30 October 2013

ASX ANNOUNCEMENT

SEPTEMBER 2013 QUARTERLY REPORT

The Board of Paringa Resources Ltd ("**Paringa**" or the "**Company**") **(ASX:PNL)** is pleased to present its quarterly report for the period ending 30 September 2013. Highlights during, and subsequent to, the quarter include:

North American Projects

- *Completed acquisition of Hartshorne Coal Mining Limited ("**Hartshorne**") which has export quality thermal and coking coal projects in the USA.*
- *The **Buck Creek Project** is an advanced, high quality, substantially permitted, domestic and export thermal coal project covering an area of approximately 25,000 acres (~10,100 ha) in the high growth Illinois Coal Basin ("**ILB**") in Kentucky, USA.*
- *The **Arkoma Project** is located in an underdeveloped low volatile bituminous coking coal basin with lease holdings covering an area of over 14,000 acres (~5,600 ha) in the Arkoma Basin in Arkansas, USA.*
- *Commenced a targeted drilling program at the Buck Creek Project comprising nine core holes with geophysical logs and geotechnical analysis.*

South American Projects

- *Results from drilling program at the Trincheirão prospect at Minaçu include grade near-surface intersections including 1.1m @ 28.41g/t Au and 1m @ 6.29g/t Au in drillhole MID-005-13.*

Corporate

- *Following the completion of the acquisition of Hartshorne, the Company appointed Mr Ian Middlemas as Non-Executive Director and Mr Taso Arima as Executive Director of Paringa.*
- *Appointed existing executives of Hartshorne, Mr David Gay as CEO – USA, and Mr Matthew Haaga as COO – USA.*
- *As at 30 September 2013, the Company had $7.55m in cash.*

Going forward

The Company has an exciting quarter ahead with a substantial amount of activity scheduled, including:

- *Continuation of targeted drilling program at the Buck Creek Project with results to provide a full suite of coal quality and washability testing, update of geotechnical databases and the development of coal product specifications for its coal marketing activities;*
- *Delineation of a maiden Coal Resource Estimate for the Buck Creek Project; and*
- *Commencement of a Scoping Study for the Buck Creek Project.*

For further information contact:

David Chapman
Managing Director

Anastasios (Taso) Arima
Executive Director

NORTH AMERICAN PROJECTS

As announced on 16 October 2013, Paringa completed its acquisition of Hartshorne which has export thermal and coking coal projects located in the USA.

Hartshorne is an Australian unlisted public company with an exploration portfolio of thermal and coking coal permits in North America and is currently in an early and brownfields exploration phase on its projects ("**North American Projects**").

Overview of North American Projects

The North American Projects consist of two projects, the Arkoma Coking Project and the Buck Creek Project (Figure 1). The Buck Creek Project is a thermal coal project covering an area of approximately 25,000 gross controlled acres (~10,100 ha) and is situated in the Illinois Basin in Kentucky, USA. The Arkoma Project is a coking coal project covering an area of over 14,000 gross controlled acres (~5,600 ha) and is situated in the Arkoma Basin in Arkansas, USA.

