



White Energy Company Limited

Appendix 5B **Mining Exploration Entity Quarterly Report**



Open-cut mining operations using highwall mining equipment at Mountainside Coal Company, Kentucky, U.S.

SUMMARY OF ACTIVITY

A summary of the major items of activity for White Energy Company Limited ("White Energy" or the "Company") during the quarter ended **31 March 2014** is outlined below.

HIGHLIGHTS

- **Completed expanded JV relationship with Black River to commercialise coal fines development opportunities in new markets**
- **Sale of a further 90,000 tons of coal at MCC, generating US\$6m in revenues for the quarter**
- **Commenced work to construct a coal wash plant at MCC**
- **Reached agreement to proceed with first South African coal fines project at the Woestalleen Colliery in South Africa**
- **Commenced a DFS for a proposed coal fines project at Anglo's Goedehoop Colliery in South Africa, after being selected as Anglo's preferred technology partner in South Africa for coal fines briquetting**
- **Continued to review opportunities to acquire coal concessions in the Kalimantan region of Indonesia, which include coal upgrading opportunities requiring application of the BCB technology**
- **Continued to progress R&D program at Cessnock Production Plant**
- **Work continues on legal dispute with Bayan Resources relating to terminated KSC JV**

1. NORTH AMERICA

Mountainside Coal Company ("MCC") – WEC 51%

Mining Operations

MCC made sales of a further 90,000 tons of coal during the March 2014 quarter, generating US\$6 million in revenue.

Generally adverse weather conditions during the quarter have hampered production and transportation of coal, particularly during the months of January and February 2014, with conditions improving during March.

Since the acquisition of MCC, the production has been sold into the domestic power and industrial markets, where selling prices have been under significant pressure in recent times due to competition from U.S. shale gas suppliers.

MCC's strategy is to significantly increase the quantum of sales of low-ash sized coal product into specialty markets, where such product is sold at an attractive premium.

As outlined in the last quarterly report, MCC is currently operating at two mine sites, Flag Ridge and Hatfield Gap, as it prepares to open a new mine at Flat Creek.

One of the key areas of focus for MCC management to date has been on the increase in production and productivity at both Flag Ridge and Hatfield Gap, including the redeployment of equipment and additional manning to increase overall operating hours across both mines.

Exploration Activities

MCC is currently focused on completing an exploration program to better define resources and reserves at the two current operating mines, as well as potential new resources across lease areas which have been earmarked by the company for future mining

Most of the focus is on the low ash, high quality Blue Gem and Jellico coal seams located across certain mine leases held by the company, which have the best potential for quality stoker coal product.

It is anticipated that the new mine at Flat Creek will be opened during the third quarter of 2014, which will focus on the mining of the Blue Gem coal seam which attracts premium pricing in the specialty U.S. domestic coal markets.

Capital Expenditure Program

As advised to shareholders previously, the key to the future growth and profitability of MCC is the successful construction and commissioning of a coal wash plant and BCB plant as part of the overall operation.

Coal Wash Plant

During the March 2014 quarter, MCC has sourced and reached agreement to purchase a second-hand coal wash plant from a nearby mining company which has ceased operations. The MCC team commenced dismantling of the plant during March 2014 and arrangements are currently being made for the equipment to be re-erected on the site previously selected by MCC management. Some new equipment and components will also need to be sourced before the plant can be commissioned.

This initiative is expected to result in a significant reduction in anticipated capital expenditure for the wash plant, and also cut completion and commissioning timeframes by several months. It is currently programmed that the coal wash plant will be commissioned by the end of the September 2014 quarter.

MCC anticipates a significant uplift in overall product quality once the relocated wash plant is commissioned, which is also expected to coincide with the opening of the proposed mine at Flat Creek, which contains the best reserves of the higher quality Blue Gem coal. This ability to produce speciality coal to customer specifications is expected to deliver higher revenues from the December 2014 quarter.

