

*A highly active exploration company with projects in Western Australia prospective for base metals, manganese and uranium*

**ASX Code**

ENR

**Market Cap (28/10/10)**

A\$87.8m (\$0.96/share)

**Issued Capital (30/09/10)**

90.6 million ordinary shares  
2.75 million employee options

**Cash (30/09/10)**

A\$4.2M

**Board of Directors & Management**

Mr. Paul Chapman  
Non-Executive Chairman

Mr. Will Robinson  
Managing Director

Mr. Peter Bewick  
Exploration Director

Dr. Jon Hronsky  
Non-Executive Director

Mr. Kevin Hart / Mr Dan Travers  
Joint Company Secretary

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## HIGHLIGHTS

### PATERSON PROVINCE

**Yeneena - Major ground position between the Nifty copper mine, the Woodie Woodie manganese mine and the Kintyre uranium deposit**

- **BM1 Copper Discovery**

- Multiple high grade copper oxide intersections from the Northern Area including;
  - 8m @ 3.6% Cu from 18m (incl. 2m at 7.6% Cu)
  - 20m @ 2.0% Cu from 22m (incl. 12m @ 3.2% Cu)
  - 12m @ 1.5% Cu from 16m (incl. 2m @ 2.7% Cu)
  - 10m @ 1.1% Cu from 36m (incl. 2m @ 2.5% Cu)
  - 14m @ 1.1% Cu from 16m
- Significant cobalt mineralisation associated with Northern Area including 14m @ 0.45%Co from 14m.
- Second zone of near surface high grade copper mineralisation discovered at the Central Area with results including;
  - 14m @ 1.2% Cu from 42m
  - 2m @ 3.0% Cu from 40m
  - 6m @ 0.8% Cu from 68m (incl. 2m @ 1.7% Cu)
  - 6m @ 1.4% Cu from 54m
- Deep RC/Diamond program commenced in October 2010 to define the geological units at depth and to identify vectors towards the primary source of the near surface copper mineralisation

### CORPORATE

- During the quarter the Company completed a private placement to raise \$3.1 million, before costs, through the issue of 11,482,925 ordinary fully paid shares in the Company at a price of \$0.27 per share.
- The Company's cash balance at the end of the quarter was \$4.2 million.

## EXPLORATION

Encounter Resources Limited (Encounter) is a Western Australian (WA) based exploration and resource development company with projects in three geological regions of WA. Encounter's portfolio covers over 4,750km<sup>2</sup> of strategically located and highly prospective exploration projects (Figure 10). The portfolio includes:

- A major ground position in the Paterson mineral province between the Nifty copper mine, Woodie Woodie manganese operation and the Kintyre uranium deposit, considered highly prospective for Proterozoic copper and silver-lead-zinc mineralisation, unconformity related uranium and carbonate hosted manganese deposits;
- 11 million pounds of near surface, calcrete style uranium resources in the Yilgarn Province; and
- Five projects targeting base metals in the Bangemall Basin.

## PATERSON PROVINCE

### YENEENA (100% Encounter)

The Yeneena project covers a 1,300km<sup>2</sup> tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine and the Kintyre uranium deposit (Figure 1). The project is considered highly prospective for Nifty/Isa style copper mineralisation, silver-lead-zinc mineralisation, Woodie Woodie style manganese mineralisation and unconformity related uranium mineralisation.