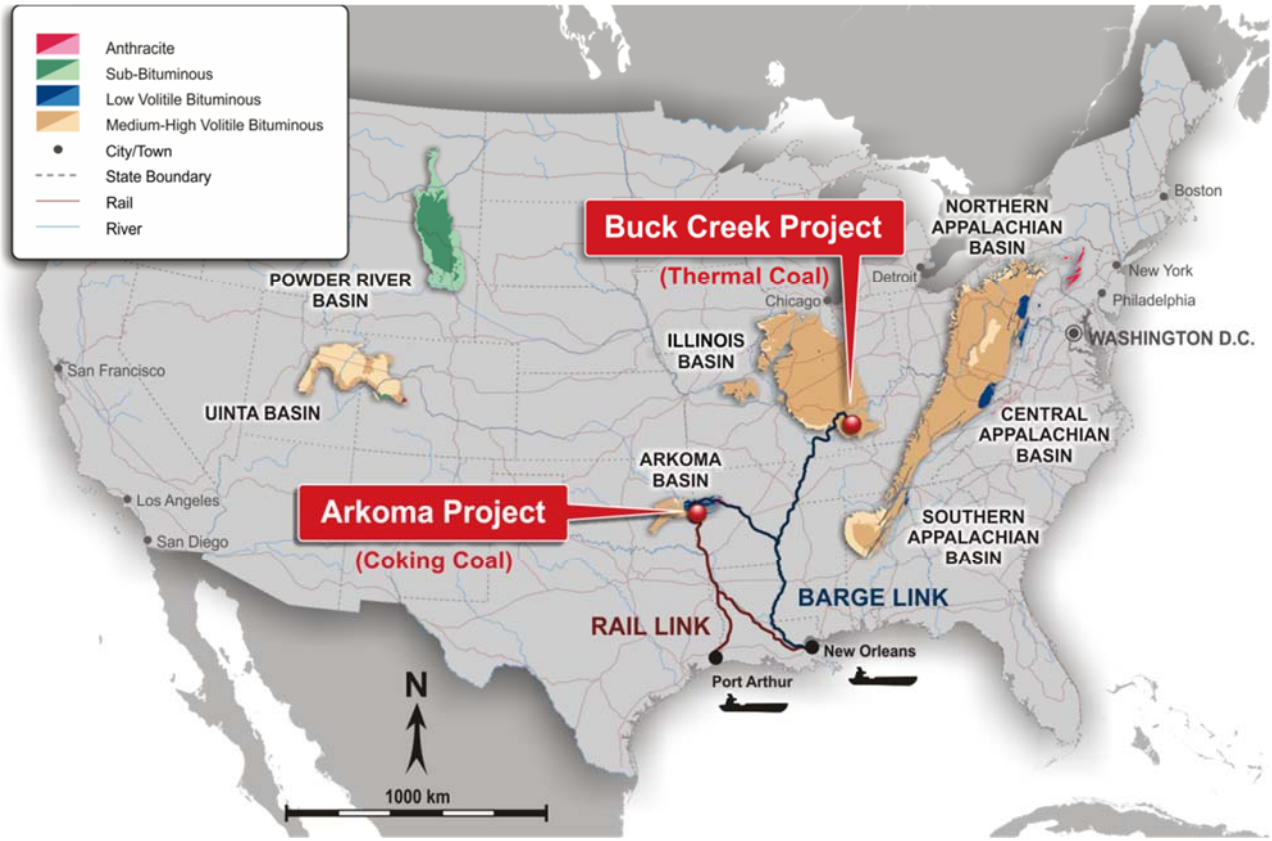

Figure 1: Location of the Buck Creek and Arkoma Coking Projects

Buck Creek Project

The Company's coal leases are situated in the Western Kentucky region of the ILB which is one of the most prolific coal producing regions in the United States (Figure 2). The West Kentucky No.9 coal seam ("**WK No.9**"), also known as the Springfield coal seam, is the target of the Buck Creek Project. The Springfield seam is the third largest producer of thermal coal in the USA, a country which produced ~1.1 billion tons (~1.0 billion tonnes) during 2012. The Buck Creek Project is one of the few remaining high quality thermal coal projects within the WK No.9 coal seam that is not controlled by one of the major US coal companies.

Location

The Buck Creek Project is located within McLean and Hopkins Counties in the State of Kentucky, USA. The Project is approximately 60km south of the Company' USA office in Evansville, Indiana and 280 km southwest of the state capital city of Frankfort, Kentucky.

The topography of McLean and Hopkins Counties is characterized by patches of low hills separated by broad valley flats. The wide bottom farming lands along the Green River and its tributaries are the most striking feature of the terrain.

