



Spectrum Geologists soil sampling at Skyfall Heavy and Magnetic End Use Rare Earth Prospect; January 2014

ASX:SPX

ABN: 94 115 770 226

31 JANUARY 2014

## Spectrum Rare Earths (ASX:SPX) provides its Quarterly Report for the period ending 31 December 2013.

### HIGHLIGHTS

#### **\$1.4 Million Private Placement Completed**



The second tranche of a Private Placement to raise \$1.4 million was completed in mid-December 2013. Spectrum is now well funded to undertake its next phase of exploration.

#### **Significant Geochemical Results Further Define the Skyfall Heavy and Magnetic End Use Rare Earth Skyfall Prospect**



At Skyfall, assay results have outlined a soil anomaly with five samples returning over a 500ppm Total Rare Earth Oxide (TREO) threshold. A 500ppm TREO threshold is more typically used to define mineralised envelopes from drilling and as such is extremely significant. Assays of rock chips continue to show a very high proportion (39% of TREO) of Magnetic End Use Rare Earths\* including dysprosium and neodymium. These rare earths supply key end use growth markets in fixed permanent magnets and their abundance at Skyfall is evidence of an increasingly promising mineralogical setting. Infill geochemistry to more clearly define drill targets has been completed and an additional 331 assay results are pending and due to be received in the coming weeks.

#### **Geochemical Results at Severine add another target to Spectrum's Rare Earth District**



Rock chip Rare Earth results at the Séverine Prospect further expand the size and prospectivity of Spectrum's Skyfall Rare Earth District with a prospect approximately 10x the size of Spectrums' initial Stromberg Discovery some 40km south west. Like Spectrums' larger Skyfall Prospect, results once again showed an unusually high proportion (46% of TREO%) of the Magnetic End Use Rare Earths primarily used in high growth fixed permanent magnet markets.

#### **Company Name Change**



In late December 2013 The Company successfully changed its name from TUC Resources Ltd, to Spectrum Rare Earths Limited to more accurately reflect its future direction and current Rare Earth exploration success.

## SUMMARY OF EXPLORATION ACTIVITIES: THIS QUARTER

The following field exploration activities have been undertaken during the Quarter:



-  Rock chip sampling, extensive soil sampling and geological mapping at Skyfall.
-  Rock Chip sampling and geological mapping at Severine.

Figure 1 shows the location of major field activities during the Quarter (highlighted in pink).

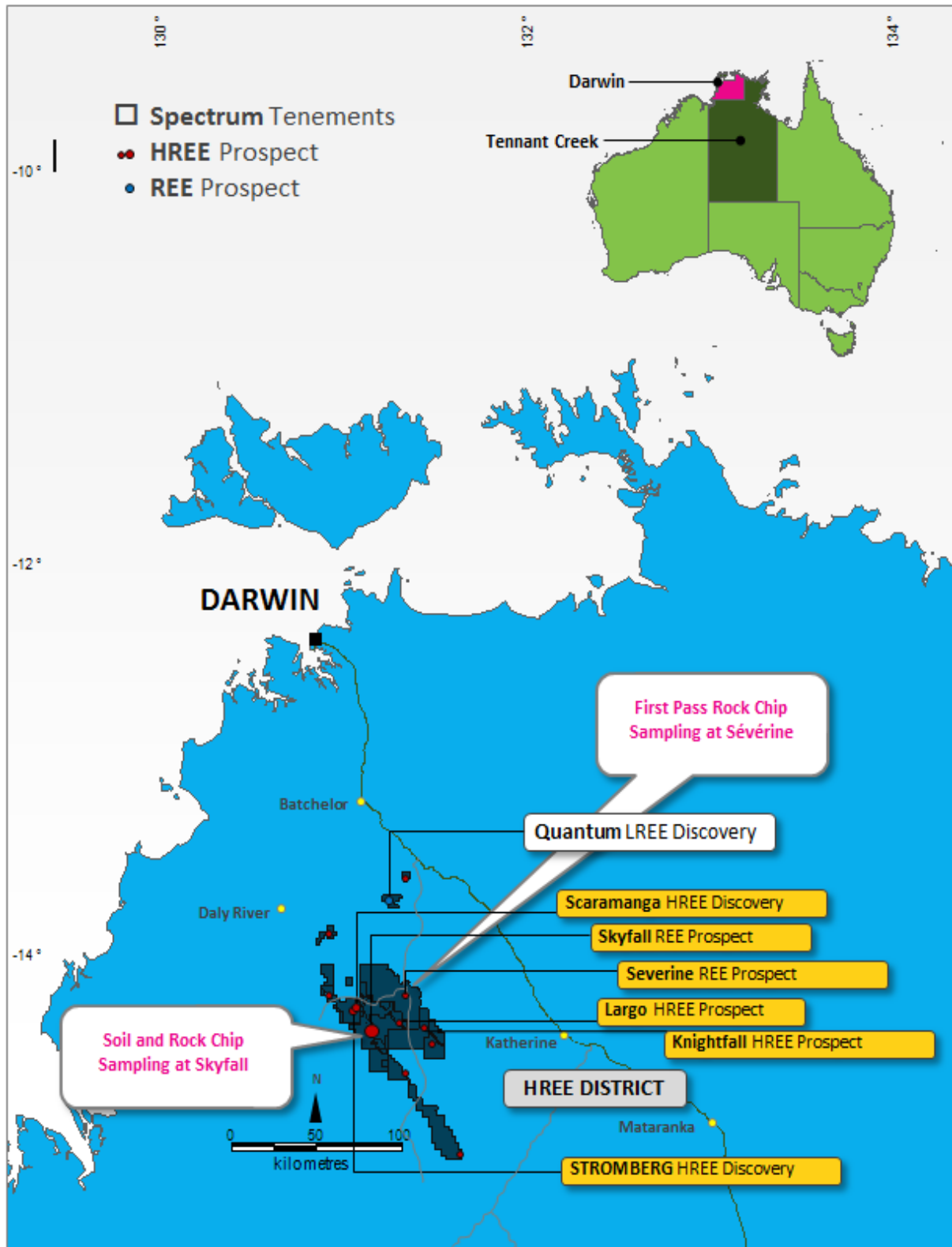


Figure 1: Location and explanation of exploration activities during the quarter.

## EXPLORATION RESULTS

### Skyfall | EL27151

#### Extremely Significant Soil Anomalies

The results of over 280 geochemical samples conducted in November and December 2013 have been returned with a number of positive assays. Extremely significant soil sample results include five samples of over a 500ppm TREO threshold. The 500ppm TREO threshold has previously been used to define the outer mineralised envelope in drilling at Spectrum's nearby Stromberg Rare Earth Prospect. In this respect, these soil results provide a new level of excitement for the Prospect. The results presented in Figure 2, clearly highlight a number of high priority anomalies which have now become the focus of Spectrum's exploration. Table 1 and Table 2 respectively show all rock geochemical and soil geochemical results to date at Skyfall.

