, based on net smelter revenue from the sale of zinc and precious metals concentrates of \$628 million (based on consensus views as to future metals prices and exchange rates) over a 6.5 year mine life through annual production of 18,200t zinc, 14,700oz gold, and 1.4Moz silver (39,100t of zinc equivalent). With a low \$58 million initial capital expenditure requirement, the Project is forecast to have a 73% IRR, and very short pay-back period of 15 months.

The Project is located in a favourable mining jurisdiction where the development scenario considers and utilises existing infrastructure that includes rail, road, high voltage power lines and water, further enhancing Project fundamentals and lowering development risks.

It is envisaged that the Project can be ready for development in 2020 and will directly employ approximately 130 people.

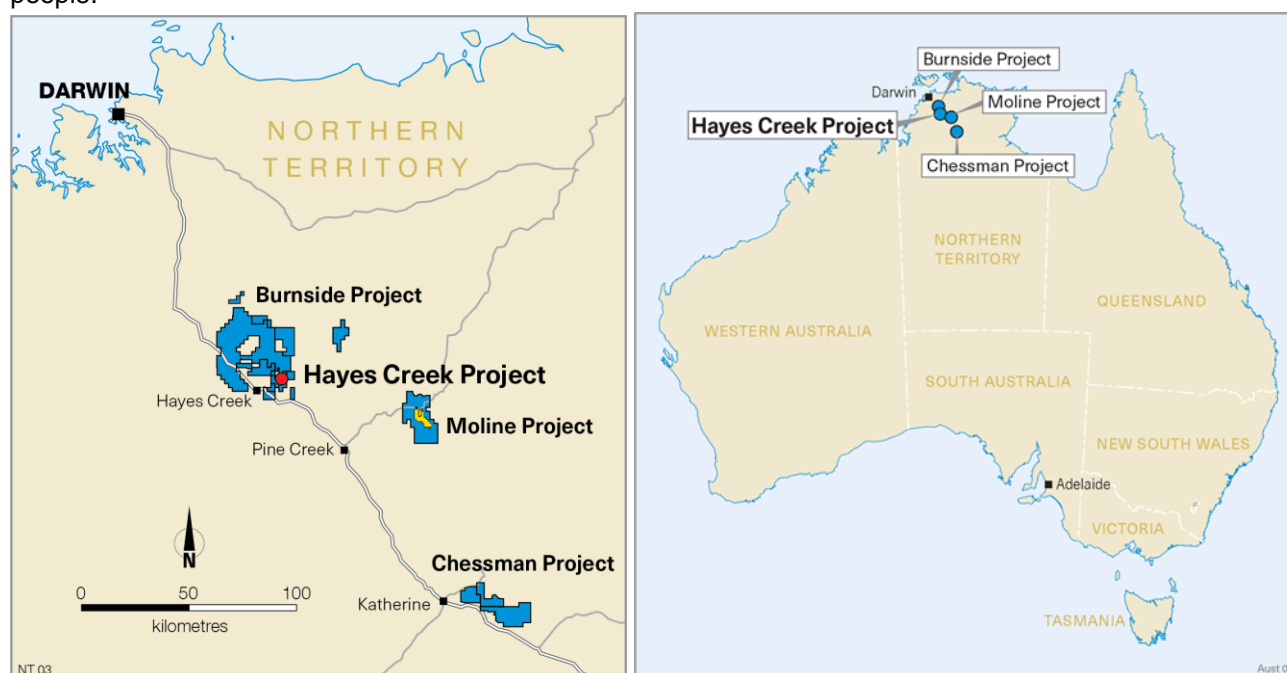


Figure 1: NT Project locations

¹ Refer ASX announcement 12 July 2017 for full details. The material assumptions underpinning the production targets, and the forecast financial information derived from the production targets, continue to apply and have not materially changed.

Definitive Feasibility Study – (DFS)

During the quarter, PNX completed a 75 hole, 4,063 metre drill program at the Mt Bonnie and Iron Blow deposits. The drill program was designed to provide geotechnical, resource, hydrological, and metallurgical information to inform the engineering and environmental studies for the DFS.