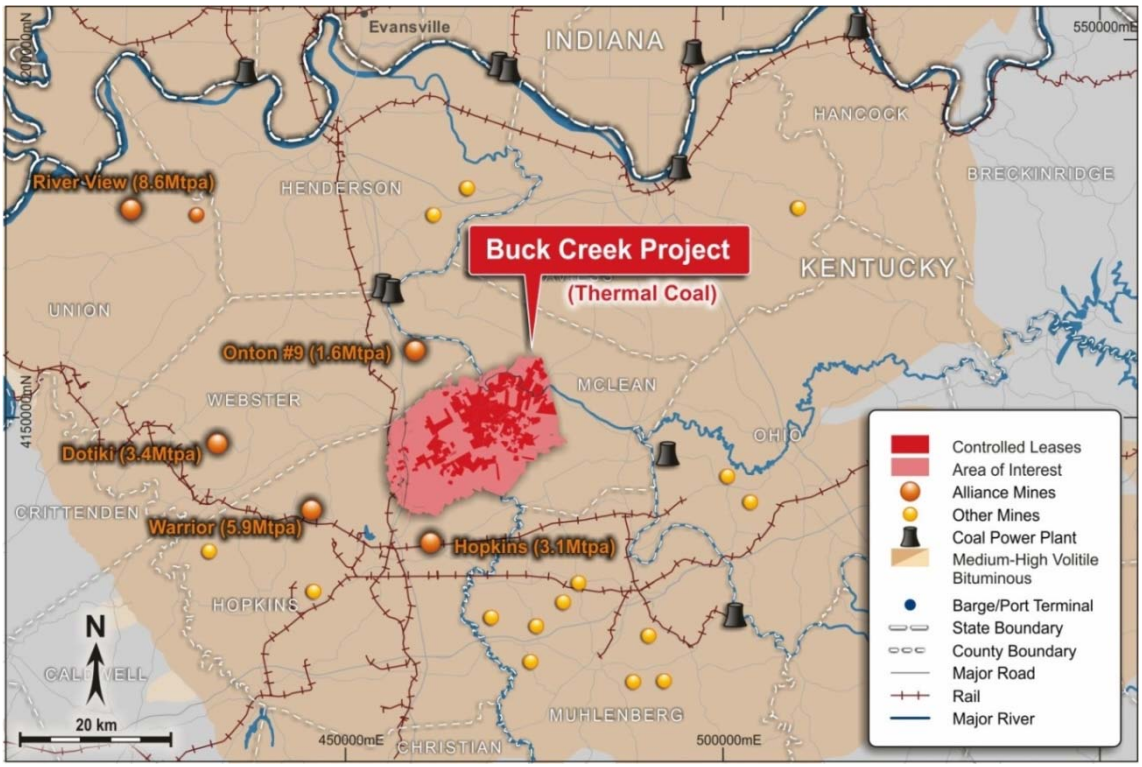

Figure 2: Buck Creek Project Location Map

Infrastructure

The Buck Creek Project is located adjacent to the Green River which provides year round linkage to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico. Buck Creek has already permitted a barge loading facility adjacent to the mine near mile marker 60 on the Green River.

Along the Green River coal is typically loaded into 1,350 ton barges, and then assembled into 4 barge tows. These barges are then consolidated into much larger 9 to 16 barge tows on the Ohio River. These barge tows travel down the Ohio and Mississippi Rivers to export facilities in the Gulf of Mexico.

Additionally the region has access to a highly developed coal industry including a well-trained labour force, established power and water utilities and a very mature coal mining service industry, all of which are critical in the development of a low cost coal mining operation.

Coal terminals along the Mississippi River are capable of loading cape-sized vessels with up to 120,000 tons (~100,000 tonnes) of coal for service coal markets in Europe, South America and Asia. The base rate to load coal at these terminals is around US$2.00 to US$5.50 per ton.

Leases

Paringa controls approximately 25,000 gross acres (~10,100 ha) of coal leases typically with 20-year lease terms within an Area of Interest (Figure 2) of almost 72,000 acres (~29,100 ha). Discussions are ongoing to increase the leasehold interest within this Area of Interest by directly leasing additional acreage from the individual mineral owners. Lease production royalty rates are the greater of US$1.25 per ton or 4% of the sales value at the mine gate.

Paringa also holds options to purchase approximately 540 acres (~220 ha) of surface land to be used for the surface facilities of the underground mine, preparation plant, refuse disposal site and barge loading facility.

