



Quarterly Report

for the period ending 31 December 2015

HIGHLIGHTS

COLLULI POTASH PROJECT

- **Definitive Feasibility Study complete**
 - **DFS results materially improves** PFS results (significantly, development capital reduced by over 30%)
 - Confirms, Colluli is one of the most attractive potash projects, in particular Sulphate of Potash (**SOP**), in the world - **low capex, high margin, long life**
 - **Bottom quartile** of mine gate cost curve
 - **Lowest capital intensity** of all advance sulphate of potash projects globally
 - **Lowest capital costs** of all advanced sulphate of potash greenfield developments
- Generation of **product specification** data and material safety data sheets to compliment **Colluli product samples**
- Initiated final round of engagements with **local communities and project stakeholders**
- **Advanced** discussions with potential **SOP buyers**
- **Advanced** discussions with potential **Rock Salt buyers**

✓ **US\$860 million NPV10%**

✓ **US\$298 million Initial Development Capital**

✓ **29% IRR**

✓ **850,000t annualised SOP production**

✓ **200 years Reserve mine life**

✓ **3.5 years Phase I payback period**

PLANNED FOR MARCH QUARTER

- **Submission of Sustainability and Environmental Impact Studies (SEIA) for assessment**
- Commencement of **mining approvals** process
- **DFS stakeholder engagements**
- Initiation of **front end engineering works (FEED)**

CORPORATE

- **Cash position of \$2.8M at end December 2015**
- Appointment of **Chief Financial Officer**
- **Board & Management continue to increase shareholding**
- **Membership to the Fertiliser Association of India (FAI)** approved by FAI board

COLLULI POTASH PROJECT

PROJECT OVERVIEW

Danakali Ltd (ASX: DNK) (“Danakali” or “the Company”) is pleased to provide the following quarterly update on its Colluli Potash Project (“Colluli” or “the Project”), which is located in the Danakil region of Eritrea, East Africa. Colluli is approximately 350km by road south-east of the capital, Asmara and 230km by road from the port of Massawa, Eritrea’s key import/export facility.

The Colluli Potash Project is 100% owned by the Colluli Mining Share Company (CMSC) which is a 50:50 Joint Venture between Danakali Limited and the Eritrean National Mining Company (ENAMCO).

The Project’s resource comprises almost 1.3 billion tonnes of potassium-bearing salts suitable for the production of potash fertilisers and over 350 million tonnes of high quality rock salt which overlays the potash mineralisation. Over 1.1 billion tonnes of the potassium bearing salts is included in the Ore Reserve, with the high resource conversion a direct result of the shallow mineralisation of potassium bearing salts which occur in solid form. This uniquely shallow mineralisation is perfectly amenable to safe and productive open cut mining methods.

The proven large resource, with low development capital intensity, project scalability, estimated bottom quartile operating costs, product diversification potential and ease of access to global markets, supports a Tier 1 asset definition for Colluli. An estimated mine life of over 200 years, at a production rate increasing to 850ktpa demonstrates project growth potential over decades.

A two phase modular development approach underpins a highly favourable Definitive Feasibility Study (DFS) for the production of potassium sulphate (SOP) fertiliser. For the purposes of the DFS, an economic modelling period of 60 years was selected.

In addition to the resource capability of producing sulphate of potash (SOP), which is a high quality, chloride free potash fertiliser, Colluli has the capability of producing potassium magnesium sulphate (SOP-M) and potassium chloride (MOP), allowing Colluli to produce three of the four key potash types traded within the global market.

The project economics of the 2 phase development, demonstrated by the definitive feasibility study (DFS) result in a highly attractive estimated internal rate of return (IRR) of 29%. The first phase of the development requires initial development capital of only US\$298m and as a standalone project has an IRR of over 25%. The process for obtaining mining approvals is expected to commence during Quarter 1 of 2016.

PROJECT UPDATE

The Definitive Feasibility Study (DFS) for the production of potassium sulphate potash fertiliser (SOP) via a two phased approach was completed in November 2015 and demonstrates a highly robust, optimised



DFS. A capital reduction of over 30% was achieved relative to the PFS as a consequence of water optimisation studies, mining pre-stripping optimisation work and simplification of product logistics.

Product technical specification sheets and product specific material safety data sheets were released complimenting the high volumes of Colluli products samples available. These samples have been used as the basis of discussions with potential SOP product off-takers.

