Quarterly Report

For the quarter ending 30 June 2014

HIGHLIGHTS

- *New Managing Director appointed*
- *Pilbara Iron Ore Project (PIOP) infill drilling program well advanced*
- *PIOP metallurgical test work commenced*
- *Approvals process for 25Mtpa PIOP commenced*

CORPORATE

Alliance Agreement

The Company continued to develop a close relationship during the quarter with its Alliance partners - the Balla Balla Joint Venture (consisting of ASX listed Rutila Resources Ltd and an Australian subsidiary of Todd Corporation Ltd of NZ). This included a number of Alliance coordination meetings held and strategies developed for the efficient development of the Pilbara Iron Ore Project "PIOP" in Western Australia through the Balla Balla Joint Venture's planned port and rail facilities.

Capital Raising

During the quarter, Flinders also successfully completed its planned A$14.3 million Capital Raising with the final placement of Entitlement Issue shortfall shares. The funds from the underwritten Entitlement Issue will be used to progress the Feasibility Study for the Company's wholly-owned PIOP and for working capital.

Managing Director

Early in April, Flinders announced the appointment of Mr Ian Gordon as Managing Director. Mr Gordon commenced in that role on 17 June 2014, with Mr Robert Kennedy's role then reverting to that of Non-executive Chairman.

PROJECTS

PILBARA IRON ORE PROJECT (PIOP) - WA

Activities to advance the Feasibility Study for the PIOP during the quarter included:

- Reverse Circulation (RC) drilling to upgrade the Inferred mineral resource to Indicated status;
- Diamond drill sampling to support the final round of metallurgical test work leading to process plant design;
- Commencement of site heritage clearances with the Eastern Guruma Native Title group;
- Commencement of site infrastructure location studies that align with Balla Balla JV rail alignment locations;
- Alignment of schedules for Balla Balla JV port and rail and Flinders' mine development projects;
- Appointment of consultants to progress Bankable Feasibility Study scopes of work;
- Resumption of product marketing to Chinese steel mill customers;
- Appointment of consultants to complete approvals required for the planned 25Mtpa production rate. (A proportion of this planned production rate is based on Inferred mineral resources).