Permit Status

The Buck Creek Project includes approved permit applications for both a state mining permit and a United States federal 404 permit for the mine and barge load out facility. These are the key environmental permits required for the Buck Creek Project.

Geology

The WK No.9 coal seam (Springfield Seam) is the third most prolific coal seam by production in the USA with production of over 51 million tons (~46 million tonnes) in 2011. The WK No.9 coal seam is a laterally continuous coal seam that extends through a large part of the Illinois Basin and typically is relatively thick (3.0 to 4.5 feet).

The relatively simple geology of the region has led to the ILB having some of the highest productivities within its underground mines in the USA. Active mining to the North, West and South of the project area further enhances the understanding of the project geology and potential productiveness.

Coal Quality

Buck Creek coal offers one of the highest-quality, highest heating value products in the ILB. The coal is also considered a low chlorine coal by ILB standards and offers significant chlorine advantage over some of the most recent development projects in the region.

Coal quality based on 24 samples obtained from previous drilling on the Buck Creek Project is summarized below:

Table 1: Clean Coal Quality (Eq. Moisture +4% @ 1.60 Float)	
Moisture	10.64%
Ash	8.45%
Calorific Value	6,566kcal/kg
Sulfur	2.85%
Chlorine	0.20%

Development Plan

Paringa's strategy is to fast track the development of the Buck Creek Project as a potential large scale, low cost underground mining operation. The next stage in the development is to complete a JORC Code compliant Mineral Resource Estimate and progress the project through to a Scoping Study to delineate potential production rates, capital and operating costs. Paringa will continue to progress its leasing activities in the region.

Drilling

On October 21st 2013 Paringa announced that drilling had commenced at the Buck Creek Project. The new drilling will help expand the existing drilling database, from which 163 drill holes will be used to define the WK No.9 coal seam, including 127 coal core holes, 10 coal rotary holes, and 26 oil and gas wells. This database will form the basis for a maiden Mineral Resource Estimate which is expected to be completed in the December 2013 quarter.

The current Buck Creek Project drilling program is comprised of nine core drill holes with geophysical logs and geotechnical testing. Drilling will target the WK No.9 seam with the average depth of each drill hole approximately 700ft (~210m). The drilling program is expected to be completed in November 2013 (Figure 3).