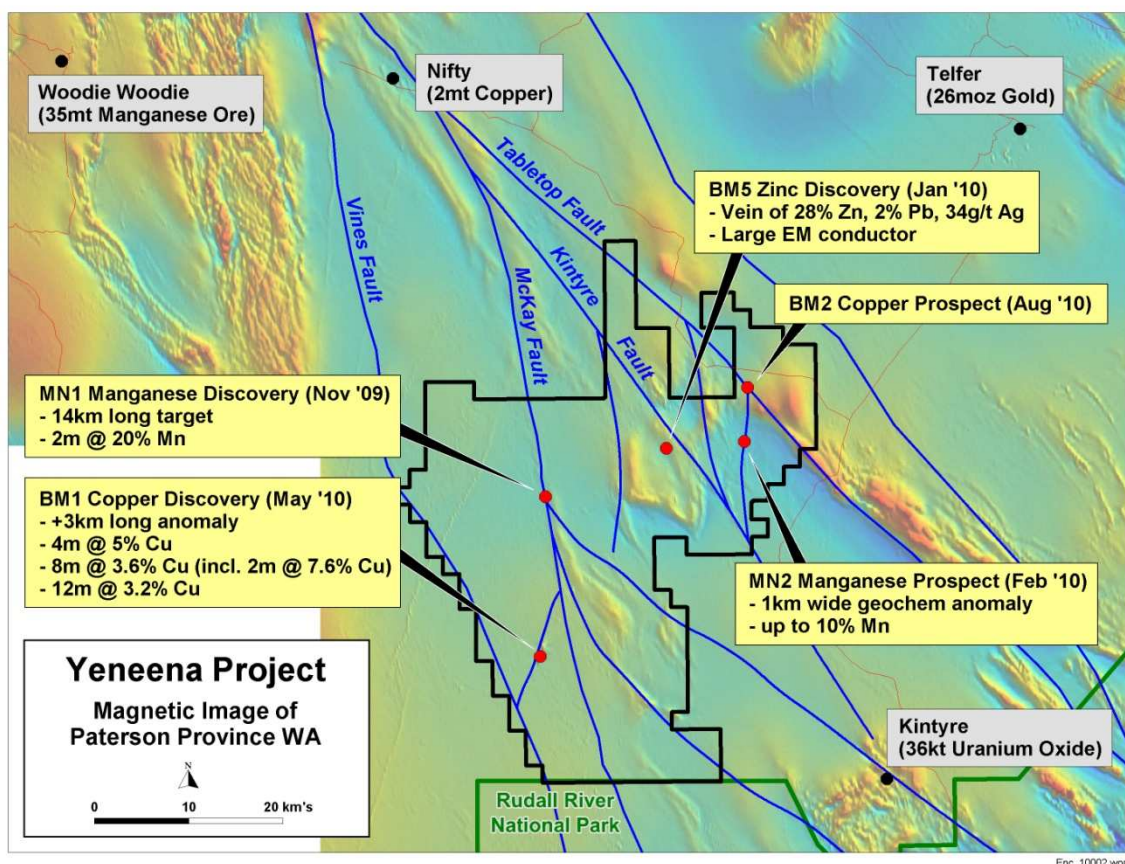


Figure 1: Yeneena targets and major structures over magnetics

Simplified geological stratigraphy for the region comprises the Palaeo-Proterozoic Rudall Complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst Formation sits stratigraphically above the Coolbro Sandstone and is the host to the base metals targets and the Nifty copper mine. The

Kintyre uranium deposit sits directly below the unconformity between the Coolbro Sandstone and the Rudall Complex.

Aircore drilling was completed at the BM1, BM2 and BM3 prospects during the quarter (10,686m).

### **BM1 Copper Discovery.**

The BM1 Copper Discovery is located along the McKay Fault approximately 60km south of the Nifty copper mine (Figure 1). The BM1 copper mineralisation is hosted within the Broadhurst Formation and is almost entirely overlain by 2-10 meters of transported cover. The exploration target at this prospect is for a Zambian Copper Belt style, sediment-hosted copper deposit.

Aircore drilling completed at the BM1 prospect during the June 2010 quarter significantly extended the area of near surface, copper mineralisation that was first discovered in June 2009. High grade copper mineralisation intersected in June 2010 included **4m @ 5.45% Cu from 66m, 8m @ 1.09% Cu from 24m and 6m @ 1.41% Cu from 54m to end of hole** (Figure 2).



