



31st January 2016

DECEMBER QUARTERLY ACTIVITIES REPORT 2016

ASX Symbol: **NMM**

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BOARD OF DIRECTORS AND MANAGEMENT

Mr William Hayden
Non-Executive Chairman

Mr Miguel Palomino
Managing Director

Mr Andrew Johnstone
Non-Executive Director

Mr Jay Stephenson
Company Secretary

ISSUED CAPITAL

Shares on Issue: 133,972,750
Unlisted Options: 20,575,000

HIGHLIGHTS

- Noble Metals Limited's wholly owned GPS Metals Lab Cali Facility ("GPS") December quarter activities has resulted in orders that have led to an operating surplus of A\$565,000.
- This is an increase of 63.8% over the September 2016 quarter figure of A\$345,000.
- During the quarter, GPS received its first order for speciality platinum products from the US Navy's research lab. This order is the first since GPS was approved on the federal contractors registration system of the USA, giving GPS entry to a market with tremendous potential.

Summary

Noble Metals Limited ("NMM", "the Company" or "Noble Metals") is pleased to announce that it continued to grow activities at the GPS Metals Lab Cali Facility ("GPS") during the December 2016 quarter. An operating surplus of A\$565,000 was achieved (after inclusion of post quarter receivables relating to December 2016 quarter activities/sales), which is a 63.8% increase over the September 2016 quarter figure of A\$345,000. This increase was despite lower smelting activities during the quarter due to priority being given to a unique opportunity for refining/smelting with higher value add to our normal production with stronger margins. Cashflow from Cali activities continued to meet all company costs during the December quarter, including the re-establishment of exploration activities at El Tambito/Gaviota in the Novita community lands.

The capabilities of the GPS Metals Lab Cali Facility are beginning to be more widely recognised resulting in new orders and relationships being formed.

NMM is very pleased to report that during the December quarter GPS received its first order from the US Navy for speciality manufactured platinum products, following successful United States of America System for Award Management (SAM), registration. GPS is prepared and excited to fulfil this first of many anticipated orders from the US federal government.

Additionally, during the quarter, GPS produced 50µm gold wire for qualification by a Taiwanese distributor and GPS is expecting an opening order in the coming weeks. GPS is also in the final stages of product assessment and qualification with other Asian electronics manufactures for 23µm gold bonding wire.

Higher margin activities including: refining and manufacturing increased during the December 2016 quarter and will continue to grow to become significant revenue generators for NMM over the coming year. The GPS Metal Lab Cali Facility can smelter over one tonne of gold per month and it is Noble Metals' goal to grow its smelting activities towards this level during 2017.

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GPS Metals Lab Cali Refinery, Smelter and Manufacturing Facility

The GPS Metals Lab precious metals, smelter, refinery and manufacturing facility ("GPS Metals Lab Cali facility" or "GPS") is located in the city of Cali in southwestern Colombia. The GPS Metals Lab Cali facility has a smelting capacity of over one tonne of gold per month and can refine gold to 99.99% (four nines) purity. Additionally, the facility has sophisticated testing and manufacturing equipment which enables the production of platinum crucibles, precious metal wire including 23µm bonded gold wire, sputtering targets and other precious metal specialty products.

During the December 2016 quarter GPS Metals Lab Cali facility produced 50µm gold wire for qualification purposes (testing) by a Taiwanese distributor, GPS is expecting an opening order in the coming weeks. This follows successful production of 23µm diameter gold wire in July 2016, using a recommissioned German made Niehoff automated wire drawing machine. GPS produced 23µm diameter gold bonding wire, which is in final stages of assessment and testing by a number of Asian electronics manufactures.



Niehoff automated wire drawing machine/equipment

During the quarter, GPS refined a considerable quantity of low grade gold to improve grade/purity before being smelted. The margin for refining and smelting gold is considerably larger than simply smelting gold.

During the December quarter, discussions have continued with a number of contacts made at the International FICEM Technical Congress 2016 (International Federation of Cement) held in Cartagena in northern Colombia. These discussions have led to quotations that have the potential to turn into orders for platinum crucibles and accessories used in cement analysis.