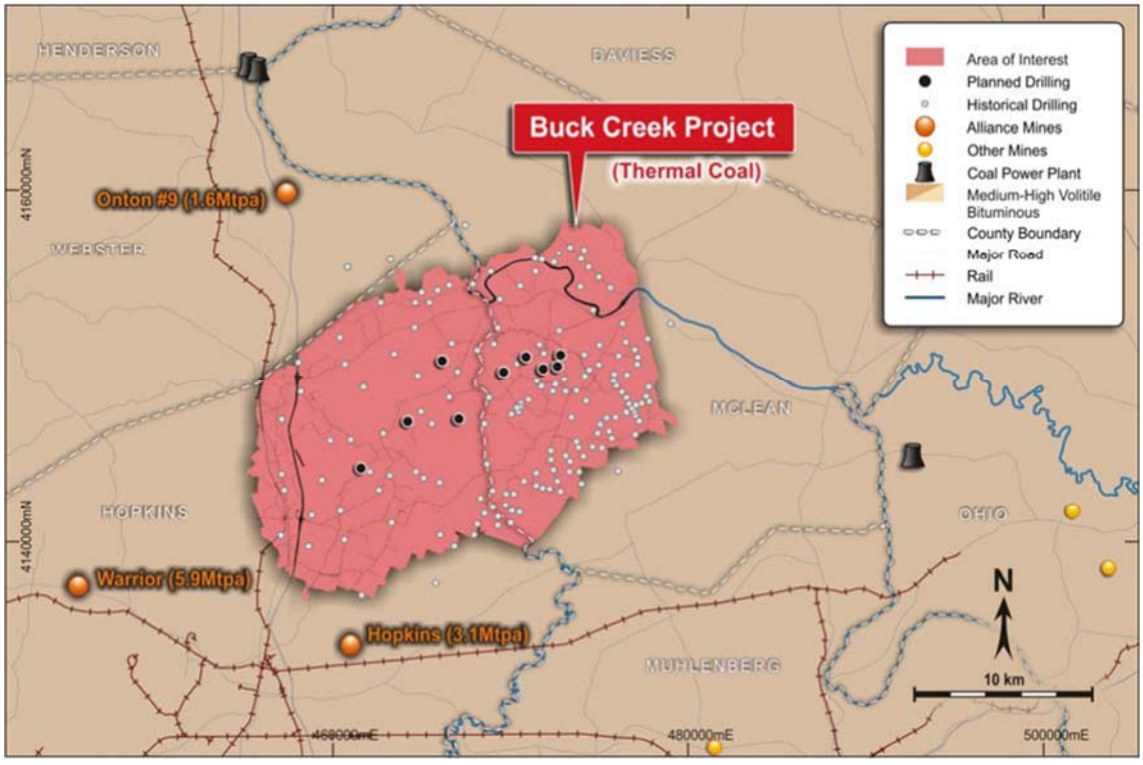

Figure 3: Buck Creek Project and Location of Drill Holes

Results from the current drilling program will provide the following:

- Allow for a full suite of coal quality and washability testing to be performed, providing critical input into the potential yields and product quality;
- Update geotechnical analyses of the project area; and
- Enable the Company to develop more comprehensive product specifications for its coal marketing activities.

Arkoma Project

Regional mapping and analysis of past coal production in the Arkoma basin led to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal, ranking highly in the international coking coal market.

Location

The Arkoma Project is located in Sebastian County along the Arkansas River Valley in the State of Arkansas, USA. The Project is approximately 25 km south of Fort Smith and 195 km from the state capital city of Little Rock (Figure 4).

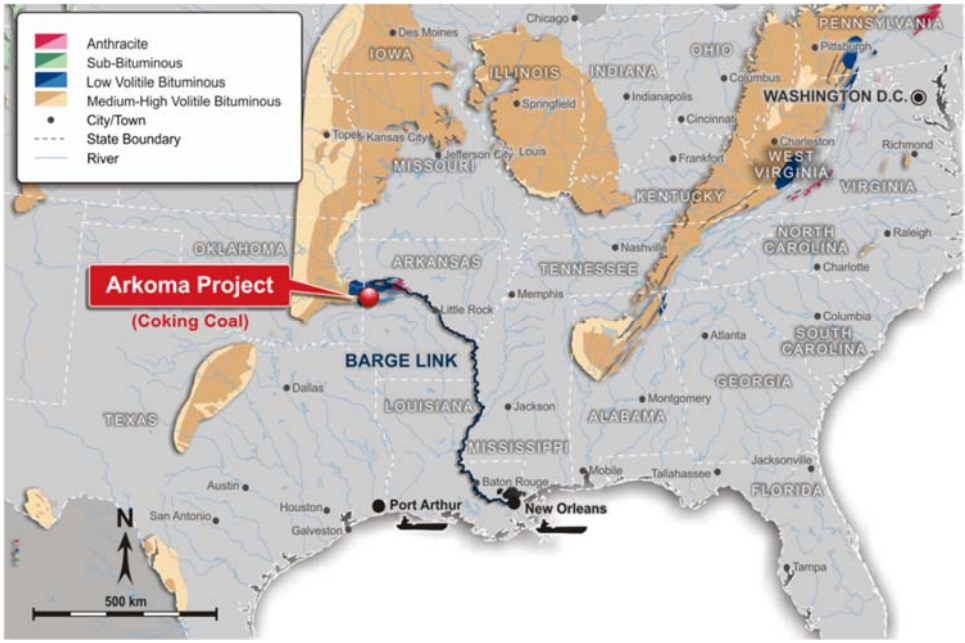

Figure 4: Arkoma Coking Project Location

The Arkansas River Valley is a low-lying region surrounding the valley of the Arkansas River and its major tributaries. Land use is mainly agricultural cropland, grazing land and woodlands. Surface rocks in this region consist of a sequence of coal-bearing sandstones and shales.