Alongside the DFS has been the extension of specific baseline reports to reflect the chosen DFS logistics solution through Massawa port. Social and Environmental Impact Assessment (SEIA) and Social and Environmental Management Plan (SEMP) reports are nearing completion and are expected to allow for the mining licence application to occur in Q1 2016.

Completion of a highly favourable definitive feasibility study

The DFS highlights the strength of the project offering a simplified, less capital intensive project, relative to the pre-feasibility study. Colluli now represents the lowest capital intensity standalone SOP project at DFS level in the world and is the result of mining the feed salts for SOP production in solid form. SOP is typically produced from low potassium brines which require large solar evaporation footprints and demonstrate long lead times between capital investment and revenue generation.

Table 1: Key DFS Project outcomes

Metric	Unit	DFS outcomes	
		Phase I	Phase I and II ¹
Annualised SOP production	kt	425	850
Strip ratio	Waste:Ore	1.91	1.93
Phase I development capital ²	US\$m	298	
Incremental Phase II development capital ²	US\$m		175
Average forecast SOP price (FOB Massawa) ^{3, 4}	US\$/t SOP	572	572
Average mine gate cash costs ³	US\$/t SOP	168	141
Average total cash costs ^{3,5}	US\$/t SOP	255	227
Cumulative undiscounted after tax cash flows ⁶	US\$m	4,539	9,637
Annual average free cash flows ³	US\$m	81	166
Post tax NPV (10% real) – 100% of Project ⁷	US\$m	439	860
Post tax IRR – 100% of Project ⁷	%	25.4	29.0
Phase I payback period – 100% of Project ⁷	Years	3.50	

Notes:

¹ Additional 425ktpa Phase II commencing production in year 6

² Including contingency, excluding working capital

³ Average for first 60 years of production

⁴ Composite price for Standard and Granular SOP

⁵ Includes mine gate costs, product logistics and royalties

⁶ Over first 60 years of production

⁷ 100% Project level basis (DNK holds a 50% interest)

The DFS demonstrates a highly economically attractive 2 phased approach to developing Colluli. Phase I involves installing 425ktpa of potassium sulphate (sulphate of potash or SOP) fertiliser product capacity and doubling capacity for Phase II in year 6 through the introduction of a duplicate plant module and the expansion of certain supporting infrastructure. As well as the proposed two phased construction approach



for Colluli, the DFS analyses demonstrates that a single plant module with no future duplication or expansion provides attractive economics as a standalone project, and reflects the key positive differentiators of the Colluli project. As expected with open cut mining, the incremental capital for the second module is very low in relative terms and further improves on the world leading capital intensity demonstrated by Phase I.

The simplifications and optimisations conducted for the DFS saw the initial development capital for the DFS reduce by 30% and the NPV and IRR increase by 2% and 7% respectively in comparison with the same two phased approach of the pre-feasibility study.

The shallow mineralisation, in combination with the geotechnical and geological attributes of the resource allows mining to be simple and low cost. Surface miners remain the preferred, simplest and most suitable equipment for this duty. The highly favourable combination of salts enables a simple, low cost, high yield production process that was designed at the pre-feasibility stage, cross checked by a panel of experts as part of a technical review and optimised and simplified during the DFS. Results of DFS pilot tests conducted using Colluli salts indicates that the process design will deliver premium quality product.

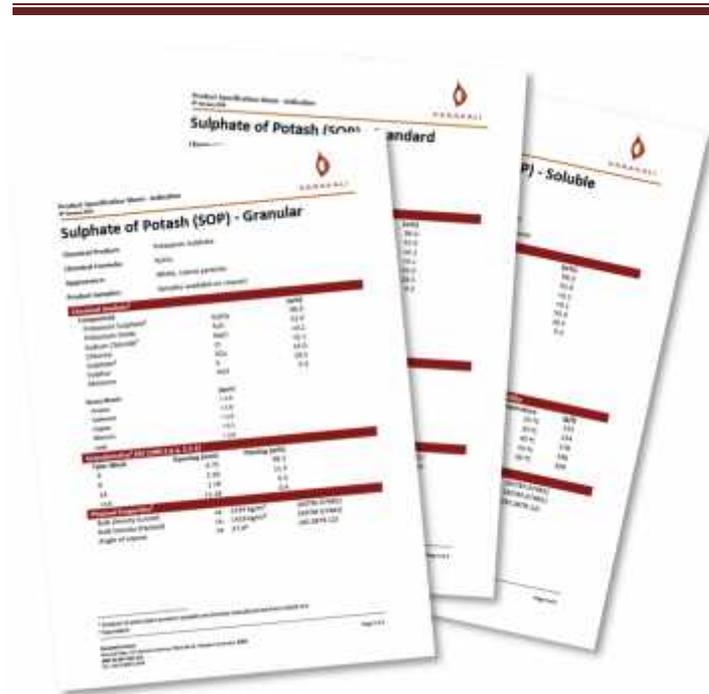
The close proximity of Colluli to established port infrastructure at Massawa on the Red Sea coast (Figure 1) contributed to the decision to simplify the product logistics solution and export from Massawa rather than including the development of a coastal export facility within the project scope.



