

# BAUXITE RESOURCES LIMITED

ACN 119 699 982

## DECEMBER 2010 QUARTERLY REPORT

Level 2 Building E,

355 Scarborough Beach Rd

OSBORNE PARK WA 6017

PO Box 1800

OSBORNE PARK DC WA 6916

Tel: +61 8 9200 6300

Fax: +61 8 9200 6399

Email: [admin@bauxiteresources.com.au](mailto:admin@bauxiteresources.com.au)

Web: [www.bauxiteresources.com.au](http://www.bauxiteresources.com.au)

ASX Code: BAU

BAU: 234m shares

Market Cap (31 December 2010) \$64m

Cash: \$47m (31 December 2010)

### Directors:

**Barry Carbon (AM)** - Chairman and acting Chief Executive Officer

**Luke Atkins** - Non Exec Director

**Neil Lithgow** - Non Exec Director

**Robert Nash** - Non Exec Director

**John Sibly** - Non Exec Director

**Ding Feng** - Non Executive Director

**Yan Jitai** - Non Executive Director

**Paul Fromson** - CFO & Company Secretary



**BAUXITE**  
RESOURCES  
LIMITED

## EXECUTIVE SUMMARY

### BRAND AND YANKUANG JOINT VENTURE DETAILED AGREEMENTS FOR ALUMINA REFINERY

- BRL and Yankuang Corporation sign ten Detailed Agreements for a Joint Venture alumina refinery.
- Bauxite Resource Joint Venture Pty Ltd has been formed to mine bauxite and construct and operate an alumina refinery in Western Australia.

### SCOTT DONALDSON APPOINTED CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR TO COMMENCE 31 JANUARY 2011

- Mr Donaldson is a mining engineer with over 20 years experience in the resources industry.
- Experienced in transformation of companies from explorers into producing mining companies.
- Proven expertise in successful management and development from pre-feasibility to construction, commissioning and production of projects.

### APPOINTMENT OF JOHN SIBLY AS NON EXECUTIVE DIRECTOR

- Mr Sibly has over 35 years of operational and executive experience within the bauxite and alumina refinery sectors.

### ANNUAL GENERAL MEETING - 25 NOVEMBER 2010

- Overwhelming shareholder support for Yankuang alumina refinery agreement.

### SHANDONG NO 1 INSTITUTE EXPLORATION AGREEMENT

- Exploration continues on tenements held by HD Mining and Investments Pty Ltd.

### BINDOON BAUXITE MINING PROPOSAL

- Community consultation through the Bindoon Community Consultative Community continues with community workshops planned for early February.

### DARLING RANGE EXPLORATION & LAND ACCESS UPDATE

- BRL has 118 Exploration Licences (ELs) 15 currently granted.
- Tenements through the Darling Range cover approximately 26,000km<sup>2</sup>.
- 252 property agreements signed for exploration.

### PATENT APPLICATION FOR ALUMINA PROCESS

- BRL has developed and filed a patent application for an acid based process for treating ore.

### COMMUNITY ENGAGEMENT & PUBLIC AFFAIRS

- Community engagement increased with Information sheets, environmental assessment & community engagement processes for approvals.
- Local and State Government agency meetings continue.
- Investor Relations program commenced with investor road shows in Australia and proactive engagement with financial media.

### CHANGE OF DIRECTORS

- David McSweeney resigns as Non-Executive Director.

### SENIOR STAFF TEAM ENHANCED

- Senior geologist joins the Exploration team as activities increase to prove up 60Mt resource for the Refinery Joint Venture.

## RECENT DEVELOPMENTS FOR THE QUARTER

A brief summary of the key announcements released to the market to date is as follows. Please refer to the full ASX announcements for details.