Infrastructure

The current preferred option for coal transportation from mine to port will involve the utilisation of haul roads to existing barge load out facilities on the Arkansas River to deep water coal terminals located in the Gulf of Mexico.

Trucking distances from the Project Area to the barge load out facilities at the Port of Van Buren, located on the navigable Arkansas River near Fort Smith is approximately 40 km and are to cost US$4.00 to US$6.00 per ton. Several third-party river terminal operators are available at the Port of Van Buren to load the coal onto barges. The base rate for barging coal from the Port of Van Buren to the Gulf of Mexico (New Orleans area) is approximately US$15 per ton.

Paringa also has access to an extensive network of rail infrastructure as an alternative to barging which can service ports in Texas in addition to the seaborne terminals in and around New Orleans.

Leases

Hartshorne controls over 14,000 gross acres (~5,600 ha) of coal leases out of an area of interest of approximately 25,000 acres (~10,000 ha) with lease terms ranging from 5 to 15 years. The area is now controlled by Paringa under a series of private coal leases. Mineral (coal) leases are generally with private parties who own the surface and mineral however, some of the mineral owners do not own the surface. Existing and anticipated lease production royalty rates range from 4% to 6% of the gross sales value and upfront lease payments of US$40 to US$60 per acre. Holding costs are extremely low at US$1 per acre per year.

Geology

The primary geologic formations containing coal beds and occurring within the Arkoma Basin are the Boggy, Savanna, McAlester, Hartshorne Sandstone and Atoka. The Lower Hartshorne coal bed near the base of the McAlester formation is the thickest, most widespread and most economically important. Where the seam is present, thickness of the Lower Hartshorne seam ranges from 2.5 to 4.5 feet within portions of the property.

Coal Quality

Early analyses of existing exploration data indicated significant quantities of low volatile coking coal within the Arkoma Coking Coal Project area of interest. Based on this analysis, Hartshorne retained Cardno MM&A to conduct a core drilling program in April 2013, comprised of two core holes, to verify coal quality assumptions.

A summary of the coal washability and metallurgical coal analyses from one of the two core holes drilled by Hartshorne is provided below and confirms the presence of high value, low volatile metallurgical coals within the Arkoma Project.

Table 2: Lower Hartshorne Coal Seam Key Coking Properties (dry basis)	
Volatile Matter	17.71 %
Ash	6.96 %
Sulfur	0.90 %
Free Swelling Index	8.5
Gieseler Plasticity – Max Fluidity	30 ddpm
Arnu – Max Dilatation, %	+37%
Mean Max Reflectance	1.63%

Development Plan

Paringa's strategy is to undertake an aggressive exploration program, including a core drilling and geophysical logging program, to delineate a maiden JORC Resource and increase confidence in coking quality.

SOUTH AMERICAN PROJECTS

Minaçu Gold Project

The Minaçu Gold Project is located on the border of Goiás and Tocantins states in central Brazil, approximately 280km north of Brasília. The project comprises three exploration licenses covering 59.43km2. The project is located within the Brasília Fold Belt, which developed between the Amazon and São Francisco cratons. Within the project area, the belt comprises Proterozoic metasedimentary rocks which regionally host significant gold mineralisation, including the 20.6Moz Morro de Ouro/Paracatu, Aurumina and Cavalcante mines, and several gold occurrences such as Rio do Carmo, Fartura and Santo Antônio.

Minaçu includes several historical gold workings from which approximately 120,000oz were mined by artisanal miners in the 1980's and 1990's. These are walk-up drill targets. The area was originally discovered and mined at surface and underground by Portuguese prospectors ("Bandeirantes") in the 1800's.

Channel and panel sampling of these workings by previous explorers returned values such as 10m @ 19.64g/t Au; 4m @ 29.2g/t Au; 3m @ 31.35g/t Au; 1.6m @ 11.3g/t Au; and 2m @ 8.64g/t. Further details are provided in the Company's prospectus.