Figure 1: Massawa Port

Release of product specifications

In early November, Danakali announced the official product specifications of the Colluli SOP product in three size fractions complimenting the 300kgs of SOP produced through the pilot plants and compacted and sized at Ludman Industries.



Granular, Standard and Soluble SOP product, which is available on request, was generated exclusively from potash salts extracted from the Colluli resource in Eritrea and demonstrates Colluli's favourable combination of salts to simply and cheaply produce high purity SOP.

Chemical assays including for heavy metals; particle size distributions of the granular, standard and soluble products; angles of repose; density and solubility tests have all been conducted to Australian Standards on Colluli SOP product, produced from pilot plant tests, and are presented in the Spec Sheets which are available on the Danakali Website: <http://www.danakali.com.au/products>.

Finalising the environmental baselines impact assessments and management plans

The change in the proposed product logistics solution required an adjustment to the areas considered for baseline assessments. As such local and international consultants have conducted studies on the social and environmental baseline criteria of the transport corridor. These baselines will be completed in early Q1 2016 along with their associated impact assessments and management plans.

The impact assessments and management plans for the project have been the focus of the quarter and are nearing completion. The SEIA process calls for over 20 management plans which are being aligned to international standards and Danakali's and CMSC's intended operating philosophies. Completion is expected in the second half of Q1 2016 and is a pre requisite, along with the submission of the DFS document, for the mining licence application.



RESERVE AND RESOURCE OVERVIEW

Within the JORC-2012 compliant, 1.289 billion tonnes, Mineral Resource Estimate, the JORC-2012 compliant Ore Reserve Estimate for Colluli's potassium sulphate potash fertiliser is approximately 1.1 billion tonnes comprising 287 million tonnes of Proved and 820 million tonnes of Probable Ore Reserve and is shown below in Table 2.

Table 2: JORC-2012 Colluli Potassium Sulphate Ore Reserve

Occurrence	Proved		Probable		Total			
	Mt	K ₂ O Equiv %	Mt	K ₂ O Equiv %	Mt	K ₂ O Equiv %	K ₂ SO ₄ Equiv %	K ₂ SO ₄ Equiv Mt ²
Sylvinite (KCl.NaCl)	78	15	174	12	252	13		
Carnallite (KCl.MgCl ₂ .H ₂ O)	79	7	283	8	362	8		
Kainitite (KCl.MgSO ₄ .H ₂ O)	130	12	363	11	493	11		
Total	287	11	820	10	1107	10	18.5	205

² Equivalent K₂SO₄ (SOP) calculated by multiplying %K₂O by 1.85.

In addition to the potassium sulphate resource exists substantial quantities of rock salt that will be mined at a rate of approximately 2 million tonnes per year. This presents the opportunity for commercialisation to offset a proportion of the mining costs as well as other potential benefits. A JORC-2012 compliant Rock Salt Mineral Resource Estimate of over 300 million tonnes has been completed for the area considered for mining in the DFS (Table3).

Table 3: JORC 2012 Colluli Rock Salt Mineral Resource

Classification	Tonnes (Mt)	NaCl	K	Mg	CaSO ₄	Insolubles
Measured	28	97.2	0.05	0.05	2.2	0.23
Indicated	180	96.6	0.07	0.06	2.3	0.24
Inferred	139	97.2	0.05	0.05	1.8	0.25
Total	347	96.9	0.06	0.05	2.1	0.24



CORPORATE

Cash

Consolidated cash on hand as at 31 December 2015 was \$2.8M.