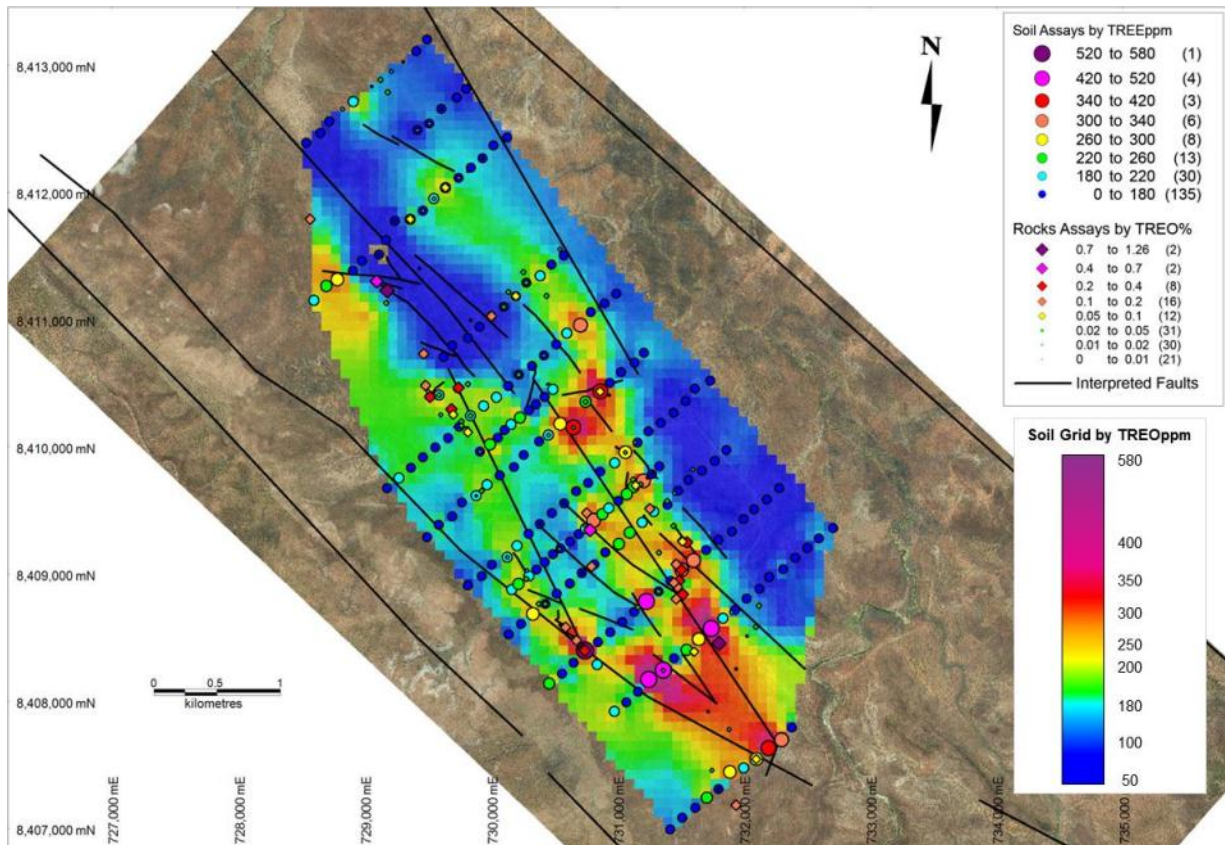


Figure 2: Skyfall Prospect showing all soil and rock chip assay results to date. Mapped geological fault patterns are also illustrated on recent airborne photography. Grid GDA94\_z52.

A further 295 soil assays and 36 rock chip assays remain pending from infill geochemistry around the high priority target zones presented in Figure 2. Results are expected in the coming weeks. Work continues in both the field and office towards prioritising drill targets.

Geological mapping of the intermittent outcrop at Skyfall has emphasised major folding and faulting of rock units around the mineralised zones. These 'windows' into the underlying geology show potential trap sites for primary mineralisation and Spectrum intends to target these areas with planned drilling. Figure 2 highlights some of these geological patterns.

The >200ppm TREO soil values interpolated in Figure 2 illustrate an unusually consistent anomaly with a folded strike length in excess of 6km.

Rock chip assay results returned to date at Skyfall continue to show a very high proportion (39% of TREO above 0.1% TREO cut off) of the combined rare earths dysprosium, terbium, neodymium, praseodymium, gadolinium and samarium (Figure 3). These rare earths supply key end use growth markets in fixed permanent magnets. These magnets are primarily used in energy saving devices such as hybrid cars. This magnetic market is reportedly the fastest growing of all the major rare earth end use markets. Skyfall's distribution in these more valuable rare earths is unusually high when compared to other rare earth



prospects around the world.

Importantly, this high proportion of Magnetic End Use Rare Earths is evident at all sample cut off grades above 500ppm TREO and it may be indicative of a relatively unique and promising mineralogy.

Skyfall Rock Chip Rare Earth Distribution (>0.1%TREO)

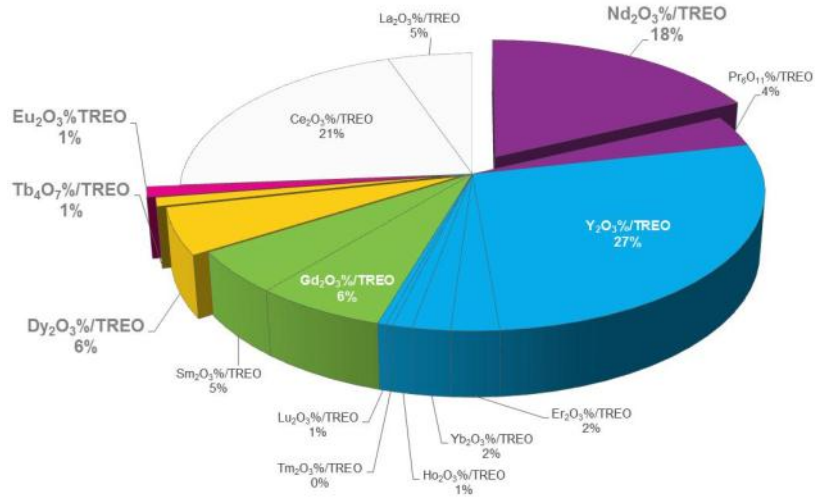


Figure 3: Skyfall's Rare Earth Distribution; results expressed as average % of TREO for all rock chips >0.1%TREO (28 samples).

The Heavy Rare Earth Content of Skyfall is 39% of TREO making Skyfall an important Heavy Rare Earth Prospect in its own right.

The Europium content of reported rock chip results from Skyfall continues to show a rare and unusually high Europium distribution (+1%/TREO). Europium is a highly valuable Medium Rare Earth (MREE) used to make, among other applications, the red colour in LED displays. The rare earth mineralogy behind this exciting signature is being investigated as it may provide information on possible efficient mineral processing regimes for the Skyfall Prospect.