Note: There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

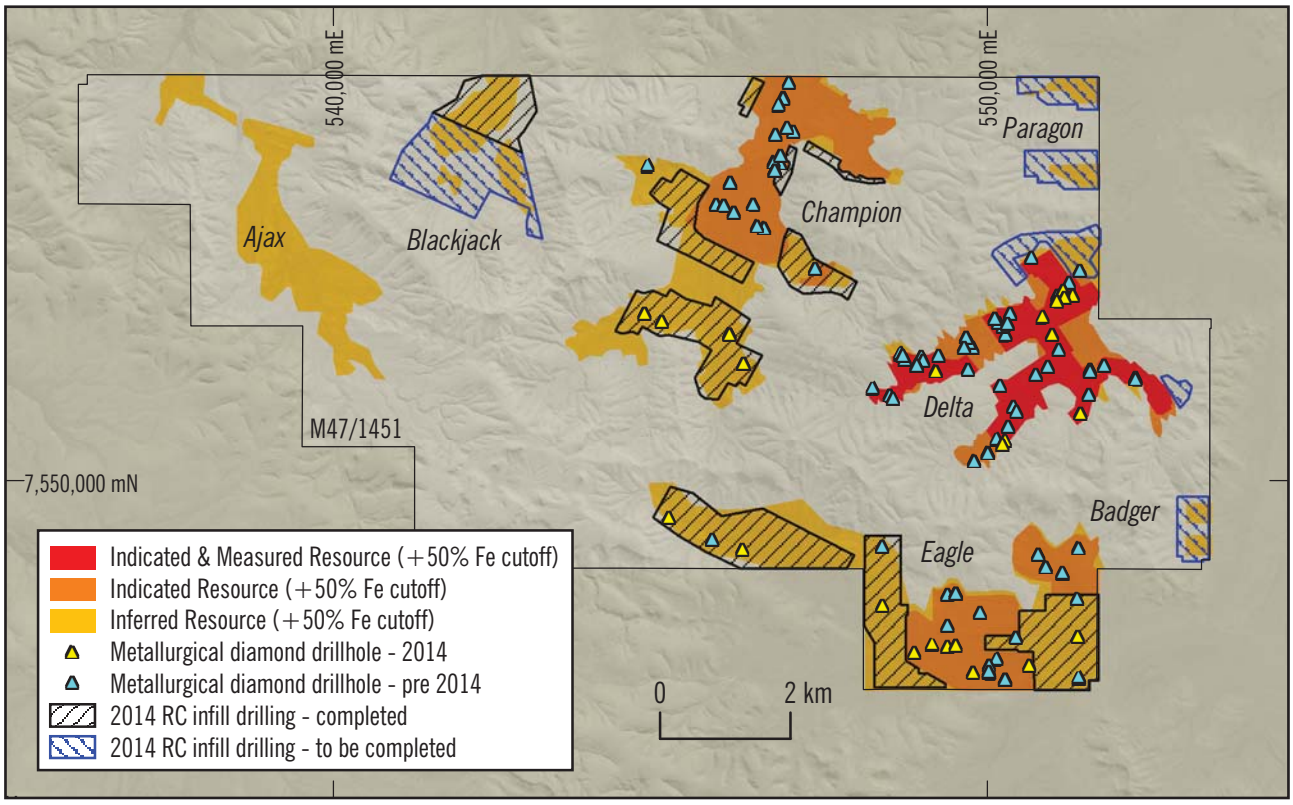


Figure 1 *M47/1451 Resource areas with location of current RC drilling activities and metallurgical diamond drillholes completed up to July 2014.*

A number of scopes of work that are critical to meeting project timeframes under the Alliance Agreement have been commenced. These scopes cover the metallurgical test work program, Indicated RC drilling program, site heritage clearances and the upgrade of approvals to support the 25Mtpa PIOP operation. These activities are progressing on schedule.

Metallurgical Test Work

The Phase V metallurgy test work program commenced in June 2014 with the receipt of 10 PQ diamond cores at the Nagrom laboratory in Kelmscott, WA. Samples for this program will comprise a total of 36 PQ diamond holes across all of the Blacksmith deposits of Delta, Eagle, Champion, Blackjack, Badger and Paragon within the PIOP project. The holes were selected to intersect all of the geomet units in the resource.

The metallurgy program has been planned to provide all of the necessary data needed for detailed design of a robust processing flowsheet for the production of 25Mtpa of -10mm sinter fines.

The duration of the test work program is scheduled to run from June through to November 2014. It will be managed in-house by Flinders and is on schedule and budget.

The Blacksmith deposits comprise a mix of banded iron, channel iron and detrital geomet units in both above and below water table settings. Therefore the current Phase V metallurgical design intent is for a wet processing plant utilising crushing, scrubbing and deslime for removal of an ultrafine clay fraction. A blending regime will be incorporated to ensure the final product grade variability will be managed to within acceptable limits.

Heritage

Flinders Mines has continued to work closely with the Eastern Guruma Native Title group and a number of heritage surveys have been completed.

These surveys have been critical to ensure the Indicated drilling program was able to proceed without delay and that future PIOP mining activities can commence without delay.

Environment and Approvals

Flinders Mines' approvals process for the PIOP has been well advanced in the lead-up to the signing of the Alliance Agreement and since that time, has focussed on amendments necessary to accommodate the upgraded production rate of 25Mtpa. While the environmental impact and in particular site disturbance of the site producing 25Mtpa is expected to be similar to that previously indicated, water use and pit dewatering estimates may need to be amended. Modelling of water use and site dewatering requirements for the 25Mtpa operation is currently underway and will support any amendments to existing approvals.

Amendments to existing approvals for on-tenure ore processing and tailings disposal as well as the development of an accommodation facility and air strip will also be pursued in order to meet the terms of the Alliance Agreement.

Exploration and Evaluation Activities

During the quarter, the Company continued its 2014 diamond core and Reverse Circulation (RC) drilling campaign. The purpose of this campaign is to provide the key resource and metallurgical inputs to support the bankable feasibly study for development of the PIOP.

The diamond drilling program represents the last phase of metallurgical test work for the PIOP with the broad aim being to provide all of the necessary data for detailed design of the ore processing plant.

The RC campaign is focusing on infill drilling of potentially mineable mineral resources that are presently Inferred classification with a view to upgrading these to Indicated or Measured Resources. While this drilling program is not targeting an upgrade to the total global mineral resource, it is an extremely important step in ensuring bankability of the mineable PIOP resource base.

RC Drilling

Two RC drill rigs have completed the infill Indicated drilling at the Eagle and Champion deposits. As part of this drilling campaign, a total of 553 drill holes for 25,886m have been completed to date, representing approximately 75% of the total Indicated drilling program. As the program comes to an end, one RC drill rig has been demobilised from site and the remaining rig is now drilling in Blackjack (*Figure 1*). Drill rates have been faster than expected and resulted in the drilling program being ahead of schedule and under budget.

All assays have now been received from drilling at the Eagle deposit. Representative drill sections together with intersections for individual holes are shown in Figures 3-5. As a consequence of the infill nature of the drilling (*Figure 2*), the results, as expected, are consistent with the current geological model and as such are not expected to materially change the existing resource model. Further details relating to the exploration drilling associated with the results shown here are supplied in the JORC (2012) Table 1 attached.