Management Appointment

On 4 November 2015, the Company announced the appointment of Mr. Chris Els as a Chief Financial Officer.

Mr. Els is a finance executive with over twenty-two years' industry experience spanning mining, manufacturing, agribusiness, and business services in Australia, South Africa and Brazil. His areas of expertise include amongst others equity, project and debt funding, M&A, business and financial strategy development, investor relations, and corporate governance.

Prior to joining Danakali, Mr. Els held Chief Financial Officer positions in both Mirabela Nickel Ltd and Norilsk Nickel (Australia).

Mr. Els is a Chartered Accountant, an associate member of the Chartered Institute of Management Accountants, a member of the Certified Practising Accountants of Australia and the Chartered Global Management Accountants.

Equity

Share Capital

1,570,000 ordinary fully paid shares were issued during the quarter, inclusive of 1,408,000 shares issued on the vesting of performance rights.

Total issued capital at the end of the quarter was 175,772,167 ordinary fully paid shares.

Options

1,600,000 options were issued during the quarter to 31 December 2015.

During the quarter, 500,000 options at an exercise price of \$1.449 and 500,000 options at an exercise price of \$1.949 expired.



The balance of unlisted options as at 31 December 2015 was as follows:

Option Expiry Date	Number of Options	Exercise Price
31 January 2016	700,000	\$0.599
31 January 2016	1,000,000	\$0.649
31 January 2016	1,300,000	\$0.949
29 November 2016	6,000,000	\$0.340
17 November 2017	5,000,000	\$0.278
29 May 2018	750,000	\$0.527
31 May 2018	600,000	\$0.550
04 November 2018	1,000,000	\$0.408

Performance Rights

255,000 Class 1 Performance Rights were issued during the quarter to 31 December 2015.

308,000 Class 1 performance rights, 450,000 Class 3 performance rights and 650,000 Class 4 performance rights vested during the quarter and were converted to fully paid ordinary shares upon delivery of an economically favourable definitive feasibility study for the Colluli Potash Project, in line with the shareholder approved Performance Rights Plan.

The balance of Performance Rights as at 31 December 2015 was as follows:

Class	Number of Performance Rights
1	308,000
2	150,000
4	1,500,000

Performance Rights on issue at 31 December 2015 are subject to the following vesting conditions:

Class 1:

- 308,000 upon completion of securing finance for the development of the Colluli Potash Project.

Class 2:

- 75,000 upon granting of a Mining License for the Colluli Potash Project; and
- 75,000 upon completion of securing finance for the development of the Colluli Potash Project.

Class 4:

- 700,000 upon awarding of the Colluli mining licence; and
- 800,000 upon commencement of construction of the production facility for the Colluli Potash Project.



Funding

With the completion of the DFS, funding activities can further progress. Engagements have been held with a number of interested parties to date. The final funding requirements, equipment lists and logistics solution allow discussions to progress, with an objective of commencing construction by the end of 2016.

Offtake discussions are also progressing and form part of an integrated funding approach.

Interests in Mining Tenements

During the quarter, Danakali completed the annual exploration license extension for the Colluli Potash Project.

The exploration license for the Colluli Potash Project covers over 200km² and further details are provided below. There was no change in tenement holding during the quarter.

Tenement: Colluli, Eritrea
License Type: Exploration License
Nature of Interest: Owned
Current Equity: 50%

For more information, please contact:

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-ENDS-



About Danakali Limited

Danakali is an ASX listed company and 50% owner of the Colluli Potash Project (Colluli) in Eritrea, East Africa. The company is currently developing Colluli in partnership with the Eritrean National Mining Corporation (ENAMCO).

The project is located in the Danakil Depression region of Eritrea, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world's shallowest potash deposit. The resource is amenable to open pit mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining and is highly advantageous for modular growth.

The company has completed a Definitive Feasibility Study (DFS) for the production of potassium sulphate, otherwise known as SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride. Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) with which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world's fastest growing markets.

Our vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.



Mineral Resource Statements

The 2015 Colluli Potash Mineral Resource is reported according to the JORC Code and estimated at 1,289Mt @11% K₂O Equiv. The Mineral Resource is classed as 303Mt @ 11% K₂O Equiv Measured, 951Mt @ 11% K₂O Equiv Indicated and 35Mt @ 10% K₂O Equiv Inferred. The Competent Person for this estimate is Mr. Stephen Halabura, M. Sc., P. Geo., Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and a geologist with over 25 years' experience in the potash mining industry. Mr. Halabura is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, a Recognised Professional Organisation (RPO) under the JORC Code and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.

