Merlin Diamonds Limited

ABN 86 009 153 119

29 January 2016

Manager Companies
Australian Securities Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

Merlin Diamonds Limited
ABN 86 009 153 119

Level 1A
42 Moray Street
Southbank, VIC, 3006

Telephone:
+61 3 8532 2858

www.merlindiamonds.com.au

Directors

Mr Joseph Gutnick
Executive Chairman and
Chief Executive Officer

Mr Henry Herzog
Non-Executive Director

Dr David S Tyrwhitt
Non-Executive Director

Senior Management

Mr Peter Lee
CFO & Company Secretary

Mr Craig Michael
Executive General Manager

HIGHLIGHTS

Merlin Mine - Mining Operations

- Final design of the barge and gantry mining arrangement with mechanical clamshell grab ("Mining Barge") is now complete.
- Tenders for procurement and fabrication of the Mining Barge are currently being assessed.

Merlin Mine - Exploration

- No exploration conducted this quarter.
- Exploration portfolio reviewed and non-core exploration projects relinquished.
- Previous work identified seven (7) drill ready targets and seventy-four (74) new exploration target areas which remain to be investigated.

For personal use only

For personal use only

Merlin Diamonds Limited

ABN 86 009 153 119

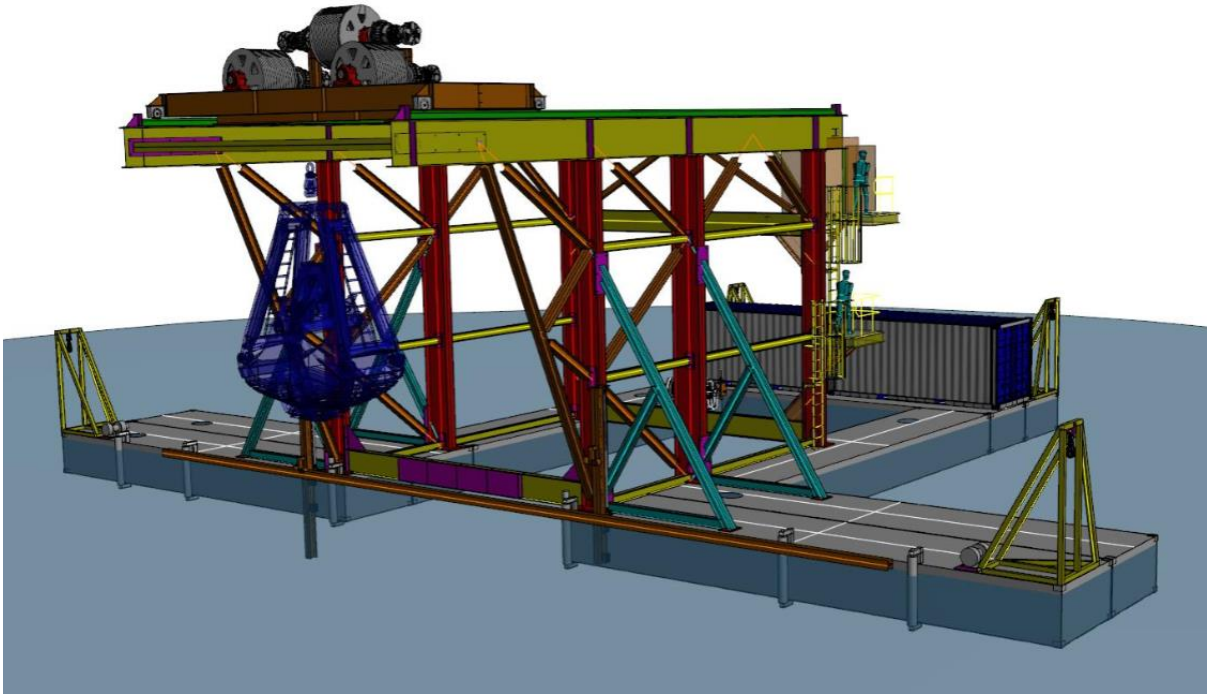
MERLIN DIAMOND MINE PROJECT

Background

The Merlin diamond mine project is located some 100km south of the settlement of Borroloola in the Northern Territory and comprises 13 kimberlite pipes. Since 1998, nine of the Merlin pipes have been subject to open-pit mining over a 5 year period. These previous mining operations produced 507,000 carats of high quality diamonds. This included Australia's largest diamond at 104.73cts. In 2004, North Australian Diamonds Ltd acquired the project from the Rio Tinto parties and current management took control in 2008.