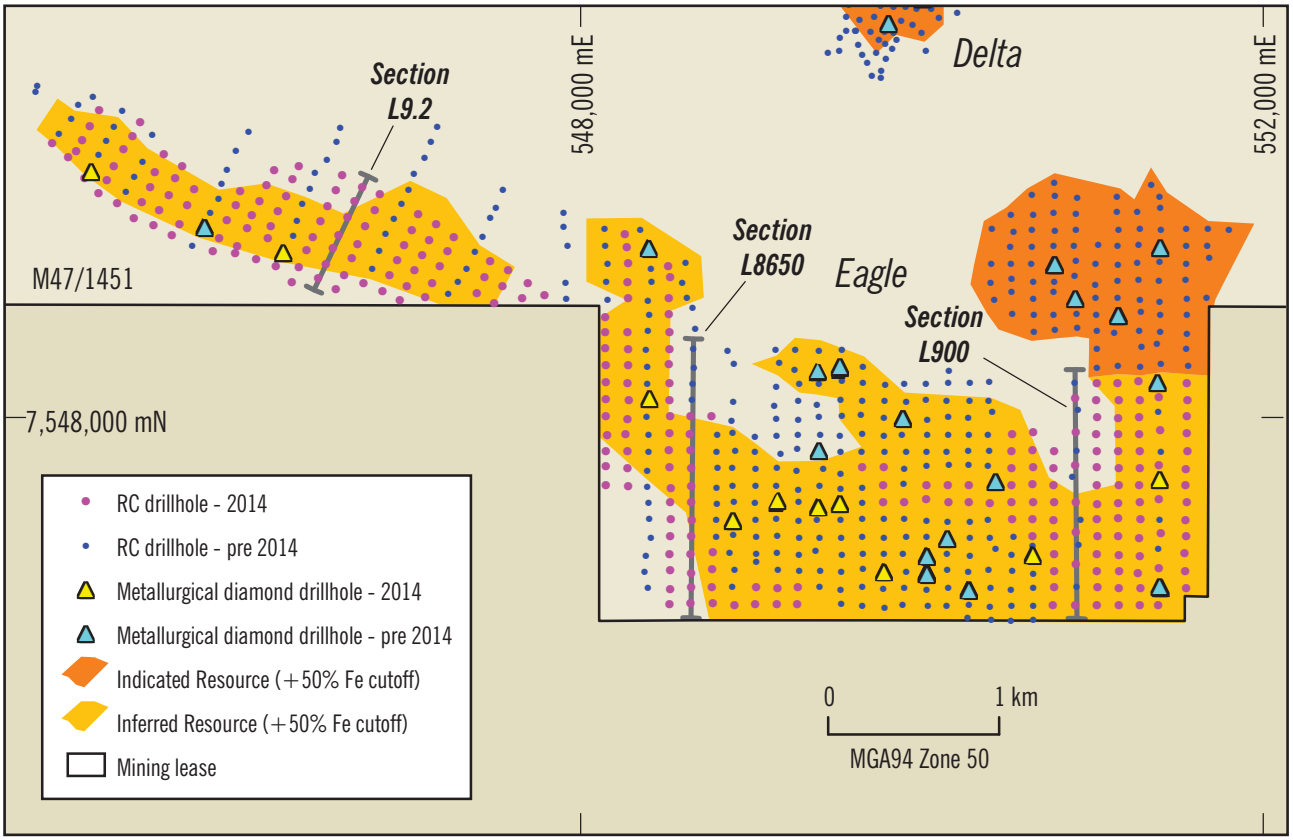
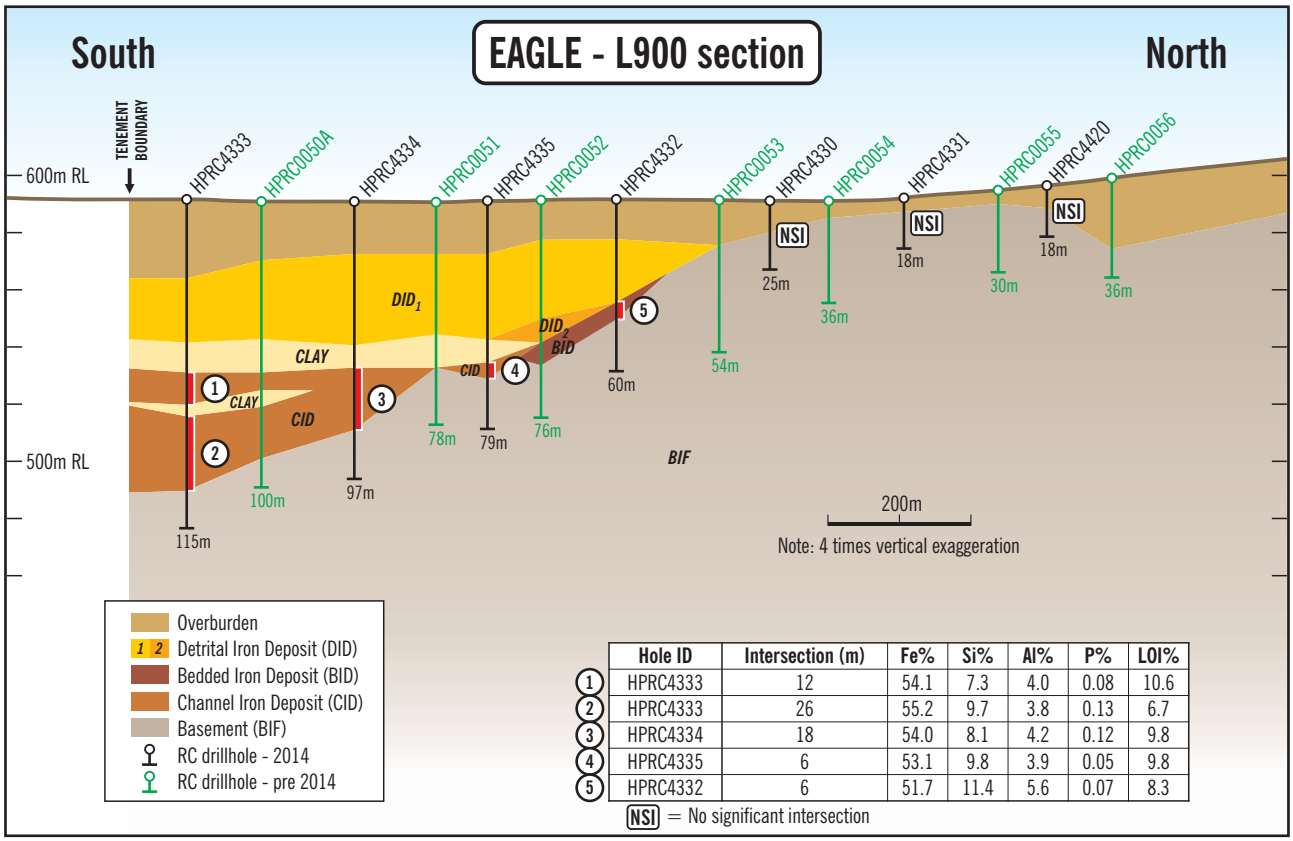