BCB Plant

As far as the proposed BCB plant is concerned, the MCC team are currently in the process of obtaining a permit to build and operate the plant. The preliminary design of the plant is in

progress and is due to be complete in the coming weeks, before MCC moves to the detailed design phase. This work is being supplemented by commercial scale product trials which are currently underway at the Company's Cessnock Production Plant (refer page 7 of this report for additional details).

At this stage, MCC management expects commissioning of the BCB plant to take place by mid-2015.

The construction of the BCB plant will enable MCC to treat specialty coal fines, which has the potential to significantly improve production yields at MCC's mines.

Buckskin & Peabody Projects, Wyoming

During the fourth quarter of 2013 the Company, via its wholly owned U.S. subsidiary company White Energy Coal North America Inc., obtained a minor source clean air-permit to construct a BCB plant at the Buckskin mine, owned by the Kiewit Group and located in the Powder River Basin, Wyoming, U.S..

It is also expected that a similar air-permit application for a BCB plant as part of the proposed Peabody project will be submitted once U.S. coal market conditions improve.

As shareholders will be aware, one of the Company's business strategies for its BCB technology is to work with Powder River Basin coal producers, including Buckskin and Peabody Energy, to develop a low moisture and higher calorific value product to market.

A number of U.S. coal producers are seeking approvals to build coal export terminals at various locations on the west coast of the United States. It may therefore take a number of years before the Company's Powder River Basin projects become operational.

2. AFRICA – RIVER ENERGY JOINT VENTURE - WEC 51%

River Energy continued to progress the various project opportunities currently under review with the major coal producers in the South African coal market during the March 2014 quarter.

An update on the status of the main opportunities is as follows:

Standalone BCB Plant Opportunity at the Woestalleen Colliery

As announced to the market on 28 April 2014, River Energy has entered into a binding agreement with the owners and operators of the Woestalleen Colliery, Blue Falcon 212 Trading Pty Ltd, ("the Woestalleen Hub"), which sets out a phased approach to overall project implementation.

The project provides River Energy with the exclusive right to build, own and operate a standalone Binderless Coal Briquetting ("BCB") plant at the Woestalleen Hub and to purchase all existing coal fines, located in tailings dams, together with all new arising coal fines produced in the 3 wash plant modules processing run-of-mine coal, at the Woestalleen Hub, for the life of

the project. The project as currently envisaged will comprise a coal fines beneficiation circuit and a BCB plant with a 250,000 tonne per annum product capacity.

The agreement provides for a two phased approach to the project implementation. As part of Phase 1 of the project River Energy will:

- Build, own and operate a coal fines recovery and beneficiation plant at the Woestalleen Hub, utilising the screening technology for which it has exclusive rights in the African coal market;
- Purchase all new arising coal fines produced at the Woestalleen Hub, for a 5 year period, as feedstock to the beneficiation plant and sell the beneficiated product to the site operator at a market-linked price; and
- Secure the exclusive right to build, own and operate a BCB plant at the Woestalleen Hub, subject to successful completion of remaining due diligence on operations at the site.

Phase 2 of the project will see River Energy secure exclusive access to all coal fines currently stored in tailings dams at the Woestalleen Hub, together with all new arising coal fines to be produced in the future, and also commit to the construction and commissioning of a BCB plant at the site. River Energy has 12 months to commit to Phase 2 of the project.

The total consideration payable by River Energy upon execution of the agreement, in satisfaction of the Phase 1 conditions, is approximately US\$1.2 million. A further US\$1.2 million will become payable on the satisfaction of several Phase 2 conditions, and a commitment by River Energy to proceed with Phase 2 of the project, in accordance with the terms of the agreement.

The phased approach as outlined above provides River Energy with the opportunity to commence generating positive cash flow in the short-term, through the beneficiation of new arising coal fines using the screening technology, whilst at the same time providing additional time for the River Energy team to further assess the likely quantities of new arising coal fines to be generated at the Woestalleen Hub in the future, prior to committing capital for the proposed BCB plant.