In total, 66 Reverse Circulation (RC) and aircore holes (3,326 metres) and 9 diamond holes (737 metres) were completed. Drilling at Mt Bonnie included 19 grade control holes to provide greater certainty for early production schedules and 14 exploration holes aimed at testing for mineralised extensions to the south and at depth (Figure 2). This program was very successful with new mineralisation intersected in at least 10 of the exploration holes drilled, with several containing zones of zinc (sphalerite) rich massive sulphide mineralisation located beneath the existing pit design and outside of the current resource boundary.

Assay results are pending and are later than anticipated due to a backlog over the Christmas period at the laboratory. They are now expected in early February 2018, with an updated resource estimate to follow shortly thereafter and will be incorporated in a new mine plan for the DFS. The significance of these results is that they may:

- extend the pit design further south and at depth providing an increase in the feed to the proposed process plant, and
- reduce the open-pit strip ratio by identifying mineralisation in what was previously assumed to be waste rock
- Lower the ore unit mine operating costs due to a reduction in strip ratios

The breakdown of the drill program is as follows:

- 11 hydrogeological monitoring wells and 2 test wells (Mt Bonnie), 6 hydrogeological holes (Iron Blow) for environmental groundwater monitoring and modelling of pit water inflows to provide key inputs to environmental studies and mine design;
- 6 RC holes for sterilisation purposes into the nominated waste dump sites to the west and south of the proposed open pit at Mt Bonnie with nothing of note intersected as predicted;
- the remainder of the RC program was to provide environmental data on the geochemistry of the existing waste dumps, tailings and proposed pit waste material; and
- 9 diamond drill holes to provide geotechnical information with the engineer on site assessing the core. Once this assessment is completed the core from these holes will be assayed and used for metallurgical testwork to further support the integrity of the DFS.