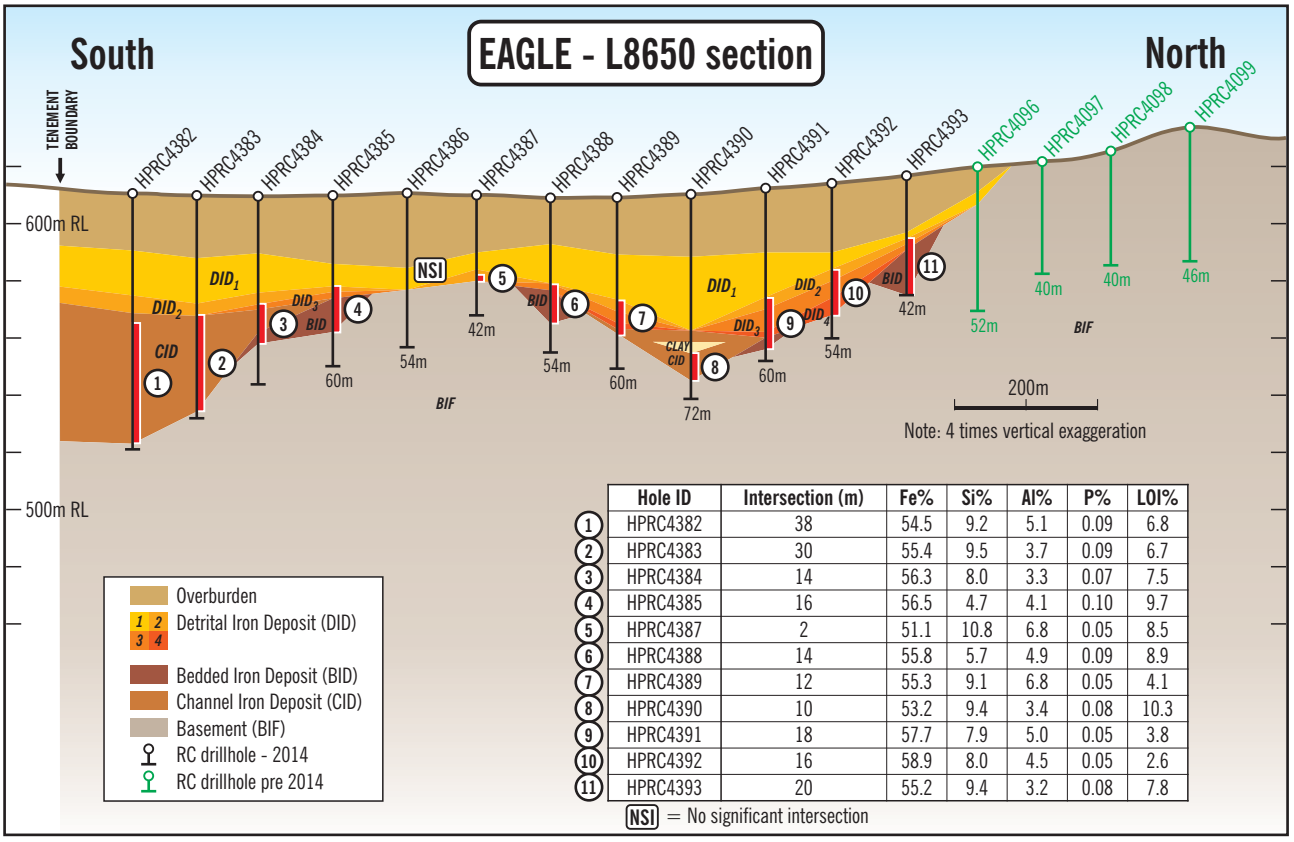
Figure 2 *Completed RC and metallurgical diamond drilling at Eagle deposit.*