The Woestalleen Hub is located within close proximity of the other major project opportunities currently under review by River Energy in the Witbank/Middelburg coalfields of South Africa. Importantly, all necessary site infrastructure and rail access is already in existence at the site. This will enable the efficient processing and supply of beneficiated and briquetted coal fines to both the export and domestic coal markets.

The Woestalleen project represents an opportunity for River Energy to build its first BCB plant in South Africa, which is an exciting step forward for the business in Africa and for the continued rollout of the BCB technology globally.

Completion of Second Detailed Feasibility Study (“DFS”)

As previously outlined to shareholders, during the quarter River Energy completed work on a second DFS with a large South African coal producer. This DFS included the 100 tonne

commercial scale materials handling and burn test, which was successfully conducted with input from representatives from Eskom, South Africa's government owned power utility. Commercial discussions continue with the coal producer in question in regards to the potential construction of a BCB plant on its site.

In addition, River Energy has also lodged an expression of interest to purchase part of an existing coal mine site from the coal producer in question, which contains significant volumes of coal fines stored in two dams on the site, on which it could construct a BCB plant. River Energy still awaits a response to this proposal.

Anglo American Coal Project – Third DFS

We are pleased to announce that during the quarter, River Energy and Anglo Operations Proprietary Limited, acting through its Coal division ("AAC"), entered into a contract to conduct a detailed sampling and testing study, along with a detailed engineering design, at AAC's cost, to support the proposed construction of a circa 700,000 tonne per annum BCB plant at its Goedehoop Colliery in the Witbank/Middelburg coalfields.

This follows the selection by AAC of River Energy as its preferred technology partner in the South African market after a rigorous evaluation process of agglomeration and briquetting solutions available in the market.

In this regard, a 120 tonne sample of coal fines product from the Goedehoop Colliery is in the process of being shipped to White Energy's Cessnock Production Plant for briquetting and product trials.

River Energy and AAC are in the process of executing a term sheet that outlines the key commercial and technical terms for the construction and operation of the BCB plant. It is expected that it will take approximately 8 months for the completion of the study and this will be followed by a decision to proceed with the project by the parties.

AAC has a strong coal asset portfolio, with a number of operations in South Africa, Australia and Columbia.

We will keep shareholders updated on this opportunity as we reach our milestones.

Each of the projects being pursued by River Energy, as outlined above, are centrally located within the existing Witbank/Middelburg coalfields in South Africa.

3. INDONESIA

During the March 2014 quarter, White Energy representatives in Indonesia have continued to perform due diligence work on a number of short-listed coal concessions which have been identified for potential acquisition.

The coal properties being considered by White Energy comprise a mixture of coal qualities. Most of the resources are likely to be suitable for upgrading using the BCB technology, which has the potential to greatly enhance the value of such projects. In addition, the Company also expects

that some of the resources in question will not require application of the BCB technology, and can be mined and sold directly into the export markets.

4. AUSTRALIA

South Australian Coal Limited ("SAC")

Mine Plans & Costing

As outlined in previous quarterly reports, the supply of Lake Phillipson coal to the domestic power market represents the most likely near-term revenue opportunity as far as SAC is concerned, and hence has attracted most of the focus of our work to date in relation to the Lake Phillipson asset.

The Company continues to analyse ways in which to progress this business opportunity.

Coal Gasification

Further feasibility studies are currently being undertaken to assess coal gasification opportunities at the Lake Phillipson deposit. A previous report issued by the German based company, Lurgi GmbH, has confirmed that the Lake Phillipson coal is suitable for gasification using their process.

Groups with access to coal gasification technologies are in discussions with White Energy in relation to this commercial opportunity.

The Company will update shareholders as new information comes to hand.