Merlin Diamond Mine - Mechanical Clamshell Grab Mining

The final structural design of the crane gantry frame for the Mining Barge has been completed and tTenders for construction of the Mining Barge are currently being reviewed.



The Mining Barge Design

Mineral Resources and Ore Reserves

Merlin's Mineral Resource and Ore Reserve estimates were last updated 30 September 2014. For a full description of these estimates, including material changes since the last estimates and Table 1 of the 2012 JORC Code please see Merlins announcement of 30 September 2014 on Merlins website titled "*Mechanical Clamshell Grab Mining Feasibility Study, Probable Ore Reserve Estimate and Mineral Resource Estimate Update*". Please click here for the link.

The combined Mineral Resource and Ore Reserve estimates for all of the diamond pipes at the Merlin Mine is 27.8 million tonnes at 16 carats per hundred tonnes representing a total contained 4.35 million carats.

For personal use only

Probable Ore Reserve Estimate

The combined Probable Ore Reserve for all diamond pipes at the Merlin diamond mine is 4.04 million tonnes for an average grade of 15 carats per hundred tonnes (cpht) representing a total contained 0.61 million carats. The Probable Ore Reserve has been estimated on mechanical clamshell mining methods and is the result of a recently completed feasibility study discussed below.

PROBABLE ORE RESERVE SUMMARY @ +5DTC lower cutoff					
PIPE	VOLUME (Mbcm)	DENSITY (t/m³)	PROBABLE ORE RESERVE (Mt)	GRADE (cpht)	RESERVE (Mcts)
Ywain	0.03	2.1	0.06	58	0.03
Gawain	0.13	2.1	0.27	32	0.08
Excalibur	0.12	2.0	0.25	31	0.08
Palomides	0.17	2.3	0.39	17	0.07
Launfal	0.05	2.4	0.13	14	0.02
Gareth	0.04	2.1	0.08	19	0.02
Kaye	0.58	1.8	1.04	12	0.13
Ector	0.90	2.0	1.83	10	0.19
TOTAL	**2.02**	**2.0**	**4.04**	**15**	**0.61**

Mbcm = million bank cubic metres, t/m^3 = tonnes per cubic metre, Mt = million tonnes, cpht = carats of diamonds per hundred tonnes, Mcts = millions of carats of diamonds.

The information in this report that relates to Ore Reserves is based on information compiled by Dr David Tyrwhitt, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Tyrwhitt is employed by DS Tyrwhitt & Associates and is a Director of Merlin Diamonds Ltd. Dr Tyrwhitt has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Dr Tyrwhitt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

These Ore Reserves are stated as at 30 September 2014 and are defined as ore delivered to the processing plant.

This Probable Ore Reserve is not additional material to the Mineral Resource estimates reported below but is included within the Indicated category of the Mineral Resource estimate.

Rounding of tonnage and carats may result in computational discrepancies.

For personal use only

Inferred and Indicated Mineral Resource Estimates

The combined Indicated and Inferred Mineral Resource for all diamond pipes at the Merlin diamond mine is 27.8 million tonnes for an average grade of 16 cpht representing a total contained 4.35 million carats.

MINERAL RESOURCE SUMMARY 2014 @ +5DTC lower cut-off					
PIPE	INDICATED RESOURCE (Mt)	INFERRED RESOURCE (Mt)	TOTAL RESOURCE (Mt)	GRADE (cpht)	RESOURCE (Mcts)
Ywain[2]	0.07	0.07	0.14	60	0.08
Gawain[2]	0.99	0.60	1.59	31	0.49
Excalibur[1]	0.35	0.23	0.58	29	0.17
Launfal/Launfal North[1]	1.46	1.48	2.94	14	0.40
Palomides/Sacramore[1]	7.24	6.42	13.66	17	2.30
Tristram[2,3]	0.00	0.61	0.61	6	0.04
Kaye[2]	1.11	1.74	2.85	10	0.29
Ector[1]	2.04	2.81	4.85	9	0.46
Gareth[1]	0.12	0.06	0.18	18	0.03
Bedevere[1,3]		0.40	0.40	22	0.09
	13.4	14.4	**27.8**	**16**	**4.35**

[1]Resource grade based on previous mining operation recovery using a +0.95mm slotted bottom screen and reported at +5DTC cut-off

[2]Resource grade based on bulk sample testwork using a +0.8mm slotted bottom screen and reported at +5DTC cut-off

[3]Insufficient data available to determine cut-off grade for Tristram and Bedevere pipes.

Mt = million tonnes, cpht = carats of diamonds per hundred tonnes, Mcts = millions of carats of diamonds.

Rounding of tonnage and carats may result in computational discrepancies.