Sample #	Northing	Easting	TREO %	Dy <sub>2</sub> O <sub>3</sub> % /TREO	Nd <sub>2</sub> O <sub>3</sub> % /TREO	Pr <sub>6</sub> O <sub>11</sub> % /TREO	Tb <sub>4</sub> O <sub>7</sub> % /TREO	Sm <sub>2</sub> O <sub>3</sub> % /TREO	Gd <sub>2</sub> O <sub>3</sub> % /TREO	Eu <sub>2</sub> O <sub>3</sub> % /TREO	Y <sub>2</sub> O <sub>3</sub> % /TREO	HREO% /TREO	MEU REO% /TREO
1002045	8411233	729178	1.25	5.5	20.0	4.2	1.0	4.4	6.2	1.1	25.3	37.2	41.2
1002054	8408463	731806	0.81	2.4	22.3	5.9	0.5	5.1	3.9	1.0	9.8	14.8	40.1
1002087	8411309	729097	0.54	6.0	17.1	3.8	1.1	4.8	6.4	1.2	27.8	44.8	39.2
1002061	8409352	730785	0.48	4.3	25.1	4.6	0.9	6.3	5.8	1.3	18.8	27.9	47.0
1002050	8408955	731490	0.37	2.8	23.2	5.3	0.5	5.1	3.5	1.0	10.4	16.1	40.5
1002046	8409258	731552	0.37	3.3	26.1	5.3	0.8	6.8	5.8	1.4	10.5	17.0	48.0
1002017	8410402	729519	0.29	7.7	9.5	1.4	1.3	4.2	7.4	1.1	49.7	68.4	31.4
*1003010	8409042	731509	0.26	2.0	25.1	6.4	0.5	5.3	3.9	1.0	5.4	9.5	43.2
1002032	8410304	729690	0.25	7.6	6.3	1.3	1.3	2.6	6.5	0.9	51.6	71.2	25.4
1002068	8410471	729745	0.23	7.4	10.8	1.7	1.1	3.5	6.2	0.9	50.6	68.8	30.7
*1002275	8408406	730743	0.23	4.6	19.6	4.3	1.0	5.2	6.3	1.3	18.3	27.5	41.0
1002052	8408849	731519	0.23	7.2	16.2	2.2	1.3	5.5	8.3	1.4	40.3	56.6	40.7
*1002209	8409489	730758	0.17	6.3	15.6	2.8	1.1	5.0	6.5	1.2	37.8	52.9	37.4
1002043	8410491	729483	0.17	7.1	5.8	1.1	1.1	2.2	6.1	0.7	56.4	75.0	23.4
1002058	8408591	730594	0.17	8.5	5.5	0.7	1.2	2.5	6.1	0.8	59.8	80.9	24.6
1002029	8408486	730678	0.17	5.5	23.5	4.0	1.3	7.7	9.0	1.7	16.0	26.3	51.0
*1002147	8411034	730006	0.15	3.1	21.5	4.7	0.6	4.9	4.5	1.1	15.6	22.8	39.2
1002039	8411797	728572	0.15	4.6	19.8	4.0	0.8	5.0	6.1	1.1	24.5	35.4	40.4
*1002183	8409066	730797	0.15	8.1	13.7	2.3	1.8	5.9	11.5	1.8	29.8	46.8	43.3
1002056	8409522	731260	0.15	7.1	20.9	3.9	1.7	6.4	10.3	1.7	15.3	27.6	50.3
1002028	8408420	730734	0.14	5.0	17.6	3.8	1.0	4.6	5.8	1.0	22.8	33.5	37.8
1002051	8408905	731478	0.13	4.9	19.4	4.2	0.9	5.4	5.8	1.3	22.1	33.3	40.6
1002016	8410406	729520	0.13	5.3	19.4	3.4	1.0	5.8	6.2	1.3	30.5	43.2	41.2
1002035	8407190	731940	0.12	8.4	5.5	0.8	1.3	3.0	6.4	0.9	56.2	78.2	25.5
1002030	8408813	731468	0.11	2.3	21.2	5.4	0.5	4.3	3.0	0.7	10.1	15.8	36.7
*1002286	8408941	731448	0.11	4.7	24.4	5.2	1.0	6.5	6.6	1.5	12.2	21.3	48.4
1002049	8409086	731468	0.11	6.0	23.2	4.6	1.2	6.6	6.6	1.4	14.5	25.2	48.1
1002044	8410739	729470	0.10	5.6	21.8	4.2	1.2	6.3	8.5	1.6	19.4	31.4	47.6

Table 1: Skyfall Rare Earth Rock Chip Results >0.1%TREO (all data reported to date; new results highlighted with an asterisk in the sample number column); MEU REO = Magnetic End Use Rare Earth Oxides; A total of 122 assay results have been returned (represented in Figure 2). The average content of potentially deleterious elements Uranium and Thorium associated with samples in Table 1 are 30ppm and 2.2ppm respectively. These levels are considered relatively low when compared to some rare earth mines currently operating around the world.

Sample #	Northing	Easting	TREO ppm	Dy <sub>2</sub> O <sub>3</sub> % /TREO	Nd <sub>2</sub> O <sub>3</sub> % /TREO	Pr <sub>6</sub> O <sub>11</sub> % /TREO	Tb <sub>4</sub> O <sub>7</sub> % /TREO	Sm <sub>2</sub> O <sub>3</sub> % /TREO	Gd <sub>2</sub> O <sub>3</sub> % /TREO	Eu <sub>2</sub> O <sub>3</sub> % /TREO	Y <sub>2</sub> O <sub>3</sub> % /TREO	HREO% /TREO	MEU REO% /TREO
1002206	8409244	731013	671	3.2	14.5	3.6	0.6	3.0	3.4	0.8	19.2	27.8	28.3
1003039	8409637	731077	577	3.2	16.0	3.9	0.6	3.2	3.0	0.8	19.0	27.3	29.9
1002281	8408793	731230	565	3.7	16.0	3.9	0.8	3.8	4.1	0.9	23.7	32.6	32.3
1002175	8408695	730333	562	3.5	14.6	3.9	0.6	3.0	3.7	0.7	22.0	31.2	29.2
1002270	8407451	731890	534	3.3	13.4	3.5	0.6	2.8	3.3	0.7	21.5	30.1	26.9
1002262	8409966	731064	485	4.1	14.1	3.4	0.7	3.2	4.3	0.7	25.9	36.0	29.9
1002192	8408495	731644	443	4.4	16.3	3.7	0.7	3.8	4.6	0.9	25.0	36.6	33.6
1002242	8407554	732102	426	3.8	10.8	2.6	0.5	2.5	3.5	0.7	28.6	39.6	23.6
1002161	8410187	730548	398	3.8	15.5	3.5	0.7	3.7	4.3	0.8	25.3	35.3	31.4
1002116	8411324	728786	385	3.7	13.0	3.4	0.7	2.6	3.3	0.7	21.8	32.0	26.7
1003042	8409739	731206	379	5.1	12.9	2.7	0.8	3.0	4.1	0.8	33.7	47.3	28.6
1003009	8409042	731509	377	3.4	18.9	4.9	0.6	4.5	4.4	0.9	19.8	28.1	36.7
1003019	8410965	730709	371	4.9	10.5	2.6	0.8	2.8	3.7	0.8	40.6	54.5	25.2
1002240	8407704	732300	362	4.8	15.7	3.5	0.8	3.7	4.9	0.9	29.2	41.1	33.3
1003008	8409115	731604	354	4.6	14.5	3.5	0.9	3.8	4.8	0.9	31.0	43.3	32.1
1003035	8409428	730812	349	4.5	13.8	3.0	0.7	3.2	4.3	0.7	30.6	42.8	29.6
1002241	8407639	732196	330	4.0	17.3	3.7	0.8	4.1	4.3	1.0	23.9	34.2	34.2
1002162	8410161	730651	323	3.8	14.1	3.5	0.7	3.0	3.9	0.8	31.5	41.3	29.0
1002167	8410442	730865	322	6.0	11.8	2.2	0.8	3.0	4.5	0.8	42.1	57.8	28.4
1002188	8408253	731362	312	5.8	13.0	2.3	1.0	3.5	5.2	1.0	38.8	53.9	30.7
1002187	8408179	731249	311	5.5	11.2	2.1	0.9	3.2	4.7	0.8	43.3	58.9	27.7
1002193	8408577	731742	309	3.8	18.6	4.1	0.7	4.3	4.5	1.0	20.2	29.7	35.9
1002282	8408793	731230	307	4.6	20.8	3.8	1.0	5.4	7.0	1.3	28.9	40.7	42.6
1002274	8408406	730743	305	5.6	12.3	2.9	1.0	3.4	5.0	0.9	35.4	49.6	30.1

Table 2: Skyfall Rare Earth Soil Sample Results >250ppm TREO (all data reported to date); MEU REO = Magnetic End Use Rare Earth Oxides; A total of 200 soil samples have been collected and assay results returned (represented in Figure 2). The average content of potentially deleterious elements Uranium and Thorium associated with samples in Table 2 are 12ppm and 9.25ppm respectively.