Cessnock Production Plant

Commercial scale briquetting trials of coal fines by MCC are currently in progress at the Cessnock Production Plant. The testing is designed to provide accurate processing data to guide final commercial plant design decisions, and allow for equipment optimisation for the MCC coal. The testing is scheduled to continue into the coming months as further refinements are implemented.

In addition to the ongoing MCC work, the site will also receive a bulk sample of South African coal fines from AAC next month for demonstration scale testing. Work on this material will provide the technical basis for a plant design being conducted as part of the DFS being undertaken for AAC in South Africa.

On a smaller scale, the Cessnock Pilot Plant is also scheduled to conduct a range of preliminary trials for a number of producers from the Asian region in the coming quarter.

5. GENERAL CORPORATE

Balance Sheet and Cash Reserves

As outlined in the attached, the Company had approximately \$65 million in cash reserves as at 31 March 2014, which includes the \$2 million security bond paid to the Supreme Court of Western Australia in April 2012, in support of the freezing orders made against Bayan's shareholding in Kangaroo Resources Limited.

Apart from ordinary trade payables, provisions and internal shareholder loan balances currently outstanding, White Energy has no external debts on its balance sheet.

During the March 2014 quarter, the following major cash outflows occurred:

- US\$17.8 million - cash proceeds flowing from the completion of the expanded JV with River Energy
- US\$8 million - repayment in full of the US\$8 million in shareholder loans previously provided by Black River to River Energy and guaranteed by White Energy.

PT Kaltim Supacoal ("KSC") – WEC 51%

Update on Legal Dispute

As previously advised to shareholders, BCBC Singapore Pte Ltd ("BCBCS") and Binderless Coal Briquetting Company Pty Limited ("BCBC") are currently involved in legal proceedings against Bayan and Bayan International Pte Ltd in the High Court of the Republic of Singapore, over matters relating to the Tabang coal upgrading plant, located at Bayan's Tabang mine in East Kalimantan, Indonesia.

The issues in the proceedings include a claim by BCBCS and BCBC against Bayan for damages for breach of the Joint Venture Deed between the KSC shareholders, including the obligation to supply coal to KSC and the obligation to provide funding to KSC. Bayan has filed a defence to the claim, and also a counterclaim against BCBCS and White Energy seeking damages.

Bayan purported to terminate the Joint Venture Deed in February 2012, which BCBCS regarded as a wrongful repudiation. Following BCBCS' acceptance of Bayan's repudiation, the KSC Joint Venture was brought to an end. BCBCS is pursuing Bayan for all damages suffered as a result of Bayan's wrongful repudiation.

The directors believe that BCBCS took all steps to fulfil its joint venture obligations and that the failure of the Joint Venture is due to Bayan's failure to supply coal and provide funding to KSC and its purported termination of the Joint Venture Deed.

Following an application by BCBCS, the Supreme Court of Western Australia made freezing orders in respect of Bayan's 56% shareholding in Kangaroo Resources Limited, a publicly listed Australian company. Bayan sought to challenge the grant and scope of those orders, including a challenge to the Court's jurisdiction to make such orders (including on constitutional grounds).

This challenge was heard by the Supreme Court in February 2013. On 26 June 2013 the Supreme Court dismissed Bayan's challenge to the grant and scope of the freezing orders and extended the freezing orders indefinitely. In its reasons for decision, the Supreme Court found that, amongst other things, BCBCS had established the elements necessary to obtain a freezing order, including that BCBCS had established for the purposes of its application for a freezing order that it had a good arguable case: (i) in respect of its claim against Bayan for breach of the Joint Venture Deed; and (ii) to recover damages in respect of at least its lost investment in the KSC Joint Venture.

On 15 July 2013, BCBCS was served with notice of Bayan's appeal from the orders made by the Supreme Court. Bayan's appeal is limited to a challenge to the Supreme Court's jurisdiction to make those orders. Bayan is not appealing the Supreme Court's findings that BCBCS had established the elements necessary to obtain a freezing order, including that BCBCS had established for the purposes of its application for a freezing order that it had a good arguable case. Bayan's appeal was heard before the Court of Appeal of Western Australia on 11 and 12 March 2014 and we currently await the judgement.