### **On 10 November 2010, Mr Scott Donaldson was appointed Chief Executive and Executive Director of the Company.**



Mr Donaldson is a qualified mining engineer with a graduate diploma in business. He brings more than 20 years experience in the mining industry in Australia and New Zealand with a variety of minerals including gold, nickel, copper, zinc and lead sul-

phides, copper oxides, coal and chromite. Some of his achievements include:

- Playing a key role in the successful transformation of three companies from explorers into producing mining companies;
- Successful management and development from pre-feasibility to construction, commissioning and production of five mines over the last 12 years; including
- Developing, commissioning & managing the Jaguar copper/zinc/silver project in WA with Jabiru Metals;
- Designing, developing and managing stage one of Western Metals' Pillara Lead-Zinc Mine in the Kimberley;
- Developing, commissioning & managing Tectonic Resources' Rav8 Nickel mine at Ravensthorpe, WA;
- Commissioning & managing the Coobina chromite mine in the Pilbara with Consolidated Minerals

Mr Donaldson joins BRL from Jabiru Metals Ltd, where for the past three years he has held the position of Chief Operations Officer responsible for Jabiru's operations and technical development. He was previously responsible for managing the feasibility, optimisation and successful development, construction, commissioning and production of Jabiru's Jaguar Copper/Zinc sulphide mine in WA.

Mr Donaldson has previously held senior management positions with Consolidated Minerals, Tectonic Resources, Western Metals, Dominion Mining Ltd and Thiess Contractors.

### **On 25 November 2010 the Company held an Annual General Meeting.**

All resolutions were passed with overwhelming support:

- Adoption of remuneration report
- Re-election of Barry Carbon as Chairman
- Re-election of Luke Atkins as a director
- Re-election of Yan Jitai as a director
- Re-election of Ding Feng as a director
- Re-election of Neil Lithgow as a director
- Increase in total for directors fees
- Approval of Further Heads of Agreement with Yankuang

### **On 22 December 2010, Mr John Sibly was appointed non-executive director.**



Mr Sibly is a highly experienced and well credentialed executive, with more than 35 years of operational and executive experience within the bauxite and alumina refinery sectors, including more than 15 years as a senior executive with Alcoa.

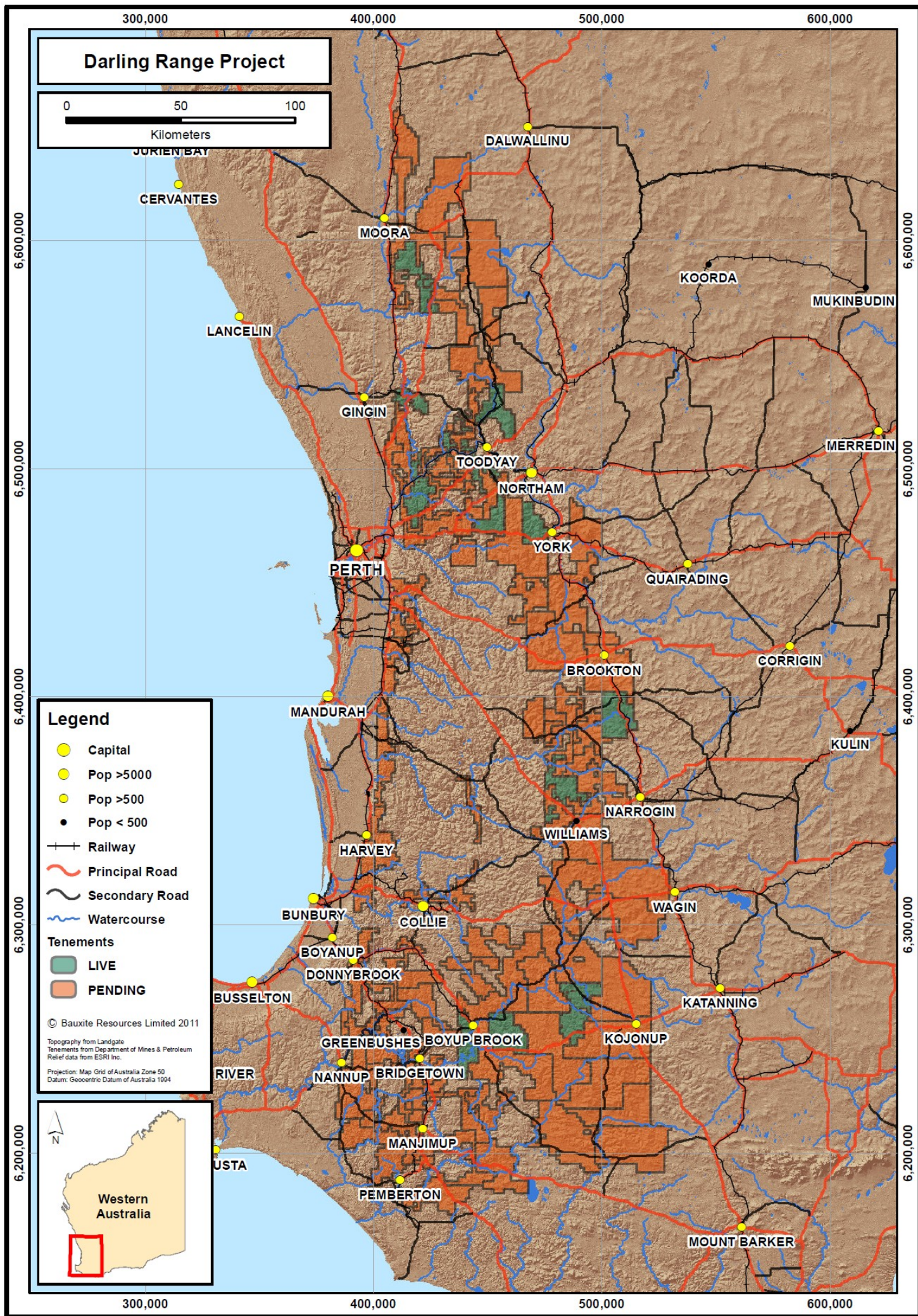
In 2006 Mr Sibly retired from his role of President Global Manufacturing Alcoa World Alumina and Chemicals, based in New York. In this position he was responsible for nine refineries and five operating mines around the world. He was also accountable for engineering, construction, and research and development of Alcoa's mining and refineries.