**Photo 1** – EPT 470 (38-39m) – Visible Copper Mineralisation



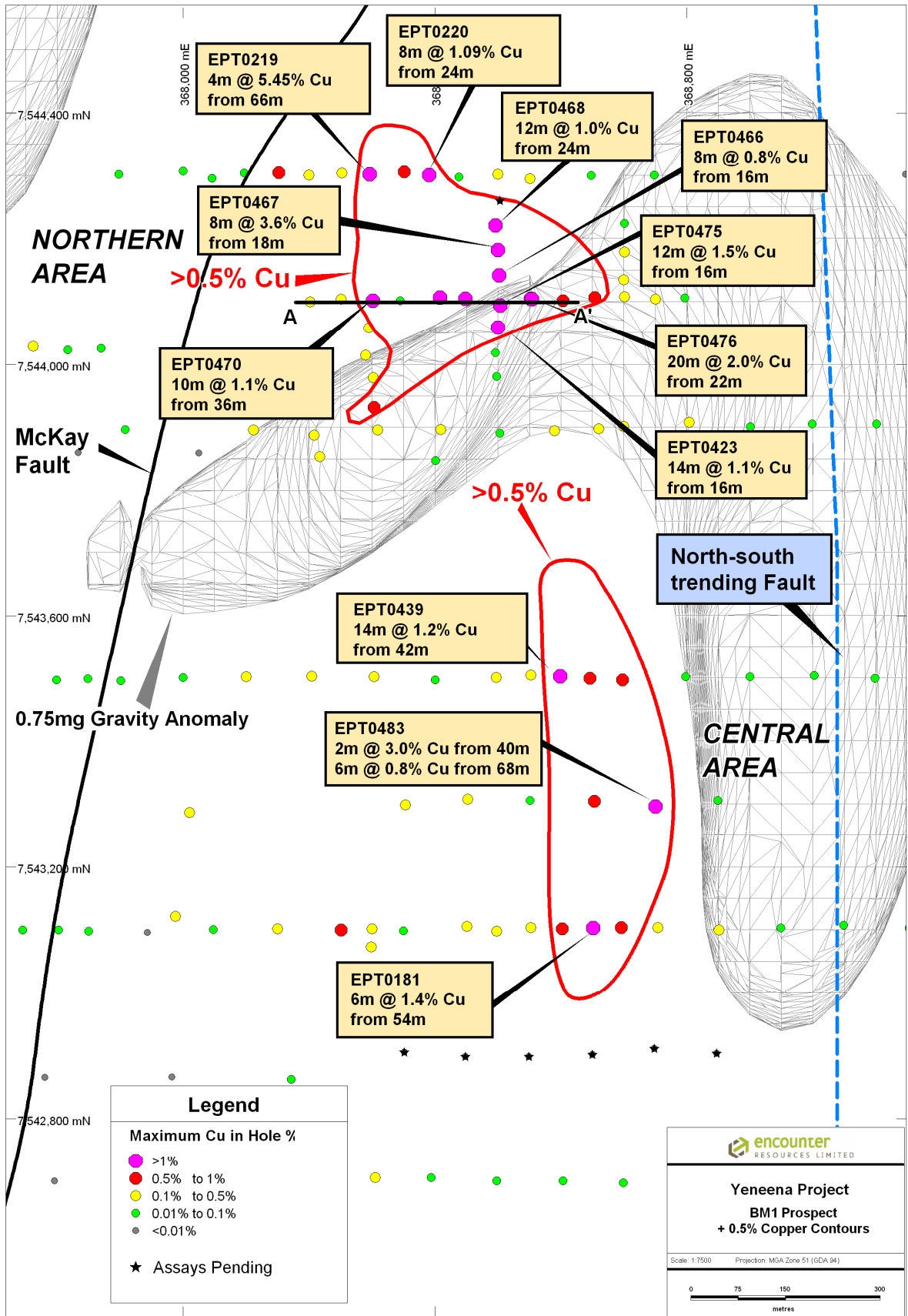


Figure 2 – BM1 - Northern Area & Central Area - Maximum Copper in Hole over 0.75mg Gravity Shell

Assay results from follow up drilling completed during the September 2010 quarter confirmed a coherent zone of high grade, near surface copper mineralisation defined over a large area in the northern section of the BM1 prospect (“Northern Area”) (Figures 2 and 3).

A number of thick intersections grading over 1% copper were intersected within 50 metres of the surface at the Northern Area including:

- **20m @ 2.0% Cu from 22m (incl. 12m @ 3.2% Cu)**
- **12m @ 1.5% Cu from 16m (incl. 2m @ 2.7% Cu)**
- **10m @ 1.1% Cu from 36m (incl. 2m @ 2.5% Cu)**
- **16m @ 0.7% Cu from 8m (incl. 2m @ 3.0% Cu)**
- **34m @ 0.4% Cu from 18m (incl. 4m @ 1.6% Cu)**
- **8m @ 3.6% Cu from 18m (incl. 2m at 7.6% Cu)**
- **14m @ 1.1% Cu from 16m**
- **12m @ 1.0% Cu from 24m**
- **8m @ 0.8% Cu from 16m**

Assay results included the highest grade copper intersection to date from the project of **2m @ 7.6% Cu** within a broader intersection of **8m @ 3.6% Cu from 18m**.

At the eastern side of the Northern Area, highly anomalous copper mineralisation has been intersected towards the bottom of the shallow aircore drill holes, below the base of oxidation within black shales. This is interpreted to be transitional to primary in nature. This area is also associated with highly anomalous cobalt mineralisation with several intersections of over 0.1% cobalt. It is interpreted that the mineralisation within this area may be proximal to a primary copper sulphide position.

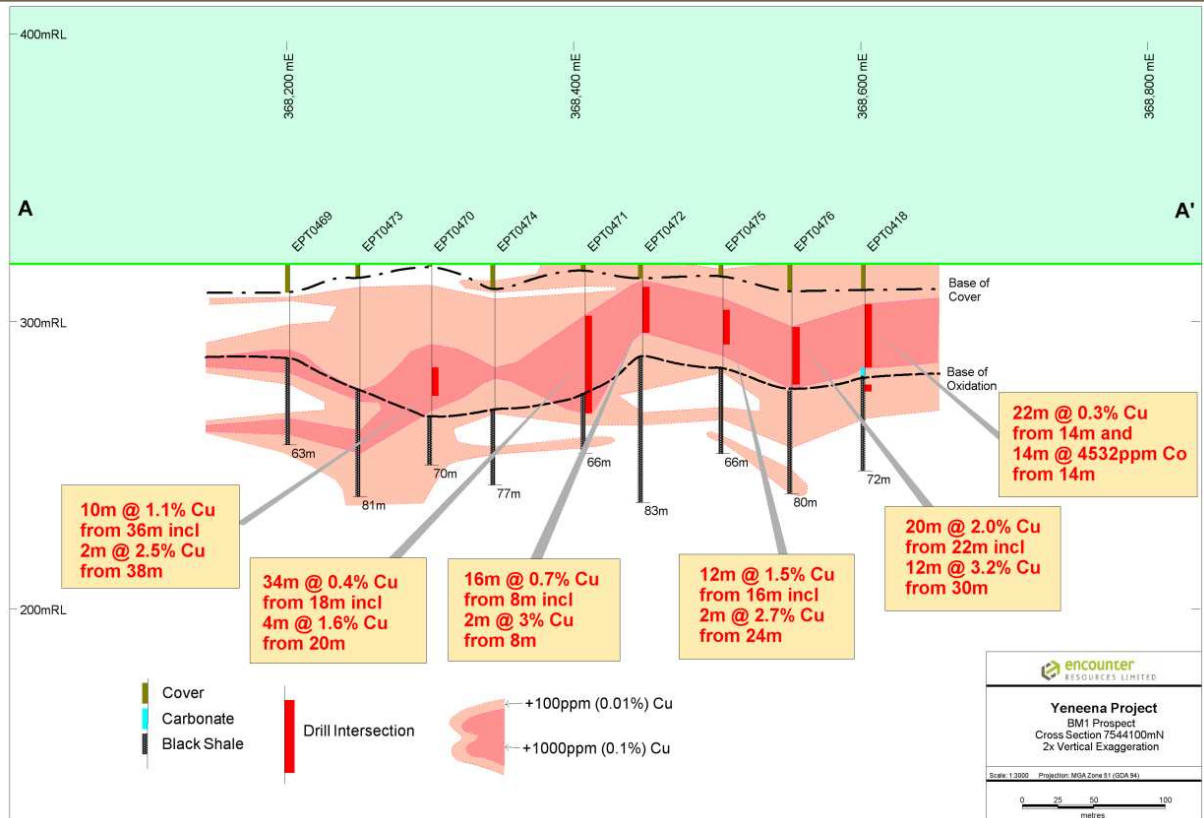
A detailed ground gravity survey was completed at BM1 in July 2010. The survey was designed to provide additional structural and stratigraphic information at the prospect. The Northern Area high grade copper zone is broadly adjacent to this north-east trending gravity anomaly (Figure 2). It is interpreted that this gravity feature may represent primary sulphide mineralisation at depth.