The orders will remain in place unless and until there is a further order made by the Court.

Status of Tabang Operations

As a result of the above dispute, KSC suspended operations at the Tabang plant in late November 2011. The directors believe that, at the time of suspension of operations at Tabang, the various plant modification works being undertaken at site were over 95% complete.

Following a petition filed by a number of local creditors of KSC in the Commercial Court of Surabaya, Indonesia, administrators were appointed to KSC and KSC has now been placed into bankruptcy. Curators have been appointed to manage this process. All KSC staff have been terminated from the Tabang site. The Curators are currently seeking to realise KSC's assets with the object of distributing any proceeds to KSC's creditors.

As shareholders are aware, the White Energy Group has previously fully impaired its investment in KSC and as such the bankruptcy process will not have any further impact on the accounting results of the White Energy Group.

Appendix 5B**Mining exploration entity quarterly report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/ 2001.

Name of entity

White Energy Company Limited

ABN

62 071 527 083

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	6,618	11,939
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration (*)	(a) (28) (b) (377) (c) (10,226) (d) (4,704)	(a) (150) (b) (2,102) (c) (15,546) (d) (15,504)
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	345	1,647
1.5	Interest and other costs of finance paid	Nil	Nil
1.6	Income taxes paid	Nil	Nil
1.7	Other (provide details if material) Includes R&D tax incentive receipt	1,012	3,301
Net Operating Cash Flows		(7,360)	(16,415)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(a) Nil (b) Nil (c) (1,123)	(a) Nil (b) (21,357) (c) (1,696)
1.9	Proceeds from sale of:(a)prospects (b)equity investments (c)other fixed assets	(a) Nil (b) 20,163 (c) Nil	(a) Nil (b) 20,163 (c) Nil
1.10	Loans to other entities	Nil	Nil
1.11	Loans repaid by other entities	Nil	Nil
1.12	Other (provide details if material) (**)	(41)	(41)
Net investing cash flows		18,999	(2,931)
1.13	Total operating and investing cash flows (carried forward)	11,639	(19,346)

(*) includes legal fees incurred in respect of KSC dispute and MCC admin costs since 7 Oct 2013. Note that \$688k of year-to-date MCC admin costs have been re-classified from the Payments for production (1.2(c)) year-to-date balance shown in the December 2013 quarter report

(**) September 2013 year-to-date balance of \$622k re-classified as Payment for purchases of equity investments (1.8(b)), as it related to US\$500k option fee paid in respect of MCC acquisition

1.13	Total operating and investing cash flows (brought forward)	11,639	(19,346)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	Nil	Nil
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	5,077	5,077
1.17	Repayment of borrowings	(9,069)	(9,069)
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
	Net financing cash flows	(3,992)	(3,992)
	Net increase (decrease) in cash held	7,647	(23,338)
1.20	Cash at beginning of quarter/year to date	57,336	88,321
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	Cash at end of quarter (***)	64,983	64,983

(***) includes \$2 million WA Supreme Court Security Bond relating to the freeze order obtained in respect of Bayan Resources' shareholding in Kangaroo Resources Limited

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 (d)	460
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	N/A

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

N/A

Financing facilities available*Add notes as necessary for an understanding of the position.*

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	500
4.3 Production	9,250
4.4 Administration (including legal fees re KSC dispute)	5,000
Total (***)	14,800

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	4,308	2,952
5.2 Deposits at call	58,675	52,384
5.3 Bank overdraft	Nil	Nil
5.4 Other (provide details) - WA Supreme Court Security Bond relating to legal dispute with Bayan Resources	2,000	2,000
Total: cash at end of quarter (item 1.22)	64,983	57,336