Mr Sibly has previously been a president of the Australian Minerals Industry Research Association, director of the centre for minesite rehabilitation research, and member of many other councils and advisory bodies. He is currently managing director of Brolga Consulting Pty Ltd, and non-executive director of Exergen Pty Ltd and LVNG Pty Ltd.

### **On 25 January 2011, BRL and Yankuang Corporation signed Detailed Agreements to form a Joint Venture to build a proposed alumina refinery in WA**

- Bauxite Resource Joint Venture Pty Ltd formed to mine bauxite and construct and operate an alumina refinery in WA.
- Ten Detailed Agreements signed for the proposed refinery to produce 1.1Mtpa alumina refining 3.5Mtpa bauxite

BRL DARLING RANGE TENEMENT MAP AS AT 31 DECEMBER 2010



## EXPLORATION PROGRAM - QUARTERLY UPDATE

### Overview

The Company's exploration program continued with 2,432 vacuum holes, for 8,805 metres drilled in the Bindoon, New Norcia, Toodyay and Williams regions during the December Quarter 2010. The low number of holes was due to BRL insisting on Safety upgrades by Contractors for drilling activities. The focus for exploration continues to define the resource to an Inferred JORC category and as such the majority of drilling will be at a wider spacing. Drilling in the Northern region continued to return grades suitable for Direct Shipping Ore (DSO), and has in the company's opinion defined sufficient DSO to initiate mining operations, if justified, when the regulatory Environmental and other approvals are in place. In all three project areas (North, East, South) the focus is on bringing tenements to grant, negotiate land access agreements, and plan and carry out drill programs.

Reconnaissance mapping visits has allowed pre preparation of Programs of Work (POW's) for immediately submission when Tenement grant and Access Agreements occur. Project status is constantly reviewed to allow a focussed exploration strategy and optimisation of the Exploration and Land Access resources.