## Severine | EL27151

### Sévérine Discovery: District Potential Grows

Recent work has continued to highlight the greater potential of the District with the clear identification of a new rare earth prospect at Sévérine. Significant results (Figure 4) include rock chip values up to 0.08% Total Rare Oxide (TREO). Exploration shows the mineralised district to be over 40km wide with five zones of potentially significant mineralisation now being delineated (Skyfall, Stromberg, Scaramanga, Largo and more recently Sévérine). Significant results are detailed in Table 3.

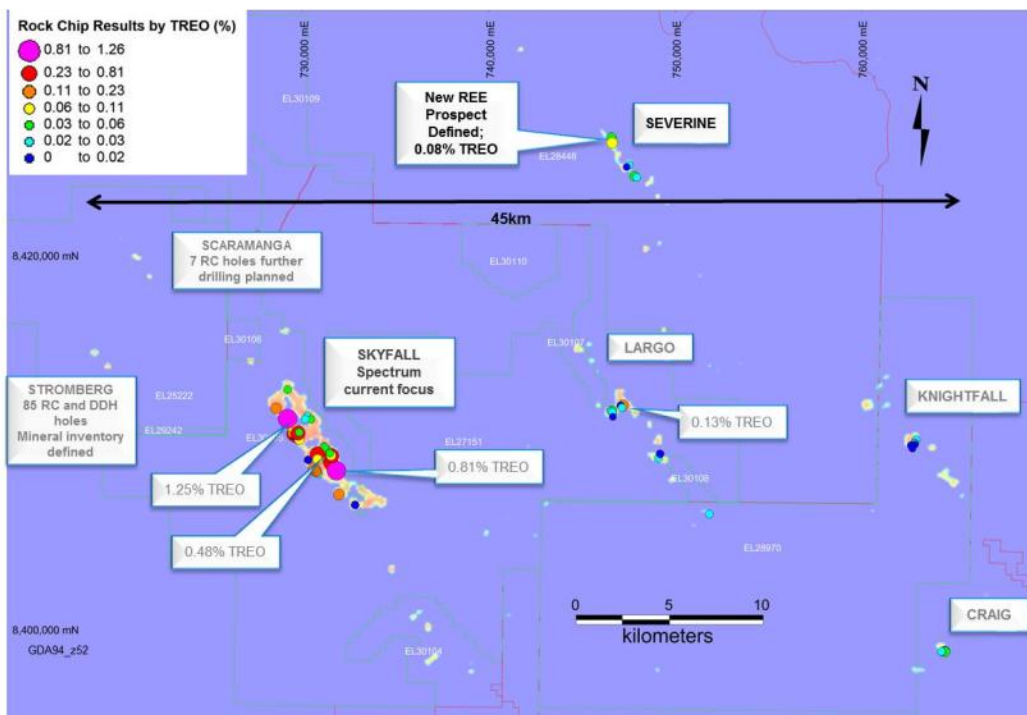


Figure 4: The Rare earth District and Spectrum tenements showing the locations of the initial HREE rock chips on Sévérine ELA24884 (airborne radiometric background). Note, the latest results are highlighted with black ink and some 2013 and earlier results are noted in grey.

Like at Skyfall, rock chip assay results returned at Sévérine also show a high proportion (46% of TREO%) of Magnetic End Use Rare Earths including neodymium and dysprosium. The average Heavy Rare Earth (HREE) content is a respectable 23% of TREO%.

Table 3 details significant results from this round of exploration (> 0.05% (500ppm) mineralised envelope cut-off).

Sample #	Northing	Easting	TREO %	Dy <sub>2</sub> O <sub>3</sub> % /TREO	Nd <sub>2</sub> O <sub>3</sub> % /TREO	Pr6O11% /TREO	Tb <sub>2</sub> O <sub>3</sub> % /TREO	Sm <sub>2</sub> O <sub>3</sub> % /TREO	Gd <sub>2</sub> O <sub>3</sub> % /TREO	Eu <sub>2</sub> O <sub>3</sub> % /TREO	Y <sub>2</sub> O <sub>3</sub> % /TREO	HREE% /TREO	MEU REO% /TREO%
1002089	8426263	746569	0.06	5.4	22.4	3.4	1.3	4.9	8.9	1.4	13.6	23	46
1002090	8425981	746607	0.08	4.4	11.3	1.9	0.6	1.9	2.8	0.4	49.1	62	23
1002093	8424198	747811	0.05	7.3	14.6	2.0	1.2	3.3	6.1	0.9	43.1	60	34

Table 3: Recent Sévérine rock chip assay results; MEU REO = Magnetic End Use Rare Earth Oxides; Figure 4 shows the location and magnitude of all results (A total of 6 samples were taken at Sévérine in this round of sampling) including those in Table 3, in relation to all 2013 discovery sampling programs. The average level of potentially deleterious element Thorium in the samples noted in Table 1 is a very low 6.4ppm. The average level of potentially deleterious element Uranium in the samples noted in Table 1 is 34ppm.

These results add another large prospect (potentially 10x the size of the Stromberg Discovery based on airborne radiometric signatures) to Spectrums Rare Earth Portfolio.

The Sévérine results are equivalent to some of the initial results at one of Spectrum’s other prospects in the District, ‘Largo’, and are considered highly significant as a first pass.

Notably, the Sévérine Prospect displays analogous geology to that at Spectrums primary prospect ‘Skyfall’. Three main mineralising ingredients are noted at both prospects: the mineralised host rock, analogous major fault control and the presence of geophysical interpreted Granites. Figure 5 illustrates these ingredients under both these prospects.

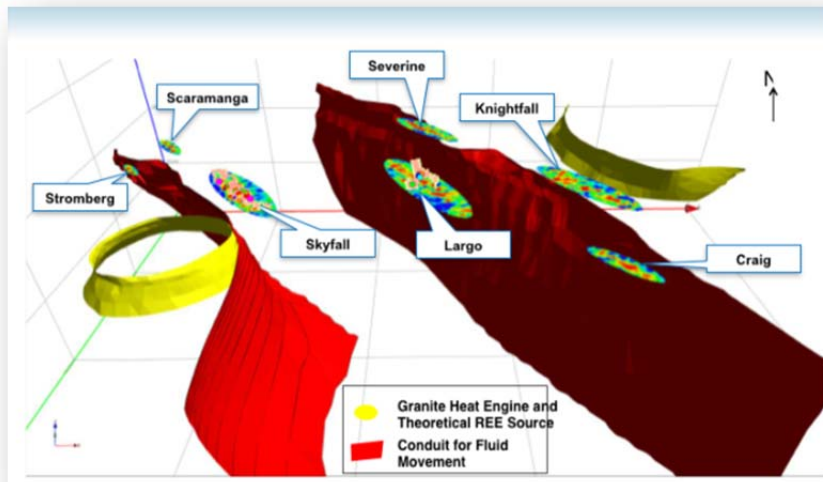


Figure 5: Skyfall Rare Earth District; Severine Prospect sits on top of a large geological structure similar to Skyfall

The Europium content of reported rock chip results for Sévérine show an elevated Europium distribution (+0.8%/TREO). Sévérine shares this elevated signature with the nearby Skyfall Prospect but not with other prospects in the district. This similarity may be due to the similarities in underlying geology illustrated in Figure 5.