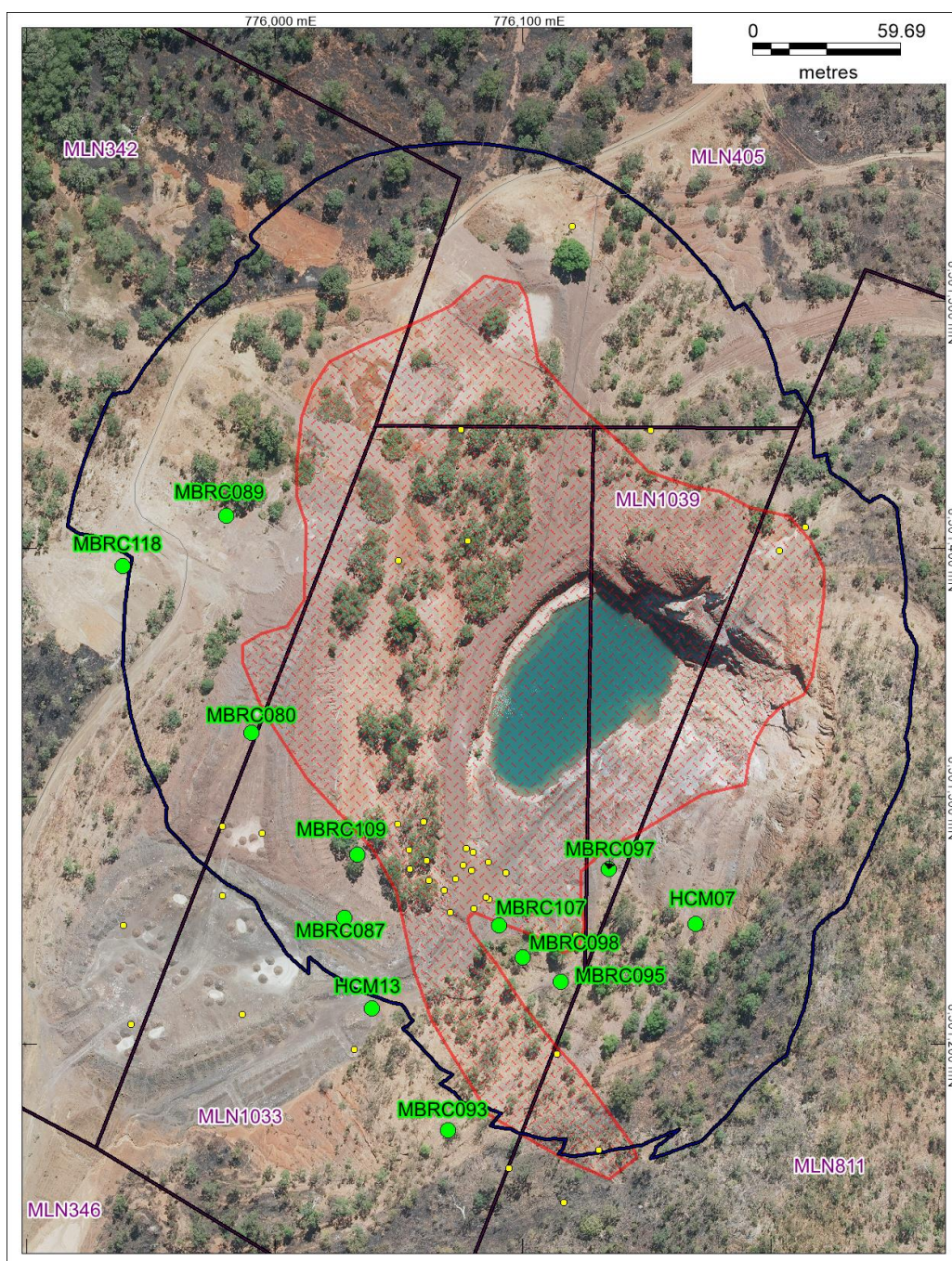


Figure 2: Mt Bonnie showing drill holes where new mineralisation was intersected (existing mineralised boundary in red)

Geochem and Hydro Studies

Work continued during on the collection of baseline environmental data to support the environmental approvals for the Project, to:

- Collect data on hydraulic properties of rock units.
- Conduct hydraulic tests to estimate the potential groundwater yields.
- Collect groundwater samples to assess baseline water quality.
- Establish a network of groundwater bores that can be used for future water level monitoring, water quality sampling and aquifer testing.

The results of the baseline groundwater investigation will be used in future studies to assist in the design of the project to ensure that any impact as a result of the project is minimised.

Further geochemical testing was also undertaken with the following studies being commenced:

- Selection of additional samples for geochemical classification to better define the distribution of geochemical rock types.
- Commencement of column leach tests which are expected to run for a year or more.
- Sampling of historic tailings and waste rock at Mt Bonnie.

The long term leach column tests will assess the leach characteristics of waste rock dumps and stockpiles, materials in the Mt Bonnie open pit and Iron Blow underground with the data being used to model water quality from various areas of the project both during operations and following closure.

Metallurgical

Ongoing metallurgical testwork for the DFS has recently completed one of the Locked Cycle flotation tests on Mt Bonnie composite material. This has been undertaken with subtle changes to the reagent regime and the incorporation of the Re-Cleaner fully into the locked cycle process with the following results:

- Confirmation of, and improvements to the zinc PFS recoveries and grade to the zinc concentrate
- An overall zinc recovery of 85.3 % was achieved vs 82.2% in the PFS (+3.1%)
- 65% of the total zinc was recovered to the zinc concentrate at an improved grade of 49.5% zinc (with the balance of the zinc recovered to the precious metals concentrate where it will be paid on similar terms)
- Silver grades and recoveries remain similar, however some gold and lead losses have been incurred compared to previous results as a result of the increased cleaning to improve the zinc in concentrate grades
- Substantial decrease in the concentration of penalty elements such as Si, Mg & As, with the financial impact of the penalty elements reducing by approximately 84%

Locked cycle testwork has been completed at Iron Blow with receipt of results and analysis ongoing. Variability testing will commence shortly. This information will be used to generate and populate a geometallurgical mining model to better understand how the various ore types will affect the mine plan and optimise future potential revenues.