### Additional Exploration Licences Obtained for the Quarter

BRL submitted four further tenement applications, withdrew four and had seven tenements Exploration Licences (ELs) granted during this quarter, five of these were in the Kimberley region. The total number of EL applications is 118 of which 20 (15 Darling Range tenements and 5 Kimberley) are granted to end of December 2010. The total area covered by tenements, granted and applications is approximately 26,000km<sup>2</sup>; 109 tenements are located in the North, South and East Darling Range project areas, seven tenements in the Kimberley project area and two tenement applications in the new Northern Territory project area. Discussions have been initiated with representatives of the Northern Land Council to ascertain their interest in taking over Kimberly tenements.

Ten of these licences have been granted in the North Darling Range Project area, while three South Darling Range and two East Darling Range tenements have been granted.

### Target Generation

BRL is focusing exploration to meet its objectives of defining resources within the Darling Range to allow sound strategic and planning decisions for the varied future options. BRL continues with its planned drilling program of targets to provide a wide coverage of ground with drill spacing will be determined by the laterite distribution and the requirement to provide bauxitic material for research on potential beneficiation and characteristics suitable for individual customers.

The priority targets continue to be those areas with historical data and non drilled areas considered prospective (based on several overlapping defining parameters) by the BRL geological team on both Crown and freehold land.

Furthermore, an exploration program in the Southern Darling Range is targeting sufficient bauxite mineralisation to support the undertaking of a prefeasibility study for a possible Refinery. Exploration will focus on a combination of Crown Land and freehold farmland to give a wide coverage.

### Exploration activities during the quarter

Exploration work for the December 2010 Quarter consisted of target generation, surface mapping, drilling and securing land access agreements. A great deal of focus is directed to reconnaissance and surface mapping together with surface geochemical sampling, which confirms the laterite plateaus with potential to host bauxite mineralisation. This was followed by wide spaced drilling as soon as all approvals were in place.

### Exploration Program scheduled for March 2011 Quarter

Work planned for the March quarter will focus on resource definition drilling of a number of targets in the North Bindoon region, New Norcia, Victoria Plains Shire region, Moora Shire region and Toodyay Shire region for the North Darling Range project, Dinninup, Boyup Brook regions for the South Darling Range project and the Williams area for the East project. The exploration program will consist of the following:

- Continued reconnaissance mapping, sampling and target generation of the Darling Range project.

(Continued page 5)

- Resource definition drilling of selected targets in the North Bindoon region, New Norcia, Victoria Plains and Toodyay regions.
- Wide grid drilling of all targets in all the Darling Range project areas as tenements are granted which is happening at an accelerated pace.
- Resource modelling of bauxite mineralisation previously defined by drilling in the North Bindoon Region and Williams (east) areas.
- Approvals to allow commencement of mapping and drilling of tenements in the south as tenements are granted.

### Resource Estimation

The commencement of a highly competent resource geologist in early December will permit modelling and new resource estimates to be a priority and significantly advanced in the March quarter. The resource estimation during the March quarter will be focussed on two separate items, firstly review of all historical data and re-estimation of historical data using BRL drilling as correlation, and secondly modelling and resource estimation from all BRL drilling to date which represents several thousand drill holes.

### LAND ACCESS

Land Access is voluntarily restricted by BRL to private property in the North Darling Range Project, while in the South project access will be sought to both Private Property and Crown land. The proviso on Crown Land is that it will be State Forest which is designated as available for logging operations. This Crown land therefore does not include National Parks, Nature Reserves, Conservation Reserves and the like. All Karri forest is also excluded.

Land Access continues under the umbrella of the Exploration section with the result that Land Access and Geological personnel and activities work closely together to provide excellent results. Agreements for a further 34 properties were concluded during the quarter (north, east and south project regions) bringing the total property Agreements to 252. Many further Agreements are in the pending stage.

### NORTH DARLING RANGE PROJECT

A total of 1,602 holes for 6,605 metres were drilled during the December Quarter in the North Bindoon, Moora, New Norcia region and Toodyay Shire region. BRL also continued land access negotiation for properties in the Victoria Plains and Northam Shires for drilling during the June and September quarters.