A second zone of near surface copper mineralisation (“the Central Area”) was also identified during the quarter at BM1, located 500m south of the Northern Area discovery (Figure 2).

Assays results from this new zone include:

- **14m @ 1.2% Cu from 42m**
- **2m @ 3.0% Cu from 40m**
- **6m @ 0.8% Cu from 68m (incl. 2m @ 1.7% Cu)**
- **6m @ 1.4% Cu from 54m**

On the basis of broad spaced drilling, this new zone of copper mineralisation is interpreted to be approximately 600m long and 100-200m wide. The mineralisation identified is hosted in black shales below the base of oxidation. There is a clear north-south trend to the copper mineralisation and it is interpreted that this zone represents metal leakage from a primary source at depth, localised along a north-south trending fault.



**Figure 3 – BM1 - Northern Area –Cross Section 7544100N (A – A')**

An RC/diamond drill program commenced in October 2010 at the BM1 copper discovery. It is planned to complete 6 to 12 drill holes in the program, depending on drilling conditions and operational performance. The objective of the program is to define the geological units at depth and to identify vectors towards the primary source of the near surface copper mineralisation at BM1. The program will test geophysical and geochemical targets generated through recent aircore drilling and a ground gravity survey completed in July 2010.

### BM2 Target

The BM2 target is located at the intersection of a north-south trending, westerly dipping fault and the regionally extensive Tabletop Fault (Figure 1). AEM data indicates a clear structural termination along the eastern margin of a conductive horizon against the Tabletop Fault. The BM2 target area is also extensively sand covered however sparse, broad spaced historical drill holes defined base metal regolith anomalism over an interpreted strike of 3km including up to 521ppm Cu.

A nine hole, broad spaced aircore program was completed at BM2 in June 2010. The program intersected thick zones of highly anomalous copper in three adjacent 200m spaced aircore holes. Results include:

- **EPT0315 - 38m @ 519ppm Cu from 70m to end of hole including 2m @ 0.24% Cu at the end of hole.**
- **EPT 313 - 37m @ 458ppm Cu from 42m to end of hole**
- **EPT 311 - 60m @ 264ppm Cu from 22m**

The identification of a second copper target at the Yeneena project supports the view that this region has the potential to host multiple copper discoveries under sand cover.

The BM2 prospect is located 50km south-east of the Nifty copper deposit and 34km north-east of the BM1 copper discovery.

Additional aircore was completed at the BM2 Prospect in October 2010 to infill the drill spacing to 400x100m. Assay results are expected to be received in early November 2010.

### BM5 Prospect

The BM5 Prospect is located along the regionally extensive Kintyre Fault (Figure 1). During the June 2010 quarter two diamond drill holes were completed at the prospect to test a downhole EM conductor beneath a gossanous iron manganese horizon associated with copper-lead-zinc-silver geochemical anomalism. The drill holes were designed to test to the west of a vein of massive sulphide containing sphalerite and galena that was intersected by Encounter in drill hole EPT062 in late 2009. Assay results for the interval of massive sulphide returned **0.1m @ 28.5% zinc, 2.3% lead and 33.9g/t silver**. Recent diamond drilling successfully tested the modelled EM conductor and excess mass feature identified in the ground gravity survey at the prospect.

Geological logging of the diamond drill core indicates the modelled EM conductor represents an apparent westerly dipping contact between the upper carbonate unit and carbonaceous shales below. Geological observations suggest that this contact is structurally controlled and includes zones of strong faulting and veining. Primary stratigraphic layering in the carbonate unit is observed to apparently dip shallowly to the east. A thick sequence of brecciated carbonate including pervasive disseminated pyrite is present at the modelled position of the excess mass anomaly on the drill section.

Assay results have been received during the quarter. Results show above background values in base metal associated elements at the contact however no significant mineralisation was intersected. Further drilling is planned for the 2011 field season at the BM5 prospect once a detailed structural and geochemical interpretation has been completed.