Engineering

During the quarter, the Company appointed GR Engineering Services (GRES) as Study Manager for the DFS. GRES will be responsible for the process design and engineering aspects of the Project, including all of the facilities, equipment and capital works required for the construction, commissioning and ramp-up of the process plant and associated infrastructure at the Project. Key activities will include:

- Assessing the technical aspects of the Project, with a focus on optimising process design and achieving efficiencies in capital and operating costs within the scope of the Project;
- Evaluating strategic options and considerations available to the Project to define a robust business case which balances the risk profile and the development costs; and
- Developing a Project Execution Plan which will include identification of and planning for Early Works and pre-commitment activities.

The appointment of GRES is another important milestone in the development of the Hayes Creek Project and a key part of completing the DFS.

NT Regional Exploration: Burnside, Moline & Chessman Projects

Under a farm-in agreement with Newmarket, PNX holds a 51% interest (excluding uranium) in 4 mineral leases and 19 exploration licences over ~1,700km² in the Pine Creek region of the NT, proximate to the proposed mine infrastructure at Hayes Creek (Figure 1). PNX has three key exploration projects in this under-explored and highly prospective region: Moline, Burnside, and Chessman. Under the farm-in agreement PNX can increase its interest in the Moline, Burnside and Chessman Projects to 90% with expenditure of \$2 million by 15 December 2018. Approximately \$1.6 million had been spent toward that target as at 31 December 2017,

The aim of current exploration is to discover and delineate additional high-value base metals and/or gold deposits to provide a pipeline of growth opportunities to complement the proposed development at Hayes Creek or other existing free milling gold infrastructure in the region.

As noted previously, subsequent to quarter end, PNX executed an agreement with Newmarket, a subsidiary of KL Gold, to acquire the Fountain Head mineral leases. As part of the agreement, PNX will also acquire full ownership of the Moline Project. In return, PNX has agreed to transfer its 51% interest in several areas within the Burnside project to Newmarket – refer ASX release of 30 January 2018 for full details of the agreement.

The acquisition of the MLs represents a key milestone in the development of the Hayes Creek Project as it secures the proposed location for the Project's process plant. The area was identified through the PFS as being the preferred plant site for a number of reasons, including:

- close proximity to the mining areas at Iron Blow and Mt Bonnie (approximately 12km)
- excellent existing infrastructure including high-voltage power, rail, gas, water and roads; and
- it is an existing disturbed site with historic open pits proposed for use as tailings storage.

The transaction will result in no cash outlay for PNX and cements the significant Project capital and operating cost savings this site provides as identified during the PFS.

PNX is also pleased to report that KL Gold's option to clawback 30% of the Hayes Creek Project has now lapsed, affirming PNX's unencumbered 100% interest in the Project. This simplified ownership structure will allow for a more efficient process to finance and develop the Hayes Creek Project and potentially improve the financial returns for PNX shareholders.

Moline Project - New priority Zinc Targets

The Moline Project, now wholly owned by PNX, (MLN1059 and ML24173) is located approximately 65km to the east of Hayes Creek in the Pine Creek region of the Northern Territory (Figure 1), less than 1.5km off the Kakadu Highway. During the quarter a number of new, high priority zinc targets were identified at Moline (Waterhole, Mango and Swan – Figure 3) by their strong zinc/gold in soils geochemical signatures which were subsequently refined through ground Induced Polarisation (IP) geophysical surveys.

Due to a combination of equipment breakdown and wet season rains making some areas impassable, the planned RC drill program at Moline was not completed. The Company plans to recommence exploration drilling once weather permits.