Changes in interests in mining tenements

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

6.2	Interests in mining tenements acquired or increased				
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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)	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3	+Ordinary securities				
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 322,974,494 (a) N/A (b) N/A Closing 322,974,494	Opening 322,974,494 (a) N/A (b) N/A Closing 322,974,494	N/A N/A N/A	N/A N/A N/A
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

7.7	Options <i>(description and conversion factor)</i>	(a) Director / ESOP – Closing 0 (b) Executive Retention Plan – Closing 5,400,000 Rights	(a) Not Listed 0 (b) Not Listed 5,400,000 Rights	<i>Exercise price</i> (a) \$3.50 (b) 30 day VWAP pre vesting	<i>Expiry date</i> (a) 31/03/14 (b) vest 30/06/14 subject to performance and other conditions
7.8	Issued during quarter	(a) Nil (b) Nil	(a) Nil (b) Nil	N/A	N/A
7.9	Exercised during quarter	(a) Nil (b) Nil	(a) Nil (b) Nil	(a) \$3.50 (b) 30 day VWAP pre vesting	(a) 31/03/14 (b) vest 30/06/14 subject to performance and other conditions
7.10	Expired during quarter	(a) (949,999) (b) Nil	(a) Nil (b) Nil	(a) \$3.50 (b) 30 day VWAP pre vesting	(a) 31/03/14 (b) vest 30/06/14 subject to performance and other conditions
7.11	Debentures <i>(totals only)</i>	N/A	N/A		
7.12	Unsecured notes <i>(totals only)</i>	N/A	N/A		

Table 1 - Summary of mining tenements

Western Australian Mineral Exploration Licences						
Tenement	Granted	Expiry	Area (BL)	Locality	Licensee	Interest
E09/1983	24/4/2013	23/4/2018	56	Gascoyne Region, WA	Amerod Exploration Limited	100%
E09/1984	24/4/2013	23/4/2018	122	Gascoyne Region, WA	Amerod Exploration Limited	100%

South Australia Mineral Exploration Permits						
Tenement	Granted	Expiry	Area	Locality	Licensee	Interest
EL4534	9/8/2010	8/8/2015	1,367 km2	Coober Pedy, SA	South Australian Coal Limited	100%
RL100	3/10/2001	2/10/2016	240 hectares	Coober Pedy, SA	South Australian Coal Limited	100%
RL104	27/2/2003	26/2/2013 (*)	240 hectares	Coober Pedy, SA	South Australian Coal Limited	100%

(*) A further renewal is expected to be received once rehabilitation is completed.

Kentucky U.S.A Coal Permits			
Permit (**)	Locality	Licensee	Interest
861-0536	Dowis Chapel – Kentucky	Mountainside Coal Company Inc	100%
861-0537	Hubbs Creek – Kentucky	Mountainside Coal Company Inc	100%
861-5357	Washer – Kentucky	Mountainside Coal Company Inc	100%
918-0464	Round Mountain – Kentucky	Mountainside Coal Company Inc	100%
918-0465	Flag Ridge – Kentucky	Mountainside Coal Company Inc	100%
918-0467	Jellico Creek – Kentucky	Mountainside Coal Company Inc	100%
918-0466	Hatfield Gap – Kentucky	Mountainside Coal Company Inc	100%
861-0528	Flat Creek - Kentucky	Mountainside Coal Company Inc	100%

(**) New permit reference numbers were issued during the March 2014 quarter as a result of new ownership of MCC, as required by the Kentucky Department for Natural Resources.

Table 2 - Summary of mining tenements acquired in March 2014 Quarter

No tenements were acquired in the March 2014 quarter.

Table 3 - Summary of mining tenements surrendered in March 2014 Quarter

No tenements were surrendered in the March 2014 quarter.

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: Date 30 April 2014
Managing Director

Print name: **Brian Flannery**

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.

For further information please contact:

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