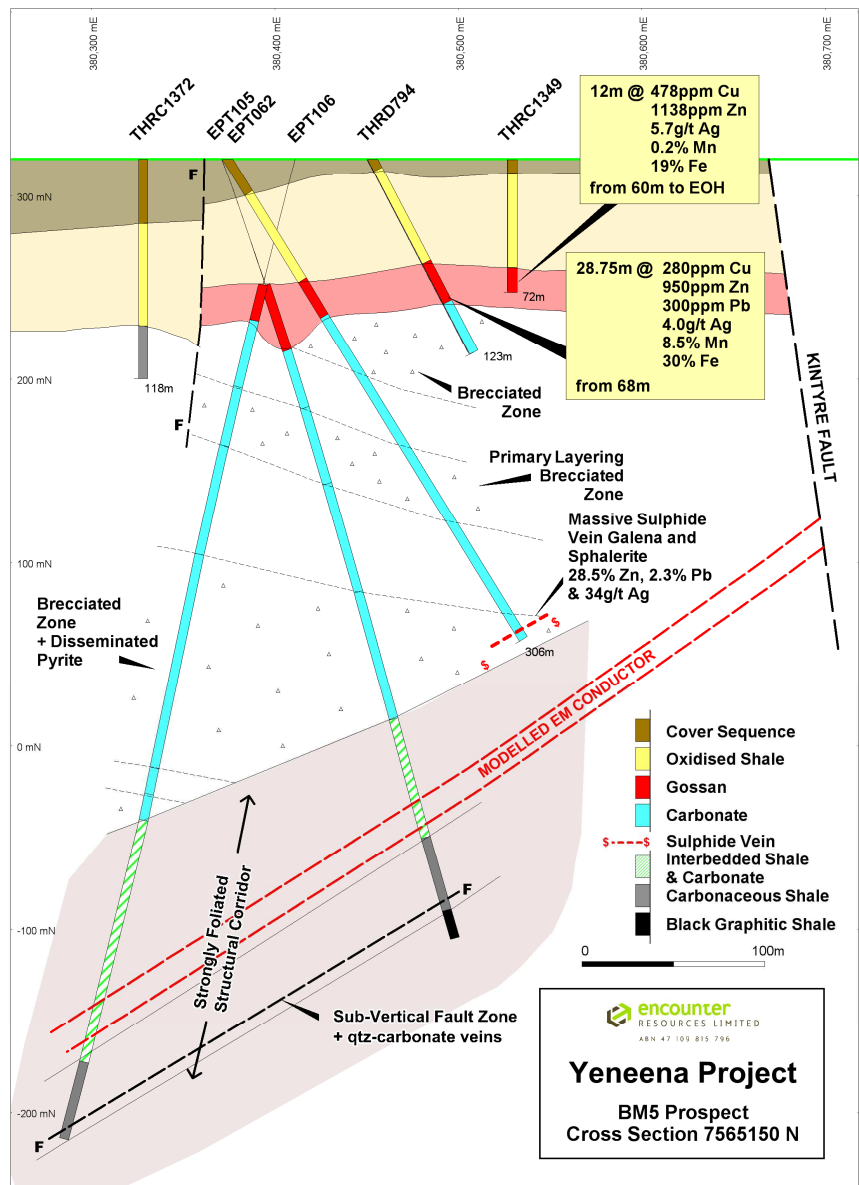


Figure 4: BM5 Cross Section 7565150mN



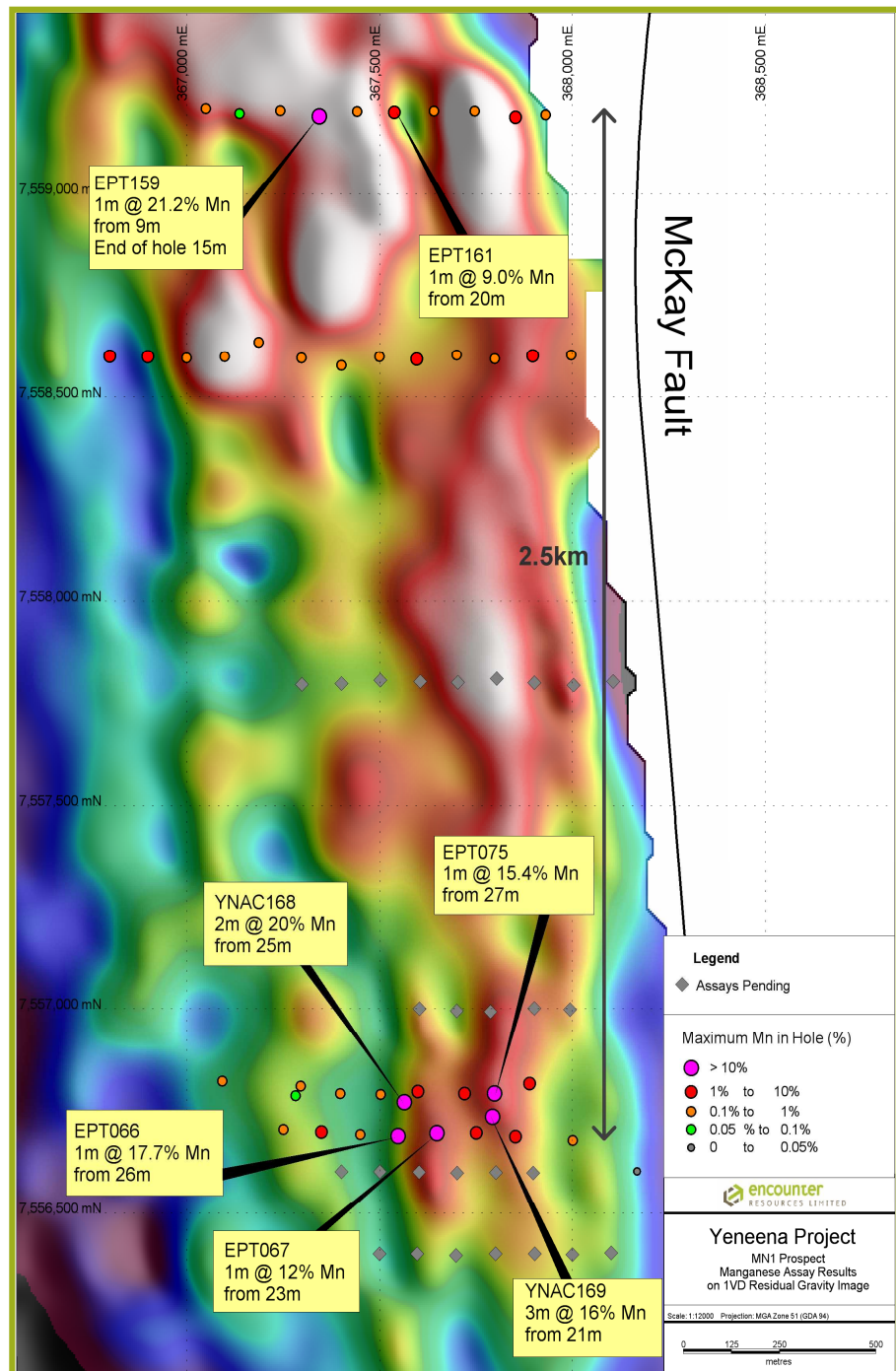
## MN1 Prospect

The MN1 Prospect is located 70kms to the south east of the Woodie Woodie manganese mine (Figure 1). In November 2009, Encounter announced the discovery of high grade manganese at the MN1 prospect. Two high grade, near surface manganese intersections were reported, 200m apart in adjacent vertical aircore holes at the southern end of a 14km long regional gravity anomaly. Intersections include **2m @ 20% Mn** from 25 metres in YNAC 168 (incl. 1m @ 28% Mn from 26m) and **3m @ 16% Mn** from 21 metres in YNAC 169.

The geology in the MN1 area is masked by sand cover with only isolated surface outcrops.


An orientation ground gravity program covering the southern 4kms of the regional gravity ridge was completed in December 2009 to define drill targets. The program successfully resolved the regional anomaly into a number of discrete pod-like anomalies (Figure 5).

Aircore drilling completed during the June 2010 quarter at MN1 intersected extensions to the manganese mineralisation intersected in YNAC 168 and YNAC 169 including 1m @ 17.7% Mn from 26m and 1m @ 15.4% Mn from 27m. The cluster of significant manganese intersections is broadly coincident with a residual gravity anomaly in this Southern Zone. The most northern drill traverse at the MN1 prospect intersected near surface high grade manganese (1m @ 21.2% Mn from 9m depth) over a residual gravity feature. The hole terminated in hard, massive silicified carbonate at a depth of 15m