Drilling commenced in late January focussing mainly on the extensive historical gold workings along the two-kilometre extent of the Buracão-Trincheirão-Piscina trend, extending then to Planta, Delegado, and Irmãos Coragem within the Minaçu project area.

Drill results confirmed the presence of high grade mineralization at the Trincheirão prospect. Drilling intersected strong hydrothermal alteration, brecciation and quartz veining at Trincheirão within the upper quartzite sequence which hosts most of the historical artisanal workings. This alteration is interpreted to be the extension at depth and to the south of the zones exploited at surface more recently by artisanal miners and historically by the Portuguese explorers ("Bandeirantes"). Higher grade results from channel and face sampling of these workings are 1m @ 8.35g/t, 0.8m @ 10.28g/t, 1m @ 20.31g/t and 0.7m @ 30.0g/t.

Drillhole MID 005 which was designed to test the Trincheirão workings to the south of the recent mining by artisanal miners, intersected **1.1m @ 28.41g/t from 13.8m to 14.9m depth and 1.0m @ 6.29g/t from 2.9m to 3.9m depth** (Table 1).

The intersections in MID 005 are consistent with the higher grade results from surface sampling. In addition, the presence of two high-grade intersections indicates that the narrow vein style of mineralisation is associated with multiple veins within the Trincheirão trend.

Continuity of the structure and consistency of the alteration associated with the Trincheirão mineralisation has also been established by MID 001 which intersected very strong alteration and mineralisation returning **0.9m @ 1.18g/t from 73.4m to 74.4m depth**. This was reinforced by drillhole MID 004, and drillhole MID 011 which intersected a strong zone of silicification and disseminated sulphide approximately 150m to the south of known surface workings and recent activity by artisanal miners. The presence of this alteration in MID 011 is significant in that it coincides with recent observations in surface mapping which suggest that the "Bandeirantes" had mined the Trincheirão structure for about 250m along what currently forms the bed of Gamba creek, south of the current and very prominent surface workings. This extends the strikelength of the known Trincheirão structure and alteration to over 500m. Trincheirão also forms part of a more significant structural trend which extends for over two kilometres between Buracão to the south and Piscina to the north.

The gold in quartz veining at Trincheirão appears to be coarse and unevenly distributed. This is clearly demonstrated in MID 005 in the interval 13.29m to 13.8m which assayed 0.39g/t over 0.51m; but which was associated with coarse free gold in the drillcore. Grades very typically in this style of mineralisation are likely to vary significantly.

With the recognition of the presence of an uneven "nuggety" gold distribution, a number of samples were reanalysed utilising screen fire assay techniques to ensure a larger and therefore more representative sample volume was utilised for analysis. All analyses were carried out by SGS Geosol Laboratórios Ltda, located in Belo Horizonte, Brazil.

The drill program at Trincheirão has been successful in intersecting significant grades and both defining and extending continuity of the mineralised structures and alteration. With the completion of this initial drilling program of 1511.7m, the Company has completed the first phase of its exploration program at Minaçu.

Table 1: Significant Intersections greater than 1.0g/t

HOLE NUMBER	FROM (m downhole)	TO (m downhole)	INTERVAL (m)(*)	GRADE (g/t Au)(**)	PROSPECT
MID-001-13	73.50	74.40	0.9	1.18	Trincheirão
MID-002-13	39.65	40.65	1.0	1.30	Gamba
MID-005-13	2.90	3.90	1.0	6.29	Trincheirão
MID-005-13	13.80	14.90	1.1	28.41	Trincheirão