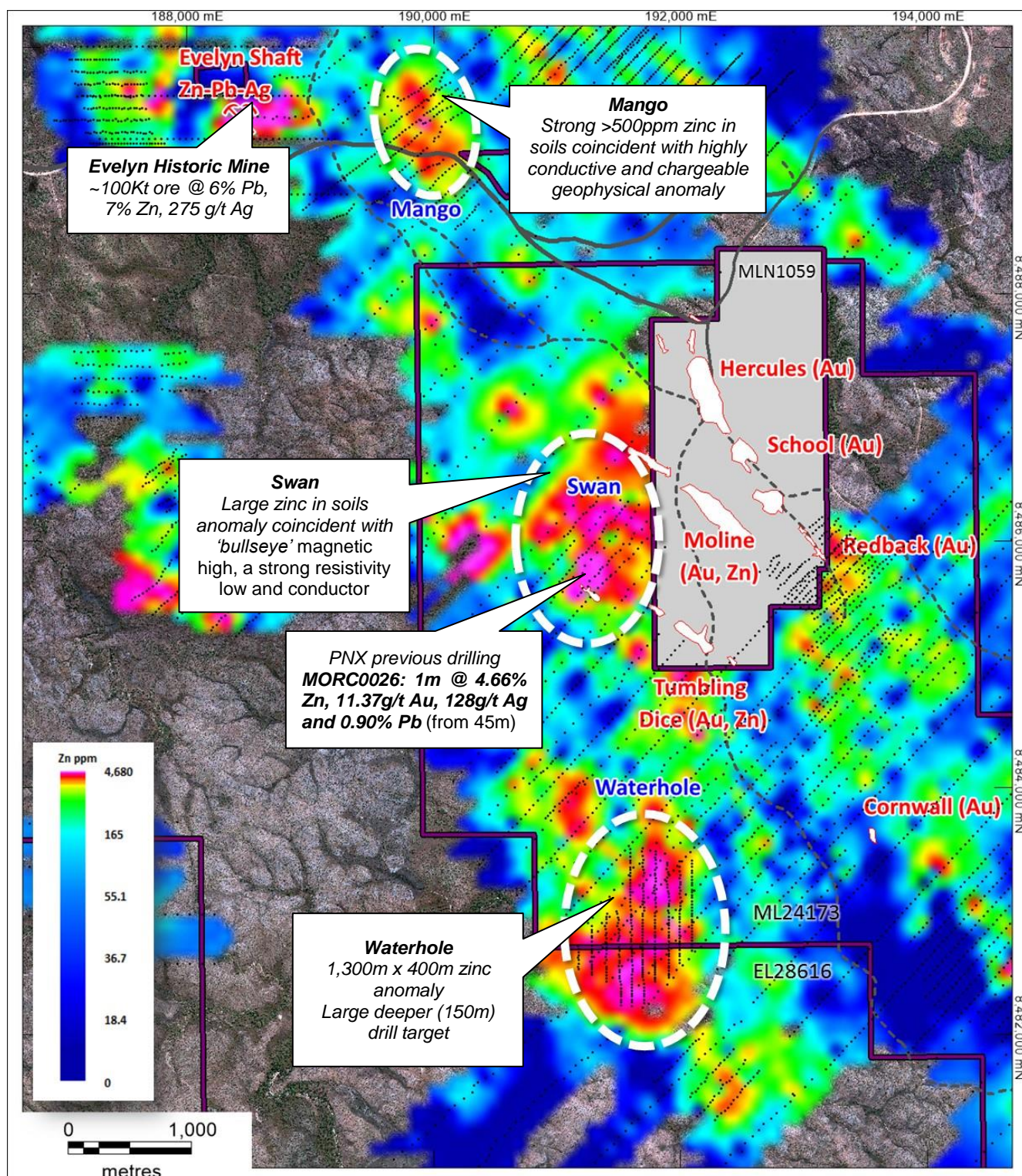


Figure 3: Zinc in soil image over aerial photo, showing prospect areas and historical open pit mines

South Australia Exploration

Yorke Peninsula & Adelaide Geosyncline Projects

No on-ground exploration activities were undertaken during the quarter by PNX on the Company's Yorke Peninsula or Adelaide Geosyncline exploration tenements. However, geophysical survey work was conducted (the results of which are yet to be received) by Ausmex Mining Group Limited (Ausmex) on the Company's tenements in the Burra region under an agreement with the Company.