	Hole ID	Intersection (m)	Fe%	Si%	Al%	P%	LOI%
1	HPRC4333	12	54.1	7.3	4.0	0.08	10.6
2	HPRC4333	26	55.2	9.7	3.8	0.13	6.7
3	HPRC4334	18	54.0	8.1	4.2	0.12	9.8
4	HPRC4335	6	53.1	9.8	3.9	0.05	9.8
5	HPRC4332	6	51.7	11.4	5.6	0.07	8.3

NSI = No significant intersection

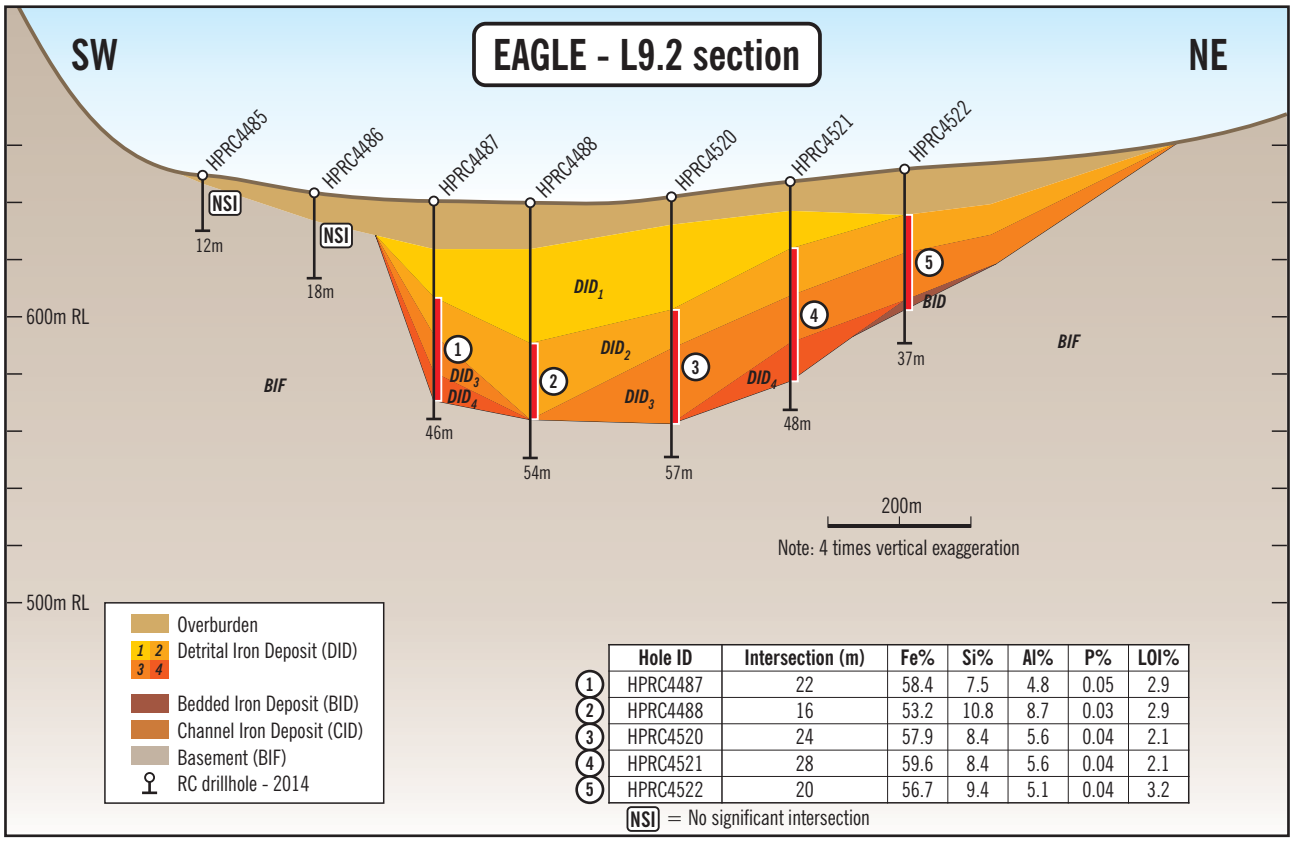
Figure 3 *Line 900 cross section through Eagle deposit.*