### About Spectrum's Rare Earth District

Spectrum's Heavy and Magnetic End Use Rare Earth District is located approximately five hours' drive South of Darwin (Figure 6). It is home to multiple Heavy and Magnetic End Use Rare Earth dominant prospects which are indicating mineralogy and geology that may be favourable for lower cost mineral processing regimes. Heavy and Magnetic End Use Rare Earths are an important component in a number of clean and low cost energy and electronic technologies such as hybrid electric vehicles (a growing market).

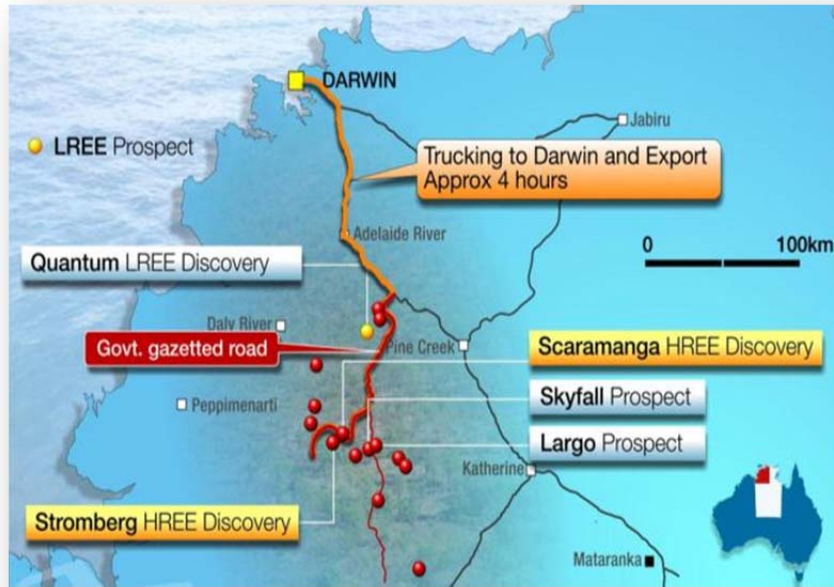


Figure 6: Spectrum's Northern Territory Rare Earth District



## PLANNED EXPLORATION ACTIVITIES: NEXT QUARTER

Spectrum's exploration plans for the next quarter include:




-  Further soil and rock geochemistry at Skyfall;
-  Hand dug Trial Pits at Skyfall;
-  Diamond Drilling at Skyfall.

Figure 7 shows Spectrum's tenement status and the locations of planned field activities for the next Quarter (highlighted in pink).

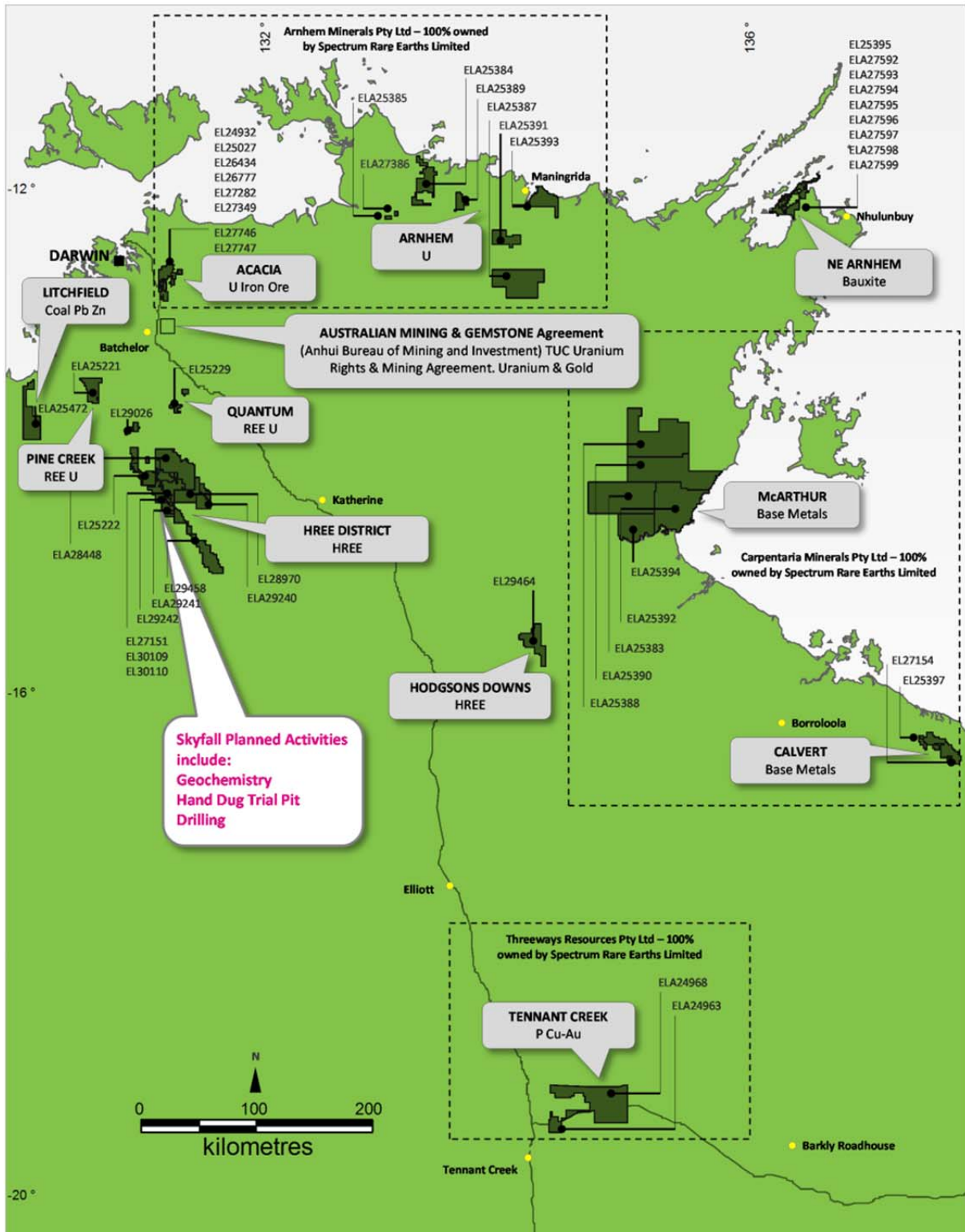


Figure 7: Spectrum's planned field activities for the next quarter and tenement status.



## FINANCE

### Cash

The 31 December 2013 cash position of the Company was \$1,438,000 vs. a 30 September 2013 cash position of \$306,000.

The second tranche of a Private Placement to raise \$1.4 million was completed in mid-December 2013. The second Tranche involved the issue of 12,500,000 shares at 5 cents, to raise \$625,000, together with the issue of 12,400,000 free quoted options. Spectrum is now well funded to undertake its next phase of exploration and planned drilling program.

### Capital Structure

Share Price (SPX): **\$0.033**; Issued Shares: **156.6M**; Market Cap: **\$4.69M** (as at 30 January 2014).