**Figure 5:** MN1 prospect showing drill hole locations and maximum manganese in hole






A deeper RC drill program to test for a potential hydrothermal ore system below the identified manganese mineralisation was also completed at the MN1 prospect during the June 2010 quarter. No significant manganese was intersected at depth in the drilling. Data will be evaluated further in the coming quarter.

The discovery of high grade manganese over a length of 2.5km along the regionally significant McKay Fault is encouraging. High grade manganese also exists up to 1km west of the fault. This initial drill program has only focused on the southern 3km of the 14km long target zone.

### **MN2 Prospect**

During the March 2010 quarter, a second area of manganese anomalism was identified at MN2, 20km to the east of the MN1 Prospect. Logging of historic holes at the MN2 Prospect noted the presence of a shallow, flat lying layer of manganese oxide in five adjacent, 200m spaced aircore holes. This 1km wide zone of manganese oxide is located in an area of extensive sand cover and no surface outcrop. The highly anomalous manganese starts 30m below the surface, is 2-9m thick and located at the boundary between the overlying Tertiary and the underlying Permian sediments. It was considered that this anomalous zone might represent dispersion from a primary Mn and/or base-metal deposit.

Two aircore drilling traverses were completed at the MN2 prospect during the June 2010 quarter. Assay results received during the September 2010 quarter confirmed broad manganese anomalism at the Tertiary-Permian interface. Significantly, low-level base metal anomalism was also intersected and it is interpreted this anomalism may be used to vector towards a primary metal source.