	Hole ID	Intersection (m)	Fe%	Si%	Al%	P%	LOI%
1	HPRC4382	38	54.5	9.2	5.1	0.09	6.8
2	HPRC4383	30	55.4	9.5	3.7	0.09	6.7
3	HPRC4384	14	56.3	8.0	3.3	0.07	7.5
4	HPRC4385	16	56.5	4.7	4.1	0.10	9.7
5	HPRC4387	2	51.1	10.8	6.8	0.05	8.5
6	HPRC4388	14	55.8	5.7	4.9	0.09	8.9
7	HPRC4389	12	55.3	9.1	6.8	0.05	4.1
8	HPRC4390	10	53.2	9.4	3.4	0.08	10.3
9	HPRC4391	18	57.7	7.9	5.0	0.05	3.8
10	HPRC4392	16	58.9	8.0	4.5	0.05	2.6
11	HPRC4393	20	55.2	9.4	3.2	0.08	7.8

NSI = No significant intersection

Figure 4 *Line 8650 cross section through Eagle deposit.*



	Hole ID	Intersection (m)	Fe%	Si%	Al%	P%	LOI%
1	HPRC4487	22	58.4	7.5	4.8	0.05	2.9
2	HPRC4488	16	53.2	10.8	8.7	0.03	2.9
3	HPRC4520	24	57.9	8.4	5.6	0.04	2.1
4	HPRC4521	28	59.6	8.4	5.6	0.04	2.1
5	HPRC4522	20	56.7	9.4	5.1	0.04	3.2

NSI = No significant intersection

Figure 5 *Line 9.2 cross section through Eagle deposit.*

A revision of the geological model for the PIOP's Eagle deposit is currently underway and an update to the Mineral Resource Estimate is expected to follow in the September quarter. It is anticipated that there will be a high level of conversion of the current Inferred portion of the deposit to Indicated status.

Outlook

In the September 2014 quarter, the Company will complete its infill drilling program at the PIOP as well as the testing of a number of targets for new mineralisation outside the current resource.

It will also progress the current metallurgical test program and approvals process for the proposed 25Mtpa project.

The feasibility study for the 25Mtpa project is expected to be completed by the end of June 2015.

CANEGRASS PROJECT – WA

During the quarter, interest has been sought in the project for possible divestment. No work was carried out on the project during the June 2014 quarter.

SOUTH AUSTRALIA

Flinders continued its on-going strategy to divest all diamond projects and continued to seek interest in its remaining South Australian projects. There were no exploration and evaluation activities carried out on South Australian tenements during the June 2014 quarter.

Ian Gordon

Managing Director

30 July 2014

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Qualifying Statements

Forward-looking statements
This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Exploration Targets
Exploration Targets are reported according to Clause 17 of the 2012 JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

Competent Persons
The information in this report that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Flinders Mines Limited

Tenement Schedule

For the quarter ending 30 June 2014

Tenement	Status	Name	Registered Holder /Applicant	Flinders Mines Interest
WESTERN AUSTRALIA				
Pilbara Iron Ore Project				
E47/1011	Granted	Bold Cliff	Flinders Mines Ltd	100%
E47/1016	Granted	Mulga Downs	Flinders Mines Ltd	100%
E47/1306	Granted	Hamersley West	Flinders Mines Ltd	100%
E47/1560	Granted	Anvil	Flinders Iron Pty Ltd	100%
M47/663-672	Pending	Mulga Downs FMG	Flinders Mines Ltd	100%
M47/1407	Granted	Hamersley West FMG	Flinders Mines Ltd	100%
M47/1451	Granted	Blacksmith ML	Flinders Mines Ltd	100%
P47/1291	Granted	Gap Area	Flinders Mines Ltd	100%
Canegrass Project				
E58/232	Granted	Boulder Well	Flinders Canegrass Pty Ltd	100%
E58/235	Granted	Canegrass Well	Flinders Canegrass Pty Ltd	100%
E58/236	Granted	Challa	Flinders Canegrass Pty Ltd	100%
E58/271	Granted	Gingier Pool	Flinders Canegrass Pty Ltd	100%
E58/282	Granted	Honey Pot	Flinders Canegrass Pty Ltd	100%
E58/307	Granted	Challa Homestead	Flinders Canegrass Pty Ltd	100%
E58/308	Granted	Challa South	Flinders Canegrass Pty Ltd	100%
E58/358	Granted	Pipeline	Flinders Canegrass Pty Ltd	100%
E58/359	Granted	Bundy Well	Flinders Canegrass Pty Ltd	100%
E58/448	Granted	Sandhill	Flinders Canegrass Pty Ltd	100%
E58/449	Pending	Claypan	Flinders Mines Ltd	100%
E59/1935	Granted	Warramboo	Flinders Canegrass Pty Ltd	100%
P58/1403	Granted	Challa A	Flinders Canegrass Pty Ltd	100%
P58/1404	Granted	Challa A	Flinders Canegrass Pty Ltd	100%
SOUTH AUSTRALIA				
Jamestown Project				
EL 4368	Granted	Caltowie	Flinders Mines Ltd	100%

No mining or exploration tenements were acquired or disposed of during the quarter.