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Novita Exploration, Mining and Processing Operations

During the December quarter, Noble Metals continued to build relationships with the Novita Community and was able to recommence activities at El Tambito/Gaviota located on the Novita Community Lands east of the township of Novita, all funded from revenue generated by the GPS Metals Lab Cali Facility.

A site visit to El Tambito/Gaviota took place in early October 2016, and further visits are planned for first quarter of 2017. The El Tambito/Gaviota project area is currently only accessible by boat or air. This area hosts a hard-rock gold source that Noble Metals began exploring/assessing and reporting on in late 2013. The gold at the Gaviota prospect is hosted in a sub-vertical shear zone set in a sequence of altered sedimentary and volcanic geology. In 2013 Noble Metals Limited cleared areas of the shear zone and took rock chip samples that returned an average grade of 63.25g/t over 9.8m across the zone (ref: NMM/CPD - ASX release dated 9th September 2013).



Site visit to El Tambito/Gaviota in early October 2016

Noble Metals is also currently in discussions to assess opportunities in the region of Novita, with the intention to establish alluvial operations utilising Noble Metals' existing processing equipment located at the Novita camp/compound.



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Administration/Colombia/Corporate

Revenue generated from activities at the GPS Metals Lab Cali Facility during the December 2016 quarter have again resulted in an operating surplus for the Company. Since the September 2016 quarter all company costs are being met by GPS Metals Lab Cali facility revenue, including:

- All operating costs at the Cali operation
- Retrofitting and setting up precious metal manufacturing equipment
- Acquisition and setup of additional testing equipment
- All operating expenses for Condoto Platinum Colombia (camp, payroll, vehicle and equipment maintenance)
- Condoto Platinum Colombia preliminary exploration expenses including re-initiation of work at El Tambito/Gaviota

Successful renegotiation and signing of a revised peace agreement with Colombia's largest rebel group, the FARC, was reported in the December quarter 2017. Post quarter the Colombian government has announced peace negotiations with the second largest rebel group known as the ELN, are scheduled to begin in February 2017.

Competent Persons Statement

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Johnstone, who is a Member of the Australian Institute of Geoscientists. Mr Andrew Johnstone has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Johnstone who is a Director of the Company, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This release may contain forward-looking statements. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information. Actual values, results or events could differ materially from any conclusion, forecast or projection expressed or implied in the forward-looking.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Noble Metals Limited

ABN

43 131 213 824

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,559	45,523
1.2 Payments for		
(a) exploration & evaluation	(15)	(53)
(b) development	-	-
(c) production	(18,188)	(47,557)
(d) staff costs	(54)	(117)
(e) administration and corporate costs	(38)	(188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,735)	(2,391)

Note: Due to the Christmas period in Colombia, anticipated funds due prior to the end of December were not received. Since the end of the quarter the Company has received payment of \$1.2m from customers and a further \$2.1m is due shortly from orders completed in the December quarter.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(18)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:	-	-
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(18)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		750
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	36	36
3.4	Transaction costs related to issues of shares, convertible notes or options		(42)
3.5	Proceeds from borrowings	902	2,684
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	938	3,428

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,666	237
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,735)	(2,391)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	938	3,428

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	16	(30)
4.6	Cash and cash equivalents acquired from the subsidiary	-	(341)
4.7	Cash and cash equivalents at end of period	885	885

Note – there has been a restatement of opening cash.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	885	2,666
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	885	2,666

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
69
-

Payment to directors are for director fees and reimbursement expenses

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
69
-

Payment to related entities are for director fees and reimbursement expenses

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

None

9. Estimated operating cash flows for next quarter	\$A'000
9.1 Exploration and evaluation	(60)
9.2 Development	(75)
9.3 Production/smelting	-
a. Receipts from smelting customers	20,000
b. Payments for Production/smelting	(19,000)
9.4 Staff costs	(60)
9.5 Administration and corporate costs	(60)
9.6 Other (provide details if material)	-
9.7 Total estimated operating cash flows	745

The estimated cash flows may vary depending on gold prices and peso to US dollar exchange rates.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 December 2016

Print name: JAY STEPHENSON

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.