



TOPTUNG LIMITED

ABN 12 118 788 846

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Quarterly Activities and Cash Flow Statement

For the 3 months ending 30 September 2016 (Quarter)

COMPANY OVERVIEW

TopTung Limited (**TopTung**) (**Company**) (ASX: **TTW**) is a mineral exploration company listed on the Australian Securities Exchange (**ASX**).

During the quarter the Company significantly advanced the permitting and statutory applications required in order to be able to conduct a drilling programme at the Torrington Tungsten and Topaz Project. In addition, very encouraging results were obtained from the continuation of the metallurgical testwork - see further detail in the Technical Activities Report below.

CAPITAL STRUCTURE AND CASH POSITION

The Company's summarised capital structure at 30 September 2016 is as follows:

Issued fully paid ordinary shares:	114,935,740
Options (listed and unlisted):	Nil
Cash at Bank:	\$4.4 million

Shareholders and potential investors should also review the Company's Annual Report and audited Financial Report for the year ending 30 June 2016 to fully appreciate the Company's financial position.

Cash balances are placed on short-term deposit and are monitored on a month to month basis in order to ensure funds are available for the commencement of drilling and associated field based activities.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday 11 November at 4.00pm (AEST) at Level 8, 46 Edward Street, Brisbane. Shareholders are encouraged to attend the AGM or to complete and submit their proxy form before the deadline of Wednesday 9 November 2016. There will be an opportunity to meet with the Directors over refreshments after the formal part of the meeting.

NEW WEBSITE

During the quarter the Company launched its new website which can be viewed at www.toptung.com.au.

The new site forms part of the Company's policy to enhance shareholder knowledge by ensuring that updated and incisive information is available to the market.

TECHNICAL ACTIVITIES REPORT

TORRINGTON PROJECT

Metallurgical Testwork Programme

The highlight for the quarter was the successful outcome of the processing route for tungsten recovery as defined by the metallurgical testwork. This work resulted in recoveries of +80% of the tungsten in the feed material producing a concentrate (after magnetic clean-up) containing ~69% WO₃. See ASX announcement of 6 September 2016 for further details.

The next step of the testwork programme is to process the remaining ~700kg of the mineralised bulk sample (late October) based on the parameters defined during the various stages of testwork on the smaller portions of the bulk sample.

As explained in the March Quarterly Report (ASX announcement of 27 April 2016) the initial X-ray ore sorting trials of the finely disseminated mineralised silexite (quartz-topaz host rock to the Torrington mineralisation) were not successful. However, during September additional representative samples of mineralised and unmineralised 10 to 30mm silexite were dispatched to two additional ore sorting companies to check the efficiency of their proprietary X-ray technologies. Results are expected shortly. Optical ore-sorting is not seen as practical process over X-ray technology, as the former requires washed feed material and can only detect mineralisation on the outside of the rock – i.e. unable to 'see' internal mineralisation not exposed to the cameras.

During the quarter the Company released two ASX announcements relating to the topaz component of the silexite host rock. The 7th September release was in relation the Company entering into agreement to undertake research programmes with the University of NSW with the objective of producing mullite fibres from the topaz. Further details on mullite are available on the Company's website under the Metallurgical Testwork tab. The ASX announcement of the 13th September details potential value adding opportunities to be gained from further processing of the topaz products (also outlined on the website).

Exploration Programme

Approvals to commence drilling are now in place except for clearance from DPI Water. This is seen as a procedural matter as the possibility of polluting local groundwater or aquifers by the shallow drilling programme is considered not to be an issue. The Company is required to give a 28-day final notice of planned drilling and/or related physical exploration and earthworks commencement dates to the various Departments, local communities and possible affected persons.

Subsequent to the June Quarterly Report it was decided that due to incessant rain it would be prudent to delay the drilling until January 2017 – weather permitting. The potential for environmental damage caused by the use of machinery to clear tracks and drill pads and the drilling equipment itself was seen as high risk and a potentially costly experience. This decision was vindicated with local roads at times closed, paddocks inundated and gravel roads impassable in late September – early October.

Drill samples will be split and milled at an independent NATA registered laboratory in Tenterfield for assaying. This will require additions to the laboratory buildings in order to accommodate TopTung owned crushing equipment. The Company has yet to purchase a ring mill to complete the sample preparation circuit. The resident laboratory manager and two other contractors have successfully completed certificated XRF and radiation training so as to operate TopTung's XRF instrument that will be installed in the laboratory.

December Quarter

The December Quarter will see X-ray ore sorting trials continuing, finalisation of the metallurgical testwork on the remaining bulk sample (~700kg) and magnetic separation of the final concentrate. The Company anticipates that a conceptual plant design including an indicative cost estimate will also be prepared.

Weather permitting and dependent on receipt of final approvals the Company will commence line clearing at the Mt Everard prospect ahead of the January start-up of drilling (see Figure 1 below).