Drilling concentrated on definition of bauxite mineralisation associated with the proposed mining area and identification of new zone of mineralisation associated with targets in the North Bindoon region and Toodyay Shire.

### SOUTH DARLING RANGE PROJECT

Several Mineral to Crown (MTC) properties had Agreements signed and submission and approval of POW's following tenement grants, will result in drilling commencing in the Boyup Brook area around mid January. Reconnaissance and geological mapping of areas of other tenement grants has continued with prospective areas and target properties identified and Land Access contact for Agreements implemented.

Consultation with DMP, DEC and other regulatory bodies continues to be a focus to obtain access and work cooperatively to ensure all exploration activities are fully explained and proceed in the most efficient manner for all stakeholders. Flora surveys were commenced on targeted areas to allow expedited access once other approvals are gained.

### EAST DARLING RANGE PROJECT

Drilling activities commenced late November in the eastern area in the vicinity of Williams, following the grant of tenements and the obtaining of Land Access agreements and approvals of POW's.

A total of 830 holes for 2,200 metres were drilled on several properties. Due to the time lag of assays, results will not be available until the March 2011 quarter.

### NORTHERN TERRITORY PROJECT

The Northern Territory project consists of two applications over bauxitic laterite outcrops in the Northern Territory. These tenements are for the Company's longer term staged business development.

## PROJECT DEVELOPMENT & APPROVALS

### Bindoon Bauxite Mining Proposal

On 25 Nov 2010, the Minister for Environment dismissed the four appeals lodged to elevate the Environmental Protection Authority (EPA) decision on level of assessment as Public Environmental Review (PER) for the proposal. The Minister concluded that the environmental issues were of a scale and level of complexity that is appropriate for a PER level of assessment with an eight week review period, as recommended by the EPA. BRL is now progressing with the necessary public scoping for the proposal to be assessed at the PER level.

On 14 Dec 2010, the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities determined that the Bindoon proposal is a controlled action requiring assessment under the commonwealth *Environmental Protection and Biodiversity Conservation Act 1999*. BRL is seeking agreement between State and Commonwealth agencies that a single assessment process can be applied to the proposal, as per the Bilateral Agreement between the two.

### Technical Investigations.

Twelve scopes of technical investigations have been included in the public scoping and are in various stages of progress. They include:

- Flora and vegetation
- Fauna
- Water (hydrology, hydrogeology and supply)
- Traffic
- Dust
- Noise
- Visual Impact
- Social and Economic Assessment
- Dieback
- Heritage
- Greenhouse Gas and Acid Sulphate Soils

### Environmental Management System

BRL is in the process of establishing an Environmental Management System which will allow a systematic and comprehensive approach to risk management and compliance. This system will be aligned with the international standard ISO 14001 and is expected to be in implementation by the middle of 2011.

## DOWNSTREAM PROCESSING BANKABLE FEASIBILITY STUDY (BFS)

Good progress continued to be made during the quarter with workshops to delineate the bankable feasibility study (BFS) scope through a “pit to port” approach continued. The Bayer process remains the industry standard and is the basis for the refinery bankable feasibility study to be conducted in conjunction with Yankuang. The study assumes a production output of 1.1Mtpa of alumina.

From Thursday November 25<sup>th</sup> to Saturday November 27<sup>th</sup>, BRL personnel Peter Senini, Ben Ziegelaar and Geoff Beros attended the 38<sup>th</sup> ICSOBA (International Committee for Studies on Bauxite and Alumina) at Chinalco’s Research and Development Centre in Zhengzhou, China. The conference was attended by 282 delegates and both Peter Senini and Ben Ziegelaar presented papers.

Following the conference, a visit was made to Shenyang Aluminium and Magnesium Engineering and Research Institute (SAMI) in their Shenyang offices accompanied by representatives from Yankuang. Founded in March 1951, SAMI is one of the earliest national and largest comprehensive engineering and research institutes in China. At present SAMI employs 793 technicians, including two engineering masters, 286 senior engineers and 157 engineers. During the last 55 years of engineering and scientific research, SAMI has designed four large-scale alumina refineries and over 80 aluminium smelters.