The information in this report that relates to Exploration Targets, Exploration Results or Mineral Resources is based on information compiled by Mr Mike Kammermann, a Competent Person who is a Member of The Australasian Institute of Geoscientists. Mr Kammermann was employed by Axis Consultants Pty Ltd and has been engaged by Merlin Diamonds Ltd to prepare the documentation for the Mineral Resource estimates. Mr Kammermann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Mr Kammermann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For personal use only

EXPLORATION OVERVIEW

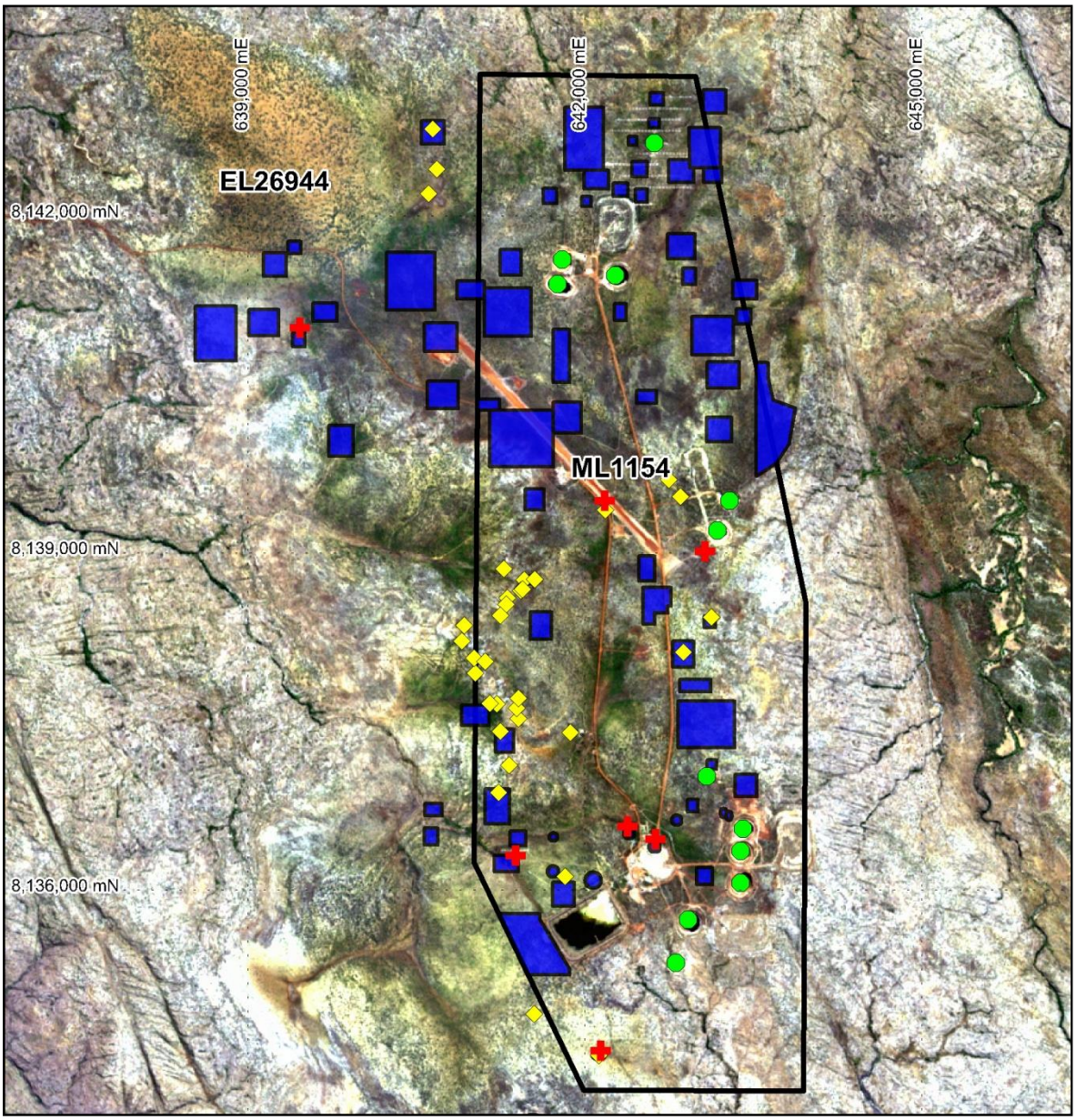
Merlin Mining Lease (ML1154) and near Mine

No exploration work was undertaken this quarter.

