

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

ASX Code

ENR

Market Cap (28/1/11)

A\$83.1m (\$0.84/share)

Issued Capital (31/12/10)

99.0 million ordinary shares
6.9 million employee options

Cash (31/12/10)

A\$8.8M

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**

- During the quarter the company announced its highest grade copper intersection to date from BM1 prospect - **8m @ 3.6% Cu** from 18m (incl. **2m at 7.6% Cu**)
- Drill results extended the copper mineralisation at BM1 to over 3.5km and it remains open to the north and south
- Highly anomalous copper intersected on the most southern aircore drill line
- Numerous intersections above 0.1% cobalt
- The Central Area (+0.5% copper zone) was extended by 200m to 800m long. Aircore results include 4m @ 1.1% Cu from 26m and 2m @ 0.8% Cu from 74m
- An initial three hole diamond program completed at BM1 has confirmed a large scale intense alteration system at depth

• **BM2 Prospect**

- Second copper system identified at Yeneena located 35km north-east of the BM1 Copper Discovery
- Extensive copper regolith enrichment continuous over a large area. Intersections include:
 - 30m @ 0.14% Cu from 42m to end of hole incl. **2m @ 0.88% Cu**
 - 28m @ 0.18% Cu from 54m incl. **4m @ 0.48% Cu & 2m @ 0.41% Cu**
 - 36m @ 0.17% Cu from 76m to end of hole incl. **6m @ 0.37% Cu**
 - 20m @ 0.27% Cu from 62m incl. **4m @ 0.57% Cu**

• **Major drill campaign at the Yeneena Project is on track to commence in March 2011**

CORPORATE

- During the quarter the Company completed a private placement to raise A\$6 million, before costs, through the issue of 7,500,000 ordinary fully paid shares in the Company at a price of A\$0.80 per share.
- The Company's cash balance at the end of the quarter was A\$8.8 million.

EXPLORATION

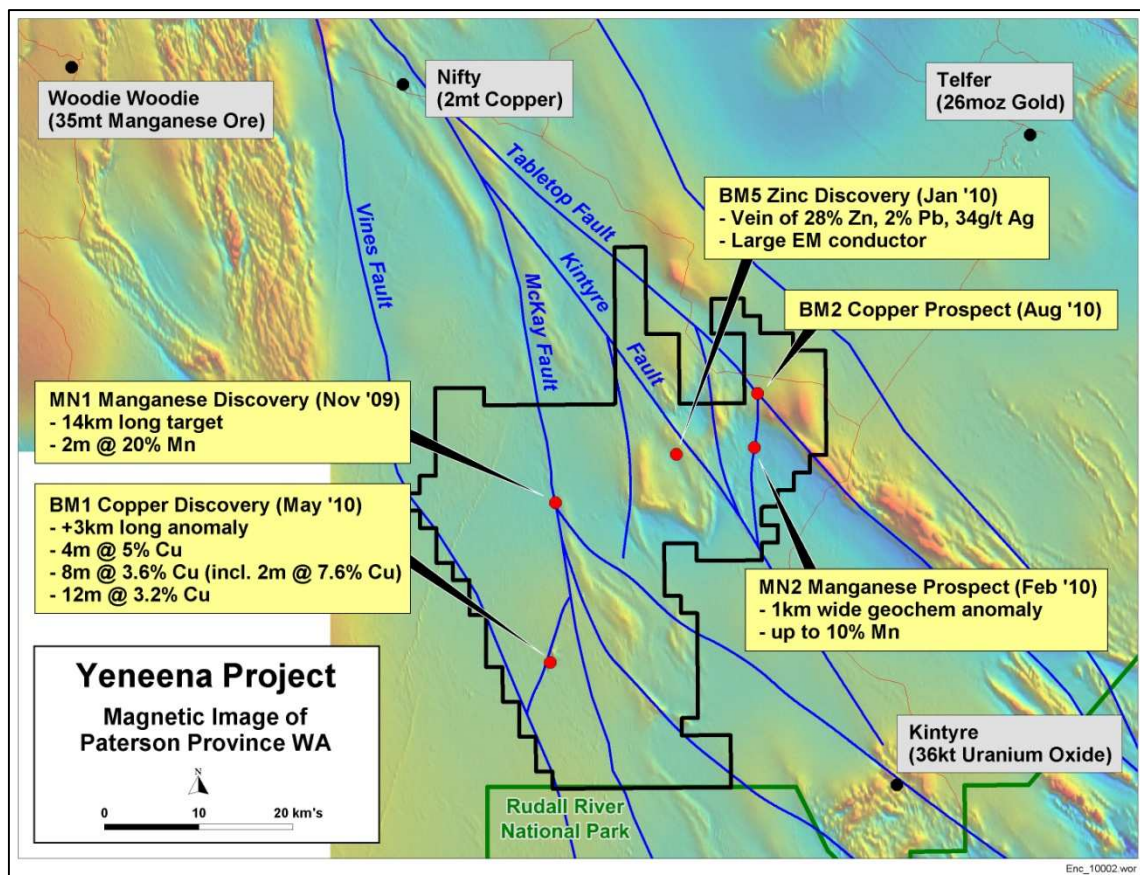
Encounter Resources Limited (Encounter) is a Western Australian (WA) based exploration and resource development company with projects in three geological regions of WA. Encounter's portfolio covers over 4,750km² of strategically located and highly prospective exploration projects (Figure 10). The portfolio 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;
- Inferred Resources of 11 million pounds of near surface, calcrete style uranium in the Yilgarn Province; and
- Five projects targeting base metals in the Bangemall Basin.