The 2015 Colluli Rock Salt Mineral Resource is reported according to the JORC Code and estimated at 347Mt @96.9% NaCl. The Mineral Resource is classed as 28Mt @ 97.2% NaCl Measured, 180Mt @ 96.6% NaCl Indicated and 139Mt @ 97.2% NaCl Inferred. The Competent Person for this estimate is Mr. John Tyrrell, a geologist with more than 25 years' experience in the field of Mineral Resource estimation. Mr Tyrrell is a member of the AusIMM, is a full time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.

Mr. Tyrrell & Mr. Halabura consent to the inclusion of information relating to the Mineral Resource Statements in the form and context in which they appear.

Ore Reserve Statement

The November 2015 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,113Mt @10% K₂O Equiv. The Ore Reserve is classed as 286Mt @ 11% K₂O Equiv Proved and 827Mt @ 10% K₂O Equiv Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years' experience in the mining industry. Mr. Chesher is a Fellow of the AusIMM, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd, and has sufficient open pit mining activity experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, AMC Consultants Pty Ltd acted as an independent party, has no interest in the outcome of the Colluli Project and has no business relationship with Danakali Ltd other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC Consultants Pty Ltd and the Competent Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.

Forward Looking Statements and Disclaimer

The information in this document is published to inform you about Danakali Limited (the "Company" or "DNK") and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company's intentions. All statements in this document, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company's filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve and financial assumptions made in this document are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 4 March 2015, 23 September 2015 and 30 November 2015 which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.

Appendix 5B

Mining 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

Name of entity

Danakali Limited

ABN

57 097 904 302

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	- - - (774)	- - - (2,757)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	171
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - research and development grant - sundry income	- -	177 -
Net Operating Cash Flows	(747)	(2,409)
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	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Funding of Joint Venture	(1,605)	(9,860)
Net investing cash flows	(2,352)	(12,269)
1.13 Total operating and investing cash flows (carried forward)	(2,352)	(12,269)

Note:

The year to date figures presented in this Appendix 5B have been amended in line with the figures reported for the Consolidated Statement of Cash Flows for the Half Year ended 30 June 2015. Please refer to the 30 June 2015 Half Yearly Report.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,352)	(12,269)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	8,144
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Equity raising costs paid	-	(232)
Net financing cash flows		-	7,912
Net increase (decrease) in cash held		(2,352)	(4,357)
1.20	Cash at beginning of quarter/year to date	5,108	7,113
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,756	2,756

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
1.23	Aggregate amount of payments to the parties included in item 1.2	138
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Item 1.2 includes aggregate amounts paid to directors including salary, directors' fees, and superannuation.	

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

Nil

- 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

Nil

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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,329
4.2	Development	-
4.3	Production	-
4.4	Administration	830
Total		2,159

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,756	5,108
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,756	5,108

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

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	175,772,167	175,772,167		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,570,000	1,570,000	Nil	
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>			<i>Exercise price</i>	<i>Expiry date</i>
	700,000		\$0.599	31/01/2016
	1,000,000		\$0.649	31/01/2016
	1,300,000		\$0.949	31/01/2016
	6,000,000		\$0.34	29/11/2016
	5,000,000		\$0.278	17/11/2017
	750,000		\$0.527	29/05/2018
	600,000		\$0.55	31/05/2018
	1,000,000		\$0.408	04/11/2018
	308,000		Performance Rights – Class 1	
	150,000		Performance Rights – Class 2	
	1,500,000		Performance Rights – Class 4	
7.8 Issued during quarter	600,000 1,000,000		\$0.55 \$0.408	31/05/2018 04/11/2018
	255,000		Performance Rights – Class 1	
7.9 Exercised/vested during quarter	308,000 300,000 650,000		Performance Rights – Class 1 Performance Rights – Class 3 Performance Rights – Class 4	
7.10 Expired/ Cancelled during quarter	500,000 500,000 16,000		\$1.449 \$1.949 Performance Rights – Class 1	30/11/2015 30/11/2015

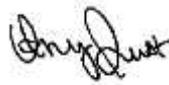
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: _____
(Company Secretary)

Date: 29 January 2016

Print name: **Amy Just**

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.