Summary of Previous Work

Review of all available historical data was completed in early 2014 with the identification of seventy-four new target areas that require further investigation. Seven of these targets are ready for immediate drilling (Figure 1).During 2013 the Company's field personnel completed an extensive heavy mineral sampling program on ML1154 and EL26944 targeting areas where sampling density was considered insufficient. Kimberlitic chromites have been recovered from a number of these samples in an area where no known kimberlites occur (Figure 1). This area has been poorly explored in the past relative to other parts of the mining lease and these results are highly encouraging. High resolution ground electromagnetic surveying will be undertaken to define drilling targets.

Figure 1 **Merlin Mine Lease Exploration**



Chromite recovered in 2013

New exploration target area

Kimberlite pipe

Drilling target

Borroloola Alluvial Diamond Project

The company has decided to focus resources on development of the primary mining project at the Merlin Diamond Mine and high priority exploration targets within and immediately surrounding the Mine Lease and will therefore reduce its current exploration portfolio. The Borroloola Project was reviewed during the quarter and was assessed as being a non-core exploration asset and therefore this project, consisting of EL24512 and EL24082, has been relinquished.

For personal use only

For personal use only

Arnhem Land Exploration

The Company's Arnhem Land project consists of 1 granted exploration licence (EL26206). Numerous exploration licences are currently at the application stage and are held by Merlin Diamonds either outright or under joint venture agreements with other parties.

The licences are located on the North Australian Craton (**NAC**), which is a geologically stable block favourable for kimberlite emplacement. The NAC hosts the Merlin kimberlite field, the Abner Range kimberlite and breccia pipes, and the Roper River and Timber Creek kimberlites.

The majority of the licence applications fall on land controlled by the Arnhem Land Aboriginal Land Trust. Merlin has farmed out the non-diamond rights for the majority of the licence applications to Top End Minerals Limited (Top End). Top End is responsible for negotiations with the Northern Land Council and progress of the licences to grant and to obtain early ground access, Top End has submitted Preliminary Exploration Permit applications to the Northern Land Council, which allow activities such as geological mapping, surface sampling and ground geophysics. These activities will enable Top End to make an early assessment of the prospectivity of some applications and whether to prioritise these for negotiations with the Northern Land Council.

WESTERN AUSTRALIAN PROJECTS

Kimberley Diamond Projects

The Company holds three mining licences (M80/492, M80/26 and M80/532) in the Kimberley region of Western Australia. The licences host a number of diamondiferous kimberlite pipes, which the Company has previously evaluated to identify a JORC Compliant Inferred Resource of 869,000 carats. The Company continues to hold the mining licences as they retain commercial potential. The information in the table below was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

	Inferred Infill Resource	Inferred Kimberlite Resource	Total Inferred Resource	Grade (cpht)	Carats (Mcts)
Kimberley Projects	tonnes	tonnes	tonnes		
Ashmore 1	305,000	868,000	1,173,000	3.67	43,000
Ashmore 2	262,000	771,000	1,033,000	6.00	62,000
Ashmore 3	108,000	243,000	351,000	3.42	12,000
Ashmore 4	58,000	100,000	158,000	13.29	21,000
Seppelt 1	214,000	1,101,000	1,315,000	25.9	341,000
Seppelt 2	27,000	146,000	173,000	225	390,000
TOTAL	**975,000**	**3,232,000**	**4,207,000**	**21**	**869,000**

[1]*Resource grade based recovery using a +0.75 mm square mesh bottom screen and a +0.95mm cut-off.*

J I GUTNICK
Chief Executive Officer
29 January 2016

Merlin Diamonds Limited

ABN 86 009 153 119

Table 1 Merlin Diamonds Limited Tenement Interests

Tenement	Project	State	Holder	Status	% Interest (Start of Quarter)	% Interest (End of Quarter)
EL26944	Merlin Orbit	NT	Merlin Operations Pty Ltd	Granted	100%	100%
EL28165	Arnhem Land	NT	Merlin Diamonds Limited	Application	100%	0%
EL28914	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28915	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28916	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28917	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28918	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28919	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28920	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28921	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28922	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28923	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28924	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28925	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28926	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28927	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28928	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28929	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28930	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28931	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
EL28932	Merlin	NT	Merlin Diamonds Limited	Application	100%	100%
M80/526	Seppelt	WA	Merlin Diamonds Limited	Granted	100%	100%
M80/532	Seppelt	WA	Merlin Diamonds Limited	Granted	100%	100%
M80/492	Ashmore	WA	Striker Diamonds P/L	Granted	100%	100%
ML29899	Merlin	NT	Merlin Operations Pty Ltd	Application	100%	0%
ML29900	Merlin	NT	Merlin Operations Pty Ltd	Application	100%	0%
MLN1154	Merlin	NT	Merlin Operations Pty Ltd	Granted	100%	100%
EL10003	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL10189	Merlin Orbit	NT	Merlin Operations Pty Ltd	Granted	100% Diamond rights only	100% Diamond rights only
EL10230	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL10231	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL10232	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL22262	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24501	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24701	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only