Ausmex holds an option which expires in July 2018 to farm-in to the Company's 8 exploration licences in the Burra area. Should Ausmex exercise its option, it can earn up to a 90% interest in these tenements over 2 stages (60% and 90%) by spending a minimum of \$300,000 in each stage on diamond drilling or other agreed exploratory work.

All South Australian tenements remain in good standing.

Financial & Corporate

Cash on hand at 31 December 2017 was \$1.9 million. Subsequent to quarter end, the Company lodged its 2017 tax return and is expecting to receive a refund of \$0.4 million under the R&D Tax Incentive Program, this is expected to be received during March 2018.

At 31 December 2017 and as at the date of this report, the Company has on issue 1,007,493,315 fully paid ordinary shares, 65,450,000 unquoted options (5.0 cent exercise price expiring 31 May 2019), 20,000,000 unquoted options (1.47 cent exercise price expiring 30 October 2020) and 8,320,000 performance rights.

During the quarter, shareholders approved the issue of shares to Marilei International Limited and Sochrastem SA to settle \$0.6 million of convertible notes and a \$1.2 million loan. The notes were settled via the issue of 24 million shares in November. The issue of 80 million shares to Marilei to extinguish the loan is pending the approval of Australia's Foreign Investment Review Board; a response from FIRB is expected in early March 2018.

James Fox

Managing Director & CEO

Telephone +61 (0) 8 8364 3188

Email: info@pnxmetals.com.au

Website: www.pnxmetals.com.au

TENEMENTS

Northern Territory

Tenement	Name	Holder	Area Hectare
ML30512	Mt Bonnie	PNX Metals Ltd 100%	6.4
ML30589	Mt Bonnie	PNX Metals Ltd 100%	31.6
MLN1033	Mt Bonnie	PNX Metals Ltd 100%	4.8
MLN1039	Mt Bonnie	PNX Metals Ltd 100%	1.2
MLN214	Iron Blow	PNX Metals Ltd 100%	6.3
MLN341	Iron Blow	PNX Metals Ltd 100%	14.9
MLN342	Mt Bonnie	PNX Metals Ltd 100%	13.7
MLN343	Iron Blow	PNX Metals Ltd 100%	14.9
MLN346	Mt Bonnie	PNX Metals Ltd 100%	16.0
MLN349	Iron Blow	PNX Metals Ltd 100%	15.0
MLN405	Mt Bonnie	PNX Metals Ltd 100%	12.0
MLN459	Mt Bonnie	PNX Metals Ltd 100%	15.0
MLN811	Mt Bonnie	PNX Metals Ltd 100%	8.1
MLN816	Mt Bonnie	PNX Metals Ltd 100%	8.1
Total Hayes Creek			168.0
MLN794	Fishers-1	PNX Metals Ltd 100%	8.1
MLN795	Fishers-2	PNX Metals Ltd 100%	8.1
ML30936	Good Shepherd	PNX Metals Ltd 100%	106
Total Mineral Leases			290.2
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2km ²

Northern Territory - Farm-in Tenements*

Tenement	Name	Holder	(Area sq km)
Burnside Project			
EL10012	Mt Ringwood	PNX Metals Limited 51%, Newmarket 49%	14.9
EL10347	Golden Dyke	PNX Metals Limited 51%, Newmarket 49%	10.0
EL23431	Thunderball	PNX Metals Limited 51%, Newmarket 49%	13.4
EL23536	Brocks Creek	PNX Metals Limited 51%, Newmarket 49%	70.4
EL23540	Jenkins	PNX Metals Limited 51%, Newmarket 49%	16.7
EL23541	Cosmo North	PNX Metals Limited 51%, Newmarket 49%	3.3
EL24018	Hayes Creek	PNX Metals Limited 51%, Newmarket 49%	23.4
EL24051	Margaret River	PNX Metals Limited 51%, Newmarket 49%	86.9
EL24058	Yam Creek	PNX Metals Limited 51%, Newmarket 49%	3.3
EL24351	McCallum Creek	PNX Metals Limited 51%, Newmarket 49%	30.1
EL24405	Yam Creek	PNX Metals Limited 51%, Newmarket 49%	4.1
EL24409	Brocks Creek South	PNX Metals Limited 51%, Newmarket 49%	22.1