(*) - Interval does not represent true widths
(**) - Grades are uncut

Table 2: Paringa Diamond Drill Hole Locations

HOLE NUMBER	EASTING	NORTHING	ELEVATION	DEPTH (m)	AZIMUTH	DIP	PROSPECT
MID-001-13	177813	8529451	634.00	149.15	280°	55°	Trincheirão
MID-002-13	177695	8529307	593.00	100.50	150°	55°	Gamba
MID-003-13	177767	8529033	561.81	189.90	280°	55°	Homero
MID-004-13	177818	8529512	603.76	119.55	280°	55°	Trincheirão
MID-005-13	177781	8529368	600.00	141.35	280°	55°	Trincheirão
MID-006-13	178057	8530402	761.64	123.00	280°	55°	Piscina
MID-007-13	177999	8530282	759.00	125.40	280°	55°	Piscina
MID-008-13	177313	8529088	553.55	154.40	310°	55°	Delegado
MID-009-13	177212	8529027	522.46	131.90	140°	55°	Planta
MID-010-13	177282	8529170	556.00	88.10	320°	55°	Irmaõs Coragem
MID-011-13	177761	8529290	599.00	100.25	330°	55°	Gamba
MID-012-13	177393	8528383	514.98	21.85	35°	55°	Buracão
MID-012A-13	177378	8528417	514.98	66.35	115°	60°	Buracão
			TOTAL	**1,511.70**			

Note: Coordinates are UTM, datum SAD69 Zone 23 South

São Luis Gold Project and Graphite Projects

In conjunction, with the planned program at Minaçu, Paringa plans to generate a pipeline of priority targets at the São Luis Gold Project with the Proterozoic greenstone sequences in the (1000Moz+ Au) Guyana Shield. Paringa also plans to be exploring both the 100%-owned Santo Antônio de Pádua Graphite Project and the Sáo Fidélis Graphite Project for short term resources opportunities with the objective of creating a high-margin graphite project with low capital development requirements.

The timing of the commencement of these work programs is subject to granting of the tenements by the Brazil Mines Department (DNPM).

Qualifying Statement

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

Competent Persons Statement (Minaçu, São Luis, Santo Antônio de Pádua and São Fidélis Projects)

This information 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. The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr David Chapman. Mr Chapman is employed by Paringa Resources Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chapman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr.Chapman accepts responsibility for the accuracy of the statements disclosed in this report.

Competent Persons Statement (Buck Creek and Arkoma Projects)

The information in this report that relate to Exploration Results is extracted from Paringa's ASX announcement dated 3 September 2013 entitled 'Paringa Acquires Export Quality Thermal and Coking Coal Projects in the USA' which is available to view on the Company's website at www.paringaresources.com.au. The information in the original ASX announcement that related to Exploration Results was based on information compiled by Mr Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr Suehs is employed by Cardno MM&A. Mr Suehs has sufficient experience that is relevant to the style of mineralization 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". Paringa confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Paringa confirms that the form and context in which the Competent Person's findings are presented in this report have not been materially modified from the original ASX announcement.

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

PARINGA RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
44 155 933 010	30 September 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(241)	(241)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(189)	(189)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	30	30
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (security deposits paid)	-	-
	Net Operating Cash Flows	**(400)**	**(400)**
	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 (provide details if material)	-	-
	Net investing cash flows	**-**	**-**
1.13	Total operating and investing cash flows (carried forward)	**(400)**	**(400)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(400)**	**(400)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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) Acquisition costs	(59)	(59)
	Net financing cash flows	(59)	(59)
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	8,007	8,007
1.21	Exchange rate adjustments to item 1.20	(2)	(2)
1.22	**Cash at end of quarter**	**7,546**	**7,546**

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	160
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors for services during the period and payments to related entities for services to the Company which included administrative services, tenement management and investor relation services.

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

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	1,230
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	**1,480**

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	346	307
5.2	Deposits at call	7,200	7,700
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**7,546**	**8,007**

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 chapter 19 for defined terms.

6.2	Interests in mining tenements acquired or increased				

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**	61,083,334			
7.4	Changes during quarter (a) Increases through issues - Initial Public Offering (b) Decreases through returns of capital, buy-backs	61,083,334			
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)*	2,250,000 150,000	- -	*Exercise price* *$0.30* *$0.30*	*Expiry date* *31/08/2017* 31/12/2016

+ See chapter 19 for defined terms.

7.8	Issued during quarter	150,000	-	*$0.30*	31/12/2016
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: Nick Day (Company secretary) Date: 30 October 2013

+ See chapter 19 for defined terms.

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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