## PATENT APPLICATION

BRL has developed and filed a Patent Application for an acid based process for treating an ore or related material containing aluminium-bearing materials. The application covers a confidential acidic process that solubilises minerals and then selectively recovers aluminium and other metal species by means of precipitation or solvent extraction. The end product is aluminium oxide (alumina) and other metal oxides. The results demonstrate that acid extractable alumina can be higher than from alkali extractions and that extraction is independent of reactive silica content.

## GOVERNMENT ENGAGEMENT

BRL's key objective is to gain approval/consent to mine from the WA Government. BRL is working to establish a strong reputation with the WA Government by fostering high-level relationships, including regular engagement with key stakeholders. BRL is liaising with government to convey BRL's sustainable long-term vision; providing accurate and consistent information and updates. Key elements include: Updates on the Bindoon Bauxite Mining Proposal; applications for conversion of MTO to MTC process; exploration leases for south west tenements - priority batching and strategic development of a South West refinery.

## INVESTOR RELATIONS

Senior management have been engaging actively with brokers, analysts and fund managers with the assistance of Professional Public Relations (PPR) who have been appointed to work with BRL on promoting the Company to shareholders and new investors in Australia. Share registry analysis and peer group analysis are being undertaken to assist the investor targeting process.

## WOYLIE RESCUE

Initiatives with Perth Zoo and DEC continue to help raise the profile of the critically endangered Woylie. Interest in Woylie Rescue campaign has increased including; the addition of a Woylie Kids Club with 207 families joined up to date since its launch on 25 September. A new website address has been created for Woylie Rescue: [woylierescue.org](http://woylierescue.org). Displays, education material and fundraising activities continue.

## COMMUNITY ENGAGEMENT

Information packs are due to be mailed to all Chittering Shire landowners end of January 2011 re: the proposal, scopes of investigation, map and feedback form. This information set will also go to Shire Council Offices in Chittering, Gingin and Victoria Plains. In February, public and special interest group workshops will occur. As part of this consultation an e-forum goes live in February: [www.bindoonforum.com.au](http://www.bindoonforum.com.au) - where the community can comment in an online format around public consultation event periods.

## BAUXITE RESOURCE JOINT VENTURE PTY LTD



***Mr Barry Carbon and Mr Yan Jitai sign Detailed Agreements to form a Joint Venture to build a proposed alumina refinery in Western Australia .***

Bauxite Resources and its partner, Yankuang Corporation, have signed ten Detailed Agreements for a Joint Venture alumina refinery. The proposed refinery would produce 1.1Mtpa of alumina and refine 3.5Mtpa of Darling Range bauxite.

Subject to all necessary approvals and the decision by the parties to proceed under the Bankable

Feasibility Study, Yankuang will pay 91% of the refinery construction cost and receive 70% of the alumina product. Bauxite Resources will fund 9% of the refinery construction cost and receive 30% of the alumina product.

Work towards site selection for the refinery will commence immediately.

The ten Detailed Agreements signed are:

- Joint Venture Resource Agreement;
- Alumina Refinery Joint Venture Agreement;
- Shareholders Agreement (for Bauxite Resource Joint Venture Pty Ltd);
- Management Agreement for Joint Venture Resource Agreement;
- Management Agreement for Alumina Refinery Joint Venture Agreement;
- Rules for United Management Committee;
- Joint Venture Resource Agreement - Deed of Cross Charge;
- Alumina Refinery Joint Venture Agreement - Deed of Cross Charge;
- Voluntary Restriction Deed;
- BRL Subsidiaries Deed.