JORC 2012 - Table 1

Pilbara Iron Ore Project, July 2014

Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	• Exploration results are based on 2m composite samples from Reverse Circulation (RC) drilling. • An average sample size of 4-5 kg was collected and sent for major and trace element analysis via XRF fusion techniques. All samples were submitted for analysis. • Field standards (Certified Reference Materials – CRM's) and duplicates were used to ensure sample representivity and quality of results. • All Diamond drill holes were triple tubed with half core used for QAQC purposes and whole core used for metallurgical test work.
Drilling techniques	• The majority of drilling was Reverse Circulation (RC) drill holes of approximately 140mm diameter utilising a face sampling hammer button bit. • PQ sized Diamond (DD) holes were drilled for metallurgical work and HQ sized holes for geotechnical and QAQC purposes. All geotechnical holes were angled and oriented.
Drill sample recovery	• Sample quality and recovery of both RC and Diamond drilling was continuously monitored during drilling to ensure that samples were representative and recoveries maximized. • RC sample recovery was recorded as good (G) or poor (P). 93% of all samples were logged as good. • Diamond core recoveries are routinely logged and recorded in the database as a measure of length of core recovered versus the depth drilled. • Results of previous RC-diamond twin holes indicate that there is so significant bias in the RC assays due to water or grain size.
Logging	• Detailed geological logging of all RC and DD holes captured various qualitative and quantitative parameters such as mineralogy, colour, texture and sample quality. • RC holes were logged at 2m intervals. • The logging data is relevant for both mineral resource estimation and future mining and processing studies. • All Diamond core has been photographed.
Sub-sampling techniques and sample preparation	• RC drilling samples are collected in pre-labelled bags via a cone splitter mounted directly below the cyclone. • Wet and dry sample are collected via the same technique. • Samples were stored on site prior to being transported to the laboratory. Wet samples were allowed to dry before being processed. • At the laboratory the samples are sorted, dried and weighed. They are crushed and split via a riffle splitter to obtain a sub-fraction. This fraction is pulverized and used for analysis. • Field duplicates were taken at a rate of 4 per 100 samples. • Field standards (CRM's) were inserted at a rate of 5 per 100 samples. • Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages. No significant issues have been identified. • No formal analysis of sample size versus grain size has been undertaken, however, the sampling techniques employed are industry best practice.

Criteria	Commentary
Quality of assay data and laboratory tests	• All RC samples were submitted to Ultra Trace laboratory in Perth, an accredited laboratory with the National Association of Testing Authorities (NATA). • All samples were analysed via X-Ray Fluorescence (XRF) fused disc for a standard suite of elements including : Fe, SiO_2, Al_2O_3, TiO_2, MnO, CaO, P, S, MgO, K_2O, Zn, Pb, Cu, BaO, V_2O_5, Cr, Ni, Co, Na_2O. • Multi-point Loss On Ignition (LOI) was determined at 425, 650 and 1000 degrees celcius via thermo gravimetric analysis. • Field duplicates were taken at a rate of 4 per 100 samples as an original split at the time of primary sample collection. • Field standards (CRM's) were inserted at a rate of 5 per 100 samples. • No significant issues or concerns were apparent with the analysis of the field duplicates or standards. • Approximately 5% of all samples have been sent to an umpire laboratory as an independent check. No significant issues were identified with an excellent correlation between laboratories.
Verification of sampling and assaying	• Significant intersections have been independently verified by company geologists. • A twin hole (RC v DD) analysis demonstrated a high degree of compatibility between the two sample types with no evidence of any significant grade bias due to drilling method. • Twin RC v RC holes have shown good correlation between the original and twin hole. • Logging data is collected directly via Ocris logging software with inbuilt validations check and loaded into a Geobank database. Assay data is loaded directly into the database. This database is currently managed by Flinders staff. A physical check of assays within the database versus hard copies is done at a rate of 5%. No errors have been identified. • Several unannounced audits of laboratories were conducted while Flinders samples were being processed. No issues or concerns were apparent.
Location of data points	• Drill hole collar locations have been surveyed using a Differential GPS with an accuracy of <5cm for Easting, Northing and elevation. • Collar surveys are validated against planned coordinates and the topographic surface. • Downhole surveys have not been carried out. • The primary grid used is Map Grid Australia 94, Zone 50 (GDA94). Vertical datum is the Australian Height Datum (AHD). • Topographic surface uses 2009 Lidar 50cm contours.
Data spacing and distribution	• The drill grid spacing varies between deposits. • For the majority of deposits a nominal spacing of approximately 100m x 125m is achieved. The Delta deposit is drilled at a spacing of approximately 50m x 50m over much of its area while Ajax is approximately 100m x 500m. • This level of drill spacing is sufficient for this style of mineralisation to establish the degree of geological and grade continuity required for Inferred through to Measured Mineral Resources.
Orientation of data in relation to geological structure	• The majority of drill holes are vertical and less than 120m deep. • Given the drill hole spacing and the predominantly flat lying ore body, any deviation of these vertical holes would have minimal to no impact on the geological interpretation. • No apparent material relationship is present between sampling bias and geological orientation.