## BANGEMALL BASIN

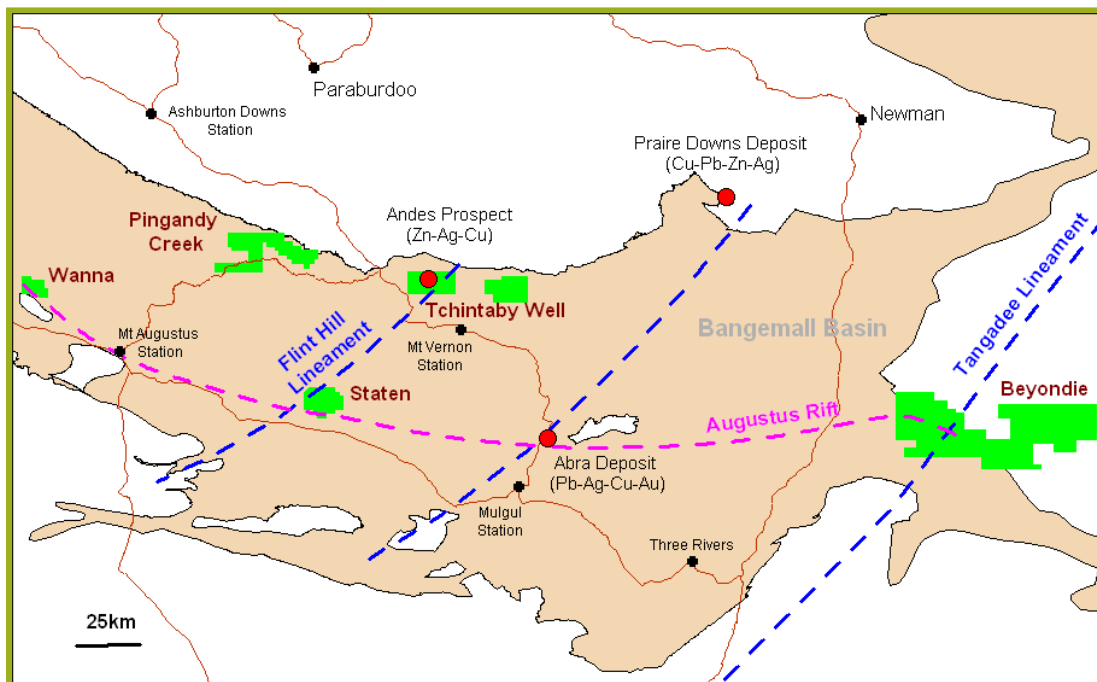


Figure 6: Bangemall Basin leasing plan

### WANNA (E08/1779 - 80% Encounter, 20% Avoca)

The Wanna project is located 120kms SW of Paraburdoo on the southern margin of the Bangemall Basin, approximately 40kms WNW of Mt Augustus. The project sits along the interpreted western extension of the Augustus Rift, to the east of the Gifford Creek Complex. The stratigraphy and key structures that host the Abra base metal deposit are interpreted to extend through the Wanna project area (Figure 6).

A hydrogeochemical survey, utilising existing pastoral bores, defined a coincident Pb-Mo-As-Ba anomaly at Koorabooka Spring, a response that could be seen proximal to a zone of base metal mineralisation. A discrete bouguer gravity anomaly was defined immediately upstream of Koorabooka Spring coincident with a base metal lag geochemical anomaly. This excess mass may represent the accumulation of dense base metal sulphide emplaced in the sedimentary sequence adjacent to the Augustus Rift.

Encounter was successful in its application for co-funded drilling under the WA Government Exploration Incentive Scheme. This funding will contribute up to \$100,000 towards the drilling costs of planned diamond drilling and provides recognition of the quality and the potential of this exciting drill target. Drilling is expected to be completed in the first half 2011.

## **YILGARN DISTRICT**

### **CALCRETE URANIUM RESOURCES**

A strategic review of the calcrete uranium resource has been initiated by Encounter to consider the potential development and commercial alternatives to advance these projects.

#### **HILLVIEW (E51/1127 - 80% Encounter, 20% Avoca)**

The Hillview uranium project is located 50kms south east of Meekatharra and contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm  $U_3O_8$  for a contained 10.6 million pounds of  $U_3O_8$ . The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

#### **LAKE WAY SOUTH (E53/1232 – 60% Encounter, 40% Avoca Uranium rights only)**

The Lake Way South project is located approximately 10kms south of Wiluna, between Toro Energy's Lake Way and Centipede uranium deposits. An Inferred Resource for the area of the Centipede resource within the JV tenement has been calculated. This resource contains 220,000t @ 244ppm  $U_3O_8$  for 120,000lbs of  $U_3O_8$ . The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines

#### **BELLAH BORE EAST (E53/1158 – 80% Encounter, 20% Avoca)**

The Bellah Bore East project is situated in the upper reaches of the Yeelirrie Channel. An Inferred Resource of 350,000t averaging 210ppm  $U_3O_8$  for 160,000lb of  $U_3O_8$  has been calculated for the Bellah Bore East prospect. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines

## **CORPORATE**

During the quarter the company completed a private placement to raise \$3.1 million, before costs, through the issue of 11,482,925 ordinary fully paid shares in the Company at a price of \$0.27 per share.

The Company's cash balance at the end of the quarter was \$4.2 million.