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## CORPORATE

### New Director Appointed After Private Placement

The Company was pleased to announce the appointment of Mr Huipeng Zhang as a Director on 14 October 2013. Mr Zhang is a Director and Shareholder of Widetop Mining Investments Pty Ltd, which is the Company that completed the \$1.4 million Private Placement discussed in the Finance section of this report.

### Company Name Change

The Company changed its name to Spectrum Rare Earths Limited from TUC Resources Limited at a General meeting to be held on 18 December 2013. The name change reflects the increasing focus for the Company on its Heavy and Magnetic End Use Rare Earth District and our belief in the full prospectivity of the region. Spectrum was chosen to signify TUC's competitive advantage with respect to the full spectrum of rare earths (heavy rare earths and important magnetic light rare earths such as Neodymium) that prospects such as Skyfall offer.

### Strategic Alliance Progress | Strategic Initiative

The Company is continuing on its strategy to attract a rare earth industry partner into Spectrum at either a project or equity level. Discussions continue with a number of interested parties.

### Bauxite Option Agreement | Rio Tinto Agreement

Rio Tinto Exploration Pty Ltd exited out of the NE Arnhem Bauxite Option Agreement on 22 November 2013. One tenement previously held in the Joint venture, EL27591 was then fully relinquished. Spectrum continues to hold the key prospective tenement in the area, EL25395.

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## LAND ACCESS and GENERAL TENEMENT STATUS

### Cultural training provides a strong basis for socially responsible exploration

TUC Geologists underwent Cultural and Heritage training with Senior Traditional Owners and the Northern Land Council at Skyfall in early November (Figure 8).



Figure 8: TUC Geologists (centre) undergo Cultural and Heritage Training with Senior Traditional Owners and the Northern Land Council on the Skyfall Lease; Early November 2013

### Tenement Changes

During this quarter EL27151 was granted (along with EL30109 & EL30110, originally pegged as part of EL27151). EL27591 was relinquished in full after Rio Tinto dropped out of the agreement. Reductions were completed for EL27154, EL25222, EL25229, EL25395, EL29458 and EL29464. Table 4 details Spectrums current tenement holdings. Table 5 details tenement changes during the reporting period.

## Mining Tenements held at the end of the quarter:

Tenement	Project Name	Company	Area (km <sup>2</sup> )	Status	Date of Grant
EL25222	HREE District	Spectrum	183.13	Grant, 2 year extended term	9/11/2006
EL28970	HREE District	Spectrum	292.06	Grant	5/03/2012
EL29242	HREE District	Spectrum	2.12	Grant	26/07/2012
EL29458	HREE District	Spectrum	505.64	Grant	5/12/2012
EL27151	HREE District	Spectrum	404.61	Grant	8/11/2013
EL30109	HREE District	Spectrum	33.78	Grant	8/11/2013
EL30110	HREE District	Spectrum	16.18	Grant	8/11/2013
ELA28448	HREE District	Spectrum	703.7	Verbal Consent and PEP Agreement Executed	
ELA29240	HREE District	Spectrum	207.3	Agreement Executed	
ELA29241	HREE District	Spectrum	156.6	Agreement Executed	
EL25229	Quantum REE	Spectrum	76.58	Grant, 2 year extended term	9/11/2006
EL29026	Pine Creek Uranium	Spectrum	56.7	Grant	13/04/2012
EL29464	Hodgsons Downs HREE	Spectrum	388.7	Grant	5/12/2012
ELA25221	Litchfield	Spectrum	256.3	Moratorium	
ELA25472	Litchfield	Spectrum	526.9	Application	
EL25395	NE Arnhem	Spectrum	84.03	Grant	1/12/2009
ELA27592	NE Arnhem	Spectrum	271.4	Moratorium	
ELA27593	NE Arnhem	Spectrum	27.9	Moratorium	
ELA27594	NE Arnhem	Spectrum	1	Moratorium	
ELA27595	NE Arnhem	Spectrum	0.8	Moratorium	
ELA27596	NE Arnhem	Spectrum	0.4	Moratorium	
ELA27597	NE Arnhem	Spectrum	0.6	Moratorium	
ELA27598	NE Arnhem	Spectrum	1	Moratorium	
ELA27599	NE Arnhem	Spectrum	0.3	Moratorium	
EL25397	Calvert	Carpentaria*	355.74	Grant, 2 year extended term	6/02/2007
EL27154	Calvert	Carpentaria*	32.94	Grant	14/10/2009
ELA25383	McArthur	Carpentaria*	1,662.8	Verbal Consent	
ELA25388	McArthur	Carpentaria*	1,666.7	Verbal Consent	
ELA25390	McArthur	Carpentaria*	1,638.6	Verbal Consent	
ELA25392	McArthur	Carpentaria*	1,429	Verbal Consent	
ELA25394	McArthur	Carpentaria*	714.5	Verbal Consent	
EL24932	Acacia Uranium	Arnhem*	10.95	Grant, 2 year extended term	17/07/2006
EL25027	Acacia Uranium	Arnhem*	3.93	Grant, 2 year extended term	19/04/2006
EL26434	Acacia Uranium	Arnhem*	1.34	Grant	11/01/2008
EL26777	Acacia Uranium	Arnhem*	6.33	Grant	15/01/2009
EL27282	Acacia Uranium	Arnhem*	66.52	Grant	8/03/2010
EL27349	Acacia Uranium	Arnhem*	8.10	Grant	30/09/2010
EL27746	Acacia Uranium	Arnhem*	42.62	Grant	25/05/2010
EL27747	Acacia Uranium	Arnhem*	152.35	Grant	12/08/2010
ELA25384	Arnhem	Arnhem*	408.3	Verbal Consent	
ELA25385	Arnhem	Arnhem*	12.4	Moratorium	
ELA25386	Arnhem	Arnhem*	20.1	Application	
ELA25387	Arnhem	Arnhem*	900.9	Application	
ELA25389	Arnhem	Arnhem*	104.1	Verbal Consent	
ELA25391	Arnhem	Arnhem*	278.4	Application	
ELA25393	Arnhem	Arnhem*	372.5	Application	
ELA24963	Tennant Creek	Threeways*	138.6	Verbal Consent	
ELA24968	Tennant Creek	Threeways*	1,446	Verbal Consent	
	<b>TOTAL AREA</b>		<b>15,671 km<sup>2</sup></b>		

Table 4: Spectrum Rare Earths Limited Tenement Holdings. \*Arnhem Minerals Pty Ltd, Carpentaria Minerals Pty Ltd and Threeways Resources Pty Ltd are all 100% owned subsidiaries of Spectrum Rare Earths Limited. All tenements are 100% owned by Spectrums Rare Earths Limited, Arnhem Minerals Pty Ltd, Carpentaria Minerals Pty Ltd and Threeways Resources Pty Ltd. No tenements are subject to farm in or farm out agreements.