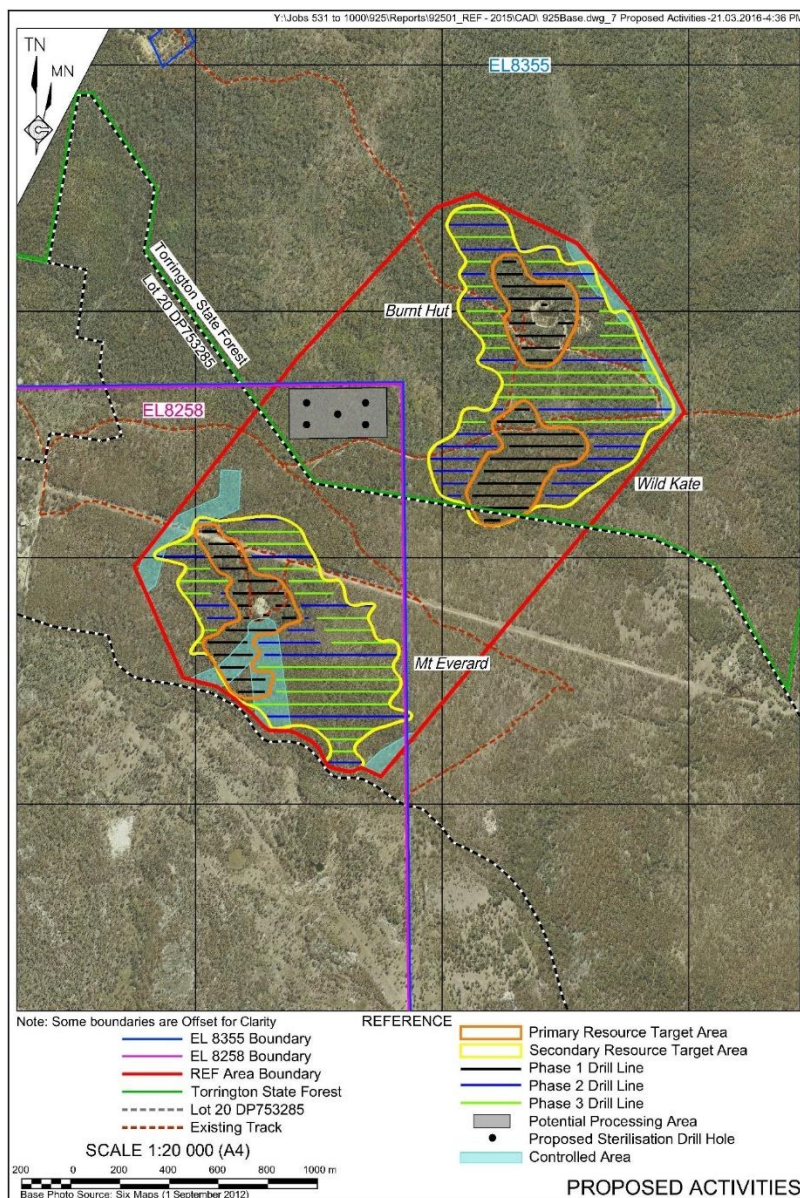


Figure 1: Torrington Phased Drill Programme

For, and on behalf of, the Board of Directors of TopTung Limited,

Dr Leon Pretorius
Executive Chairman
TopTung Limited
19 October 2016

For any enquiries please contact

Martin Kavanagh on 0419 429 974, or

Leon Pretorius on 0419 702 616

Competent Person Statement

The information in this announcement that relates to metallurgical testwork for the Torrington Project is being conducted under the supervision of Dr Leon Pretorius. Dr Pretorius is the Executive Chairman of TopTung Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) (CP) and a Member of the Australian Institute of Geoscientists (MAIG). Dr Pretorius has sufficient experience which is relevant to the type of beneficiation plant under consideration and to the activities being undertaken. This qualifies Dr Pretorius as a "Competent Person" as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Dr Pretorius consents to the inclusion in this report of the matters based on the information in the form and context in which it appears. Dr Pretorius holds shares TopTung Ltd.

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

TopTung Limited

ABN

12 118 788 846

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(74)	(74)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(121)	(121)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	45
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	(150)	(150)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(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 – EL security deposit	(10)	(10)
2.6 Net cash from / (used in) investing activities	(10)	(10)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,558	4,558
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(150)	(150)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(10)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,398	4,398

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	71	186
5.2	Call deposits (Term deposits with 30 day notice required to convert to cash)	4,327	4,372
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)	4,398	4,558

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	82
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	

Amounts paid to directors include salaries, superannuation and directors' fees totalling \$ 82k.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

N/A

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.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(127)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(118)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(245)

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	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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: 19 October 2016

Print name: M C Meintjes

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.