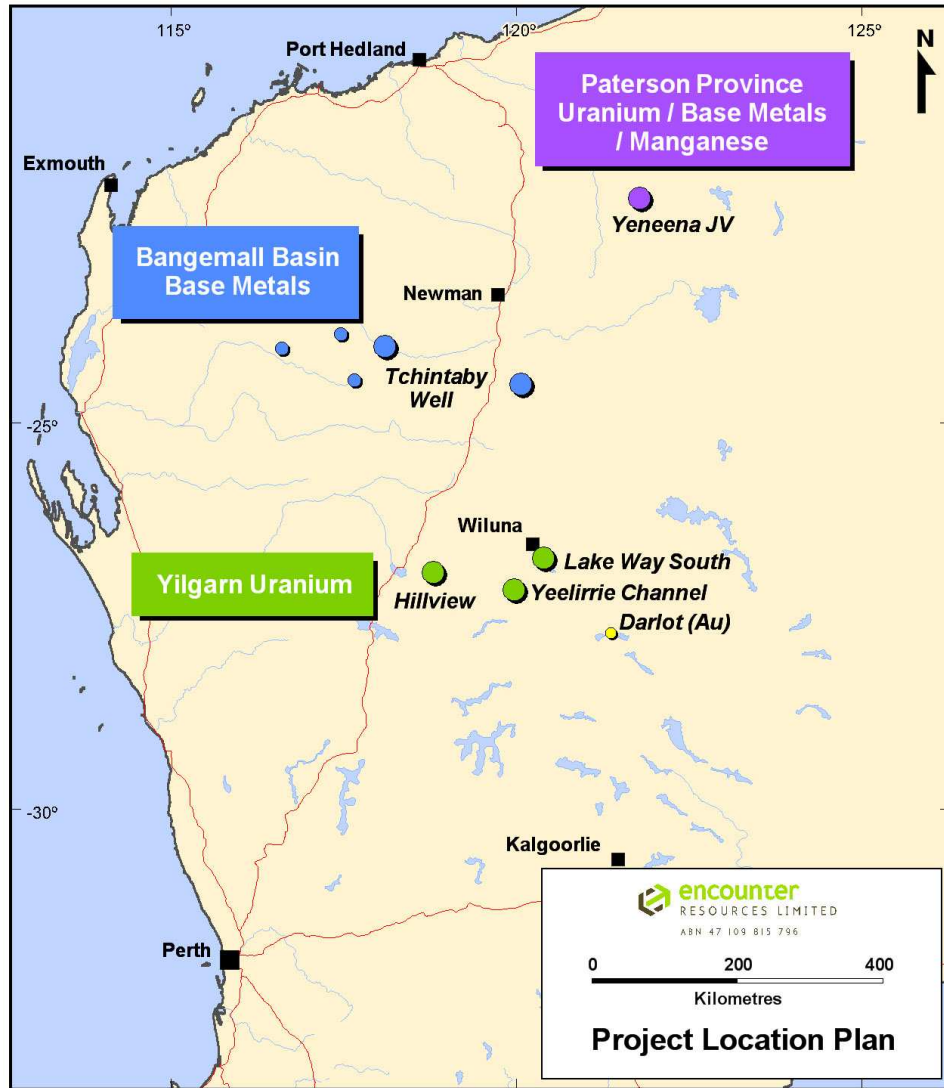
## **NEXT QUARTER HIGHLIGHTS**

BM1 - initial deep drilling program to identify vectors towards the primary source of the near surface copper mineralisation at BM1

BM2 - assay results from air core drill program completed in October 2010

AGM - 22 November 2010, 9am, Parmelia Hilton Hotel, Perth

Capital Raising 27 October 2010 - the company received firm placement commitments from professional and sophisticated investors to raise \$6.0 million before costs at a price of A\$0.80 per share. The additional funding will enable the Company to significantly expand its 2011 exploration campaign at the BM1 copper discovery and bring forward the testing of additional targets at the Yeneena project.



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Figure 7: Encounter Resources Project Location Plan

Will Robinson  
Managing Director

*The information in this report that relates to Exploration Results and Mineral Resources at Lake Way South is based on information compiled by Mr Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this presentation that relates to Mineral Resources for the Hillview Uranium Project is based on information compiled by Mr Neil Inwood who is employed by Coffey Mining Ltd. Mr Peter Bewick from Encounter has consented to a joint sign off for the Resource, Mr Bewick taking responsibility for the quality and reliability of the drillhole database and Mr Inwood is responsible for the grade estimate and classification of the resource. Messrs Inwood and Bewick have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Inwood and Bewick consent to the inclusion in the report of the matters based on the information compiled by them, 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

Encounter Resources Limited

ABN

47 109 815 796

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,050)	(1,050)
(b) development	-	-
(c) production	-	-
(d) administration	(179)	(179)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D tax concession refund	172	172
<b>Net Operating Cash Flows</b>	<b>(1,033)</b>	<b>(1,033)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,033)</b>	<b>(1,033)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,033)	(1,033)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds/(refunds) from issues of shares, options, etc.	3,100	3,100
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	(216)	(216)
<b>Net financing cash flows</b>		<b>2,884</b>	<b>2,884</b>
<b>Net increase (decrease) in cash held</b>		<b>1,851</b>	<b>1,851</b>
1.20	Cash at beginning of quarter/year to date	2,375	2,375
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,226</b>	<b>4,226</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	144
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 - Remuneration of Directors.

**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	800
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>950</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	705	63
5.2 Deposits at call	3,521	2,312
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,226</b>	<b>2,375</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	E52/2386	Relinquished	100%	0%
	E36/541	Relinquished	83%	0%
	E52/2385	Relinquished	100%	0%
	E52/1882	Relinquished	83%	0%
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	90,644,360	90,644,360		
7.4 Changes during quarter				
(a) Increases through issues	11,482,925	11,482,925		
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
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>	100,000	-	<u>Exercise price</u> 20 cents	<u>Expiry date</u> 23/3/2011
	100,000	-	45 cents	15/5/2011
	250,000	-	52.5 cents	7/12/2011
	50,000	-	50 cents	9/8/2012
	500,000	-	53.5 cents	30/11/2012
	400,000	-	55 cents	30/11/2012
	400,000	-	70 cents	30/11/2012
	125,000	-	50 cents	30/11/2012
	325,000	-	30 cents	30/6/2013
	500,000	-	10 cents	28/2/2014
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.



7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
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: 28 October 2010

Print name: Kevin Hart

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.