## SENIOR MANAGEMENT UPDATE

Mr Leigh Slomp also joined BRL as the Senior Resource Geologist. Mr Slomp has 12 years experience in the geology profession primarily in laterite nickel and iron ore. Mr Slomp has spent the past three years with Norlisk Nickel as their Geology Manager/Superintendent and later as the Manager – Mine Assets. As the Geology Manager, Mr Slomp was responsible for all the Company's geology functions including production geology, exploration and resource definition. Mr Slomp has also

held positions with the OM Group (Cawse Nickel Operation), Sons of Gwalia and BHP Iron Ore. Mr Slomp's past experience will assist the BRL Exploration team with their resource calculations and definition.

BRL have recently recruited a Geologist and two field technicians to join the Exploration team and will be seeking to recruit additional geologists and field technicians in the New Year to assist with increased exploration activities.

## CORPORATE SUMMARY

### Share Price and Market Capitalisation

The Company's share price closed at 27.5c on 31 December 2010, considerably higher than the close for the previous quarter. The market capitalisation based on 27.5c per share is \$64 million.

### Cash Balances, Recoup of Past Expenditure and Sharing of Future Costs

Cash balance at 31 December 2010 is \$47 million with the Company also holding property, plant and equipment assets of over \$10 million. As part of the legal agreements entered into with Yankuang Corporation, the Company is entitled to significant reimbursement of past expenditure and these amounts will exceed \$6 million and are expected to be finalised in the next month or two

following audits. Execution of the Joint Venture agreements will also result in the commencement of sharing of ongoing joint venture costs for Darling Range exploration expenditure (BRL 30% share), Bankable Feasibility Studies (BRL 10% share) and any CAPEX on the proposed refinery (BRL 9%). The reimbursement amount will see BRL's cash position above \$50m once more and the sharing of ongoing expenditure will see a sharp reduction in ongoing costs.

### Proposed Litigation Funder Action

There has been no further developments on this issue.



**Paul Fromson - Company Secretary**

*In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Peter Senini, Manager Resource Development. The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information reviewed by Mr. Senini, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Senini 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Senini consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*



# 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

**Bauxite Resources Limited**

ABN

72 119 699 982

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	407
1.2 Payments for		
(a) exploration and evaluation	(1,228)	(2,849)
(b) development	(579)	(1,384)
(c) production	(262)	(561)
(d) administration	(1,459)	(3,092)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	760	1,454
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(2,768)</b>	<b>(6,025)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(187)	(878)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	126	126
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(150)	(271)
<b>Net investing cash flows</b>	<b>(211)</b>	<b>(1,023)</b>
1.13 Total operating and investing cash flows (carried forward)	(2,979)	(7,048)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(2,979)	(7,048)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(2,979)	(7,048)
1.20	Cash at beginning of quarter/year to date	50,335	54,404
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>47,356</b>	<b>47,356</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	170
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,848
4.2 Development	227
4.3 Production	339
4.4 Administration	1,012
<b>Total</b>	<b>3,426</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	355	829
5.2 Deposits at call	47,001	49,506
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>47,356</b>	<b>50,335</b>

### 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	E70/3618	Granted 20/12/2010	0%	100%
	E70/3657	Granted 08/11/2010	0%	100%
	E04/1853	Granted 19/10/2010	0%	100%
	E80/4180	Granted 19/10/2010	0%	100%
	E80/4181	Granted 19/10/2010	0%	100%
	E80/4223	Granted 19/10/2010	0%	100%
	E80/4258	Granted 19/10/2010	0%	100%

+ See chapter 19 for defined terms.

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

**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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	234,379,896	234,379,896		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,750,000 2,000,000 4,000,000 5,770,000 300,000 230,000 2,200,000	- - - - - - -	<i>Exercise price</i> 20 cents 25 cents 40 cents 30 cents 35 cents 50 cents \$1.00	<i>Expiry date</i> 31/05/2012 15/05/2012 15/05/2012 30/06/2012 30/06/2012 30/06/2012 30/06/2012
7.8 Issued during quarter	2,400,000	-	30 cents	30/06/2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
------	---	--	--

## 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 January 2011

Print name: Paul Fromson

## 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.

== == == == ==

---

+ See chapter 19 for defined terms.