**Mining Tenements acquired/disposed during the quarter:**

Tenement	Location	Status	Date	Area
EL25222	Northern Territory	Non Compulsory Reduction	7 November 2013	309.68km <sup>2</sup> reduced to 183.13km <sup>2</sup>
EL25229	Northern Territory	Non Compulsory Reduction	7 November 2013	186.37km <sup>2</sup> reduced to 76.58km <sup>2</sup>
EL27151	Northern Territory	New Grant	8 November 2013	404.61km <sup>2</sup>
EL30109	Northern Territory	New Grant	8 November 2013	33.78 km <sup>2</sup>
EL30110	Northern Territory	New Grant	8 November 2013	16.18 km <sup>2</sup>
EL27591	Northern Territory	Fully Relinquished	13 November 2013	4.94km <sup>2</sup> reduced to 0km <sup>2</sup>
EL25395	Northern Territory	Compulsory Reduction	13 November 2013	173.89km <sup>2</sup> reduced to 84.03km <sup>2</sup>
EL29458	Northern Territory	Non Compulsory Reduction	4 December 2013	505.64km <sup>2</sup> reduced to 302.74km <sup>2</sup>
EL29464	Northern Territory	Non Compulsory Reduction	4 December 2013	388.7km <sup>2</sup> reduced to 66.36km <sup>2</sup>

Table 5: Changes to Spectrum Rare Earths Tenement Holdings during the reporting period.

**For further information please contact:****MR IAN BAMBOROUGH****Managing Director****Spectrum Rare Earths Limited****(08) 9325 7946 or [ian.bamborough@spectrumrareearths.com.au](mailto:ian.bamborough@spectrumrareearths.com.au)**

\*Magnetic End Use Rare Earths classified by Spectrum as Dy, Tb, Nd, Pr, Sm and Gd;

Heavy Rare Earth Elements HREE's and Heavy Rare Earth Oxides (HREO) = Dy, Er, Ho, Lu, Tb, Tm, Yb, Y;

Medium Rare Earth Elements MREE's = Gd, Eu, Sm;

Light Rare Earths LREE's Ce, La, Pr, Nd.

Spectrum Rare Earths Limited holds approximately 15,000km<sup>2</sup> of prospective land package across 47 (27 under application) tenements making it one of the biggest ground holders in the Northern Territory of Australia. The business holds multiple consolidated project areas across several key geological and metallogenic terrains, affording it some opportunity to diversify exploration into many commodities. Spectrum's main focus is its Skyfall Heavy and Magnetic End Use Rare Earth District where it retains approximately 3,000km<sup>2</sup> of tenements. The Rare Earth District is located approximately 5 hours' drive south of Darwin.

The information in this report that relates to exploration targets and exploration results is based on information compiled by Ian Bamborough, a Competent Person who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee and Director of Spectrum Rare Earths Limited, in addition to being a shareholder in the Company. Ian Bamborough 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'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

<b><u>Registered Office</u></b>	<b><u>Main Office</u></b>	<b><u>Company Management</u></b>
15 Lovegrove Close Mount Claremont WA 6010 Tel: 08 9384 3284 Fax: 08 9284 3801 <a href="mailto:info@spectrumrareearths.com.au">info@spectrumrareearths.com.au</a>	Level 10, 553 Hay Street Perth WA 6000 Tel: 08 9325 7946 Fax: 08 9262 3683 ABN: 94 115 770 226 <a href="http://www.spectrumrareearths.com.au">www.spectrumrareearths.com.au</a>	Peter Harold: Non-Executive Chairman Ian Bamborough: Managing Director Huipeng Zhang: Non-Executive Director Anthony Barton: Non-Executive Director Leon Charuckyj: Non-Executive Director Graeme Boden: Company Secretary

**JORC Code, 2012 Edition – Table 1**  
**Section 1 Sampling Techniques and Data**

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Soil Samples - Soil samples were taken from hand dug holes to a depth of approximately 30 centimetres. Sampling was always taken in the 10cm to 30cm depth profile. At each sample location the equipment was 'flushed' with dry soil before actual samples were taken and bagged for analysis. Samples sizes were generally 1.5-2.5kg in size depending on location and soil profile. A radiometric analysis was undertaken by placing a hand held RS125 Superspec Scintilometer in the hand dug hole and the counts per second reading noted for a reasonable period of time (nominally 20 seconds).</li> <li>Rock Chips – rock chips were taken in areas of specific geological interest with a geological hammer into a calico bag. Care was taken to collect the freshest representative and uniform sample. A radiometric analysis was undertaken on the rock chips by placing a hand held RS125 Superspec Scintilometer directly on the sample outcrop and the counts per second reading noted for a reasonable period of time (nominally 20 seconds). Hand held Niton XRF analysis was made on the individual rock chip samples after collection and away from the outcrops in a neutral environment. These XRF analysis are for internal use only and have not been reported in this announcement. It is Spectrum Rare Earths policy to only report final geochemical assays.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable. No drilling or drill results reported. Surface geochemistry and geophysics only.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable. No drilling or drill results reported. Surface geochemistry and geophysics only.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Soil Samples – a basic geological description of the samples and a description of the location and topography was noted for Spectrum's geological/geochemical database.</li> <li>Rock Chips – a more detailed geological description of the sample and a description of the location and topography was noted for the geological/geochemical database. A digital photograph of each sample was taken for TUC's records. A witness sample (sub-sample) of each sample was kept for further analysis and testing if required.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> </ul>	<ul style="list-style-type: none"> <li>Soil Samples – samples were not split. Each soil sample was dry sieved through a 2mm mesh and the &lt;2mm portion collected for analysis. No duplicates were taken due to the frequency of sampling and intent to infill soil grids in areas of subsequently defined anomalism. A &lt;2mm sample has been seen to be effective in accurately defining mineralisation at the nearby Stromberg Rare Earth Prospect in a similar geological, regolith and topographical terrain.</li> <li>Rock Chips – a witness sample (sub-sample) of each sample was kept for further analysis and testing if required.</li> </ul>



Criteria	JORC Code explanation	Commentary																		
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• Samples are assayed for Rare Earths generally with ICP Mass Spectrometry and Lithium Meta Borate Fusion Finish to at least 1 ppm detection levels to ensure a fuller and more accurate analysis is obtained. In addition, the samples are assayed for a number of indicator, rare earth associated elements and base metals to at least 0.5 ppm levels (not reported or significant in this announcement) with ICP Mass Spectrometry and ICP Atomic Emission Spectrometry. All samples are assayed for precious metals using Fire Assay Analysis to ppb detection limits (not reported or relevant for this announcement). Samples are assayed by Bureau Veritas in Adelaide.</li> <li>• Total Rare Earth Oxides (TREO's) have been calculated by addition of common oxide values for Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Yb, Y. REO values have been calculated from rare earth element (REE) ppm grades after analysis by lithium-metaborate fusion and ICPMS, where possible, or by HF/multi acid digest and ICPMS. The total REO is calculated as the sum of all REE as REE<sub>2</sub>O<sub>3</sub>, with the exception of Pr and Tb; which are calculated as Pr<sub>6</sub>O<sub>11</sub> and Tb<sub>4</sub>O<sub>7</sub> respectively, in accordance with geochemical conventions.</li> <li>• Appropriately graded mineralised and geochemical standards are run by the laboratory on all elements at 5% of a sample batch.</li> <li>• Blanks are run on sample batches by the laboratory randomly at a rate of approximately 5%.  A nominal one in twenty (5%) of all samples are analysed in duplicate. Samples returning anomalous results will be re-assayed by techniques considered appropriate for the level of analysis encountered.</li> </ul>																		
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• All data is manually checked for accuracy and error, verified and then loaded into Spectrums' Dashed Database by the Database Administrator.</li> </ul>																		
Location of data points	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>• Samples located with a standard GPS (considered accurate enough by TUC for geochemical sampling purposes).</li> <li>• Grid GDA 94 Zone 52</li> <li>• Relative Topographic control provided by detailed 3D aerial photography and Digital Elevation Model in October 2013;</li> </ul> <table border="0"> <tr> <td><b>Accuracy</b></td> <td><b>30cm pixel resolution</b></td> <td><b>15cm pixel resolution</b></td> </tr> <tr> <td>Horizontal (Ortho)</td> <td>+/- 0.60m RMSE</td> <td>+/-0.30m RMSE</td> </tr> <tr> <td>Horizontal (Point)</td> <td>+/- 0.30m RMSE</td> <td>+/-0.15m RMSE</td> </tr> <tr> <td>Vertical</td> <td></td> <td>+/- 0.25m (68% c.i., 1σ)</td> </tr> <tr> <td>(With Ground Control)</td> <td></td> <td>+/- 0.50m (95% c.i., 2σ)</td> </tr> <tr> <td></td> <td></td> <td>suitable for 1m contours with ground control.</td> </tr> </table>	<b>Accuracy</b>	<b>30cm pixel resolution</b>	<b>15cm pixel resolution</b>	Horizontal (Ortho)	+/- 0.60m RMSE	+/-0.30m RMSE	Horizontal (Point)	+/- 0.30m RMSE	+/-0.15m RMSE	Vertical		+/- 0.25m (68% c.i., 1σ)	(With Ground Control)		+/- 0.50m (95% c.i., 2σ)			suitable for 1m contours with ground control.
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		suitable for 1m contours with ground control.																		