EL24715	Mt Masson	PNX Metals Limited 51%, Newmarket 49%	56.8
EL25295	Margaret Diggings	PNX Metals Limited 51%, Newmarket 49%	10.0
EL25748	Burnside	PNX Metals Limited 51%, Newmarket 49%	643.1
EL9608	Mt Bonnie	PNX Metals Limited 51%, Newmarket 49%	10.0
Chessman Project			
Tenement	Name		
EL25054	Maud	PNX Metals Limited 51%, Newmarket 49%	64.0
EL28902	Maud	PNX Metals Limited 51%, Newmarket 49%	288.2
ML30293	Chessman	PNX Metals Limited 51%, Newmarket 49%	1.1
Moline Project			
Tenement	Name		
EL28616	Moline	PNX Metals Limited 51%, Newmarket 49%	262.5
ML24173	Moline	PNX Metals Limited 51%, Newmarket 49%	31.3
MLN1059	Moline	PNX Metals Limited 51%, Newmarket 49%	4.2
MLN41	Mt Evelyn	PNX Metals Limited 51%, Newmarket 49%	0.1
			1669.9

**PNX has elected to proceed with the farm-in (under an agreement with Newmarket) toward earning a 90% interest in all tenements.*

South Australia

Exploration Licences	Name	Holder	(Area sq. km)
Adelaide Geosyncline			
EL5382	Burra Central	PNX Metals Ltd 100%	84
EL5874	Burra West	PNX Metals Ltd 100%	69
EL4970	Burra North	PNX Metals Ltd 100%	300
EL5411	Mongolata	PNX Metals Ltd 100%	60
EL4809	Princess Royal	PNX Metals Ltd 100%	314
EL5473	Bagot Well	PNX Metals Ltd 100%	71
EL5910	Spalding	PNX Metals Ltd 100%	157
EL5557	Washpool	PNX Metals Ltd 100%	135
			1,190
Yorke Peninsula			
ELA281/12	Minlaton	Wellington Exploration Pty Ltd 100%	547
EL5491	Koolywurtie	PNX Metals Ltd 100%	255
EL5196	Coonarie	PNX Metals Ltd 100%	254
			1,056

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

PNX METALS LIMITED

ABN

67 127 446 271

Quarter ended ("current quarter")

31 DEC 2017

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,367)	(2,068)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(101)	(195)
	(e) administration and corporate costs	(234)	(438)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(1,696)	(2,689)

*net of staff costs included in exploration expenditure

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(3)	(3)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$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	-	-
2.6	Net cash from / (used in) investing activities	(3)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	530*	2,463
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	(18)	(140)
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 – silver stream fwd sale receipts	-	800
3.10	Net cash from / (used in) financing activities	512	3,123

*received in early October upon completion of an SPP

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,049	1,431
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,696)	(2,689)

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	512	3,123
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,862	1,862

5.	Reconciliation of cash and cash equivalents 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	362	2,549
5.2	Call deposits	1,500	500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,862	3,049

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**

64

-

Directors' fees of \$49k related to the September 2017 quarter and \$15k of legal costs paid to a firm associated with a director (Peter Watson).

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

*None other than those payments described in Item 6 above.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,200	1,200
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.		

Unsecured loan from a Company shareholder Marilei International Limited, maturing 6 November 2019 with annual interest of 7.5% (interest payable in cash or ordinary shares of the Company, at the option of the Company). Agreement was reached with Marilei to convert the loan into 80 million fully-paid ordinary shares (1.5 cents per share), and approved by PNX shareholders at the 25 October 2017 Annual General Meeting.

Approval of the Foreign Investment Review Board is required before the shares can be issued; a response from FIRB is expected in February 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	690
9.2 Development	-
9.3 Production	-
9.4 Staff costs (net of outflows included in item 9.1 exploration)	75
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	915

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-		
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:



Company secretary

Date: 31 Jan 2018

Print name: Tim Moran

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.