For personal use only

Merlin Diamonds Limited

ABN 86 009 153 119

Tenement	Project	State	Holder	Status	% Interest (Start of Quarter)	% Interest (End of Quarter)
EL24702	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24703	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24853	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24854	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24881	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL24916	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL25319	Arnhem Land	NT	Zohar/Swancove	Application	100% Diamond rights only	0%
EL25320	Arnhem Land	NT	Zohar David Alan/Swancove	Application	100% Diamond rights only	0%
EL25970	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL25973	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL25974	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL25975	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL26206	Arnhem Land	NT	Merlin Diamonds Limited	Granted	100% Diamond rights only	100% Diamond rights only
EL28066	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL28067	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL28068	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL28069	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL28070	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only

For personal use only

Merlin Diamonds Limited

ABN 86 009 153 119

Tenement	Project	State	Holder	Status	% Interest (Start of Quarter)	% Interest (End of Quarter)
EL28071	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29398	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29399	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29400	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29401	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29402	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29403	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29407	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29408	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29409	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29410	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29411	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29412	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29413	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29414	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL29567	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	100% Diamond rights only
EL3335	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL3341	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%

For personal use only

Merlin Diamonds Limited

ABN 86 009 153 119

Tenement	Project	State	Holder	Status	% Interest (Start of Quarter)	% Interest (End of Quarter)
EL6531	Arnhem Land	NT	Merlin Diamonds Limited	Application	100% Diamond rights only	0%
EL6532	Arnhem Land	NT	Rio Tinto Pty Ltd	Application	100% Diamond rights only	100% Diamond rights only
EL8681	Arnhem Land	NT	Rio Tinto Pty Ltd	Application	100% Diamond rights only	100% Diamond rights only
EL8682	Arnhem Land	NT	Rio Tinto Pty Ltd	Application	100% Diamond rights only	100% Diamond rights only

For personal use only

Rule 5.3

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

MERLIN DIAMONDS LIMITED

ABN	Quarter ended ("current quarter")
86 009 153 119	31 December 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(23)	(60)
	(b) development	(267)	(661)
	(c) production	-	-
	(d) administration	(454)	(713)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	(3)
1.6	Income taxes paid	-	-
1.7	Other (GST & Fuel tax credits, R&D refund)	65	98
	Net Operating Cash Flows	(679)	(1,339)
	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	283	283
	(c) other fixed assets	-	-
1.10	Loans to other entities	(396)	(648)
1.11	Loans repaid by other entities	511	544
1.12	Other	-	-
	Net investing cash flows	398	179
1.13	Total operating and investing cash flows (carried forward)	(281)	(1,160)

For personal use only

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(281)	(1,160)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	500	1,100
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	212	486
1.17	Repayment of borrowings	(436)	(522)
1.18	Dividends paid	-	-
1.19	Other	-	(5)
	Net financing cash flows	276	1,059
	Net increase (decrease) in cash held	(5)	(101)
1.20	Cash at beginning of quarter/year to date	20	116
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	15	15

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	6
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.

For personal use only

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	300
4.2	Development	-
4.3	Production	-
4.4	Administration	200
	Total	**500 (i)**

(i) The Company has the ability under the listing rules to issue approximately 110,000,000 shares and is currently progressing this placement to provide working capital.

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	15	20
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**15**	**20**

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	-	See table 1	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

For personal use only

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)*	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	440,565,515	440,565,515		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -	- -	- -
7.5	**+Convertible debt securities** (*description)*	10,000,000	-	5 cents	10/12/2018
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	10,000,000 -	- -	5 cents -	10/12/2018 -
7.7	**Options** *(description and conversion factor)*	27,300,000 10,000,000		*Exercise price* 15 cents 5 cents	*Expiry date* 17/09/2018 & 27/11/2019 10/12/2019
7.8	Issued during quarter	10,000,000	- -	*Exercise price* 5 cents	*Expiry date* 10/12/2019
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*	NIL	-		
7.12	**Unsecured notes** *(totals only)*	NIL	-		

Note 1

+ See chapter 19 for defined terms.

For personal use 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: 29 January 2016
Company Secretary

Print name: PETER LEE

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.

== == == == ==

For personal use only