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Geochemical data only. Soil Samples - soil samples were taken at nominal 250-500m line spacing by 150m-75mm sample spacing grid across the Skyfall Prospect. Rock Chips – rock chips were taken in areas of specific geological interest with a geological hammer into a calico bag.</li> <li>No composite sampling reported.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>The sampling lines and grids run across and not parallel to the interpreted geological structures and target mineral zones.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>All samples stored on TUC premises until transport to the Sample Preparation Laboratory in Darwin.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>No audit or review taken. Samples taken in the same manner as nearby rare earth prospects in the same geological and weathering terrain where this exploration technique has successfully identified mineralisation.</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Skyfall results are from EL27151, a granted tenement in year one of its Standard six year and extendable tenure. EL27151 is 100% owned by Spectrum Rare Earths Limited.</li> <li>Spectrum Rare Earths has executed an Aboriginal Land Rights Exploration and Mining Deed with Traditional Aboriginal Land Owners through the Northern Land Council. This Deed secures the right to work, explore, develop and mine minerals on EL27151 and others in the region.</li> <li>TUC has an approved work program for 2014 with the Traditional Owners and Land Council. This work program includes drilling activities.</li> <li>Séverine results are from ELA24884, an application tenement on Aboriginal Freehold Land. Spectrum has received verbal consent to exploration on this tenement from Traditional Aboriginal Land Owners and an ALRA Agreement is in negotiation. Traditional Owners and the Northern Land Council have issued Spectrum with a Preliminary Exploration Permit on this lease which allows early stage exploration to begin whilst negotiations are finalised towards grant of the tenement. ELA24884 is 100% owned by Spectrum Rare Earths Limited.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable. Spectrum are the first known company to explore for Rare Earths at this location.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Rare Earth; Primary (hydrothermal), Secondary (Placer and Weathering) mineralisation targets.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable; geochemical data only. No drilling undertaken or reported.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>o easting and northing of the drill hole collar</li> <li>o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>o dip and azimuth of the hole</li> <li>o down hole length and interception depth</li> <li>o hole length.</li> </ul> <ul style="list-style-type: none"> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	
Data aggregation methods	<ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>• Rare Earth rock chip results are generally reported as significant above a mineralised envelope cut off of 0.05% TREO or 500ppm TREO. Rare Earth soil sample results are reported as significant above a 200-250ppm TREE level. This cut off has been used successfully to define mineralised envelopes from drilling at the nearby (12km) Spectrum owned Stromberg Heavy Rare Earth Prospect.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable for surface geochemical data.</li> <li>• No down hole/drilling data reported.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>• Included in body of text in the announcement.</li> <li>• Plan view illustrated in Figure 1.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>• All results diagrammatically illustrated both spatially and from a grade perspective in the body of the announcement (Figure 1).</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially deleterious elements include Thorium and Uranium. Uranium is also a potential payable metal. No new geochemical assays are reported in this announcement so this section is not applicable. However, average grades returned from within a drilling defined mineralised envelope at Spectrum's nearby (10km to the West) Stromberg Heavy Rare Earth Prospect are 191ppm U and 3.7ppm Th.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>• Infill and extensional geochemical sampling continuing to further define mineralisation before planned drilling and trial pit operations in 2014.</li> <li>• Current target zones clearly identified by grid interpolation in diagrams in main body of text in the announcement (Figure 1).</li> </ul>

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 1/6/10, 17/12/10

Name of entity

**SPECTRUM RARE EARTHS LIMITED**

ABN

**94 115 770 226**

Quarter ended ("current quarter")

**31<sup>st</sup> December, 2013**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 mths) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(189)	(255)
(b) development	-	-
(c) production	-	-
(d) administration	(264)	(400)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / R&D credit received	197	197
1.7 Other	-	2
<b>Net Operating Cash Flows</b>	<b>(251)</b>	<b>(448)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(19)	(19)
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 – tenement security bonds	-	-
<b>Net investing cash flows</b>	<b>(19)</b>	<b>(19)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(270)</b>	<b>(467)</b>

+ See chapter 19 for defined terms.



1.13	Total operating and investing cash flows (brought forward)	(270)	(467)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,402	1,402
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 - Costs associated with capital raising	-	-
	<b>Net financing cash flows</b>	<b>1,402</b>	<b>1,402</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,132</b>	<b>935</b>
1.20	Cash at beginning of quarter/year to date	306	503
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,438</b>	<b>1,438</b>

**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	55
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors and Associates are on normal commercial terms

**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

N/A

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	-	-

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	350
4.2	Development	-
4.3	Production	-
4.4	Administration	240
<b>Total</b>		<b>590</b>

### 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	1,438	306
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		1,438	306

### 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	EL27591	100%	0%
		EL25222	100%	100%
		EL25229	100%	100%
		EL25395	100%	100%
		EL29458	100%	100%
		EL29464	100%	100%
6.2	Interests in mining tenements acquired or increased	EL27151	100%	100%
		EL30109	100%	100%
		EL30110	100%	100%

+ 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 <b>Preference +securities</b> <i>(description)</i>	0	0	n/a	n/a
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	0	0	n/a	n/a
7.3 <b>+Ordinary securities</b> <b>Total Issued and Quoted</b>  Issued, but not quoted (subject to ASX escrow)	156,601,948	<b>156,601,948</b>	n/a	Fully Paid
7.4 Changes during quarter (a) Increases through issues/exercised options (b) Decreases through returns of capital, buy-backs	18,500,000 12,500,000	18,500,000 12,500,000	\$0.042 \$0.050	Fully Paid Fully Paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	0	0	n/a	n/a
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	0	0	n/a	n/a
7.7 <b>Options</b>	<i>Options</i>	<i>Listed Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Options TUCO	62,558,758	62,558,758	\$0.20	15 August 2014
7.8 Issued during quarter	<i>12,400,000</i>	<i>12,400,000</i>	\$0.20	15 August 2014
7.9 Exercised during quarter	0	0	n/a	n/a
7.10 Expired during quarter	<i>Options</i> 0	<i>Unlisted Options</i> 0	<i>Exercise Price</i> n/a	<i>Expiry Date</i> n/a

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>	0	0
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	0	0

## 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
Company Secretary

Date: 31<sup>st</sup> January, 2014

Print name: Graeme Boden

## 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.