Criteria	Commentary
Sample security	• Sample chain of custody is managed by Flinders. • Samples in calico bags are packed into polyweave bags and then placed into heavy duty bulk bags for transport to Tom Price. They are then transported via commercial freight directly to the laboratory. • Consignment notes for each submission are tracked and monitored.
Audits or reviews	• No formal audits or reviews have been undertaken. Optiro has reviewed QAQC and twin hole analysis reports prepared by Flinders and undertaken independent validation of the database. No significant issues were identified.

Section 2 - Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	• The Pilbara Iron Ore Project (PIOP) comprises two 100% owned tenements, M47/1451 and E47/1560, located approximately 70km NW of Tom Price. • The tenements lie within the Eastern Guruma Native Title Determination. Flinders has a current Native Title Agreement in place.
Exploration done by other parties	• Very little previous exploration has been undertaken by other parties. Robe River Mining undertook regional scale Fe exploration while a number of other parties have undertaken diamond exploration.
Geology	• Local bedrock geology is dominated by the Dales Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation. Incised into this bedrock are channel systems which contain buried Channel Iron Deposits (CID) and Detrital Iron Deposits (DID). Some areas of the bedrock are also mineralised forming Bedded Iron Mineralisation
Drill hole Information	• Due to the advanced nature of the project and the large numbers of drill holes, the current drilling is not considered material and therefore drill hole collar information has not been tabulated. • A diagram showing the location of drill hole collars is included in the accompanying release (*Figure 2*).
Data aggregation methods	• All intersections are determined using a minimum 50% Fe cut and a maximum of 2m internal dilution. • As all samples are the same length, assays are averaged over the total intersection.
Relationship between mineralisation widths and intercept lengths	• The majority of drill holes are vertical and the ore body is predominantly horizontal thus any intersection quoted represents an approximation of the true width of the mineralisation.
Diagrams	• Appropriate diagrams are included as part of the accompanying release. Including a plan of drill hole collar locations and defined resource areas as well as representative cross sections.
Balanced reporting	• Due to the advanced nature of the project and the large numbers of drill holes it is not practicable to report all exploration results. A representative selection of results is shown on cross sections included in the accompanying release.
Other substantive exploration data	• Nothing to report.
Further work	• Infill drilling across the deposits is ongoing as previously reported as is metallurgical testwork. Mineralisation remains open in a number of places and there are no plans to attempt to close this off at this stage.

Rule 5.3

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

Name of entity

Flinders Mines Limited

ABN	Quarter ended ("current quarter")
46 091 118 044	30 June 2014

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	(3,341)	(5,914)
	(b) development		
	(c) production		
	(d) administration	(1,448)	(4,967)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	63	188
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (R&D rebates)	917	917
	Net operating cash flows	**(3,809)**	**(9,776)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(14)	(41)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	41	90
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	**27**	**49**
1.13	Total operating and investing cash flows (carried forward)	**(3,782)**	**(9,727)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(3,782)**	**(9,727)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	7,128	13,601
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 (provide details if material)		
	Net financing cash flows	7,128	13,601
	Net increase (decrease) in cash held	**3,346**	**3,874**
1.20	Cash at beginning of quarter/year to date	**6,524**	**5,996**
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	**9,870**	**9,870**

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	90
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	4,774
4.2	Development	-
4.3	Production	-
4.4	Administration	947
	Total	**5,721**

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	520	74
5.2	Deposits at call	9,350	6,450
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	**9,870**	**6,524**

+ See chapter 19 for defined terms.

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 and petroleum tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms.

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	2,400,995,602	2,400,995,602		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	300,128,854	300,128,854	0.025	0.025
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	120,000		*Exercise price $0.085*	*Expiry date 30/06/2015*
7.8	Issued during quarter				

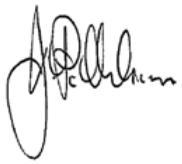
+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

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



Sign here: Date: 30 July 2014

(Company secretary)

Print name: Justin Nelson

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.

+ See chapter 19 for defined terms.