PATERSON PROVINCE

YENEENA (100% Encounter)

The Yeneena project covers a 1,300km² 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.





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.

BM1 Copper Discovery

The BM1 Copper Discovery (“**BM1**”) is located along the McKay Fault approximately 60km south of the Nifty copper mine (Figure 1).

Drill results received during the quarter have extended the copper regolith anomaly at BM1 to over 3.5km. The secondary copper anomaly remains open to the north and south. The most southern drill line includes numerous intersections above 0.1% Cu including 2m @ 0.8% Cu from 62m in EPT373.

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.

High grade copper mineralisation was first discovered in aircore drilling at the BM1 prospect in June 2010. Intersections included 4m @ 5.45% Cu from 66m, 8m @ 1.09% Cu from 24m and 6m @ 1.41% Cu from 54m to end of hole.

Assay results from follow up drilling 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

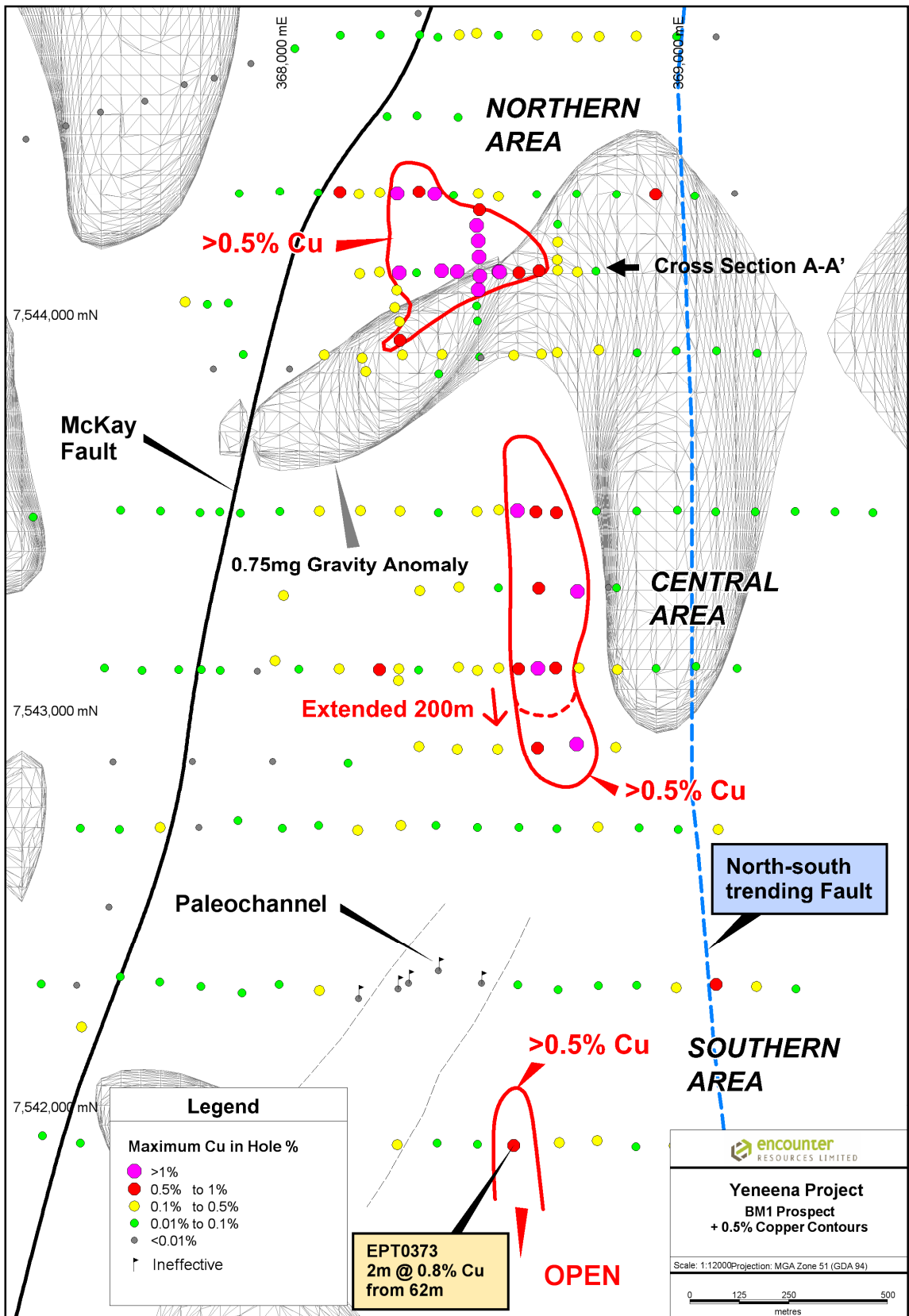


Figure 2 – BM1 - Northern Area & Central Area - Maximum Copper in Hole over 0.75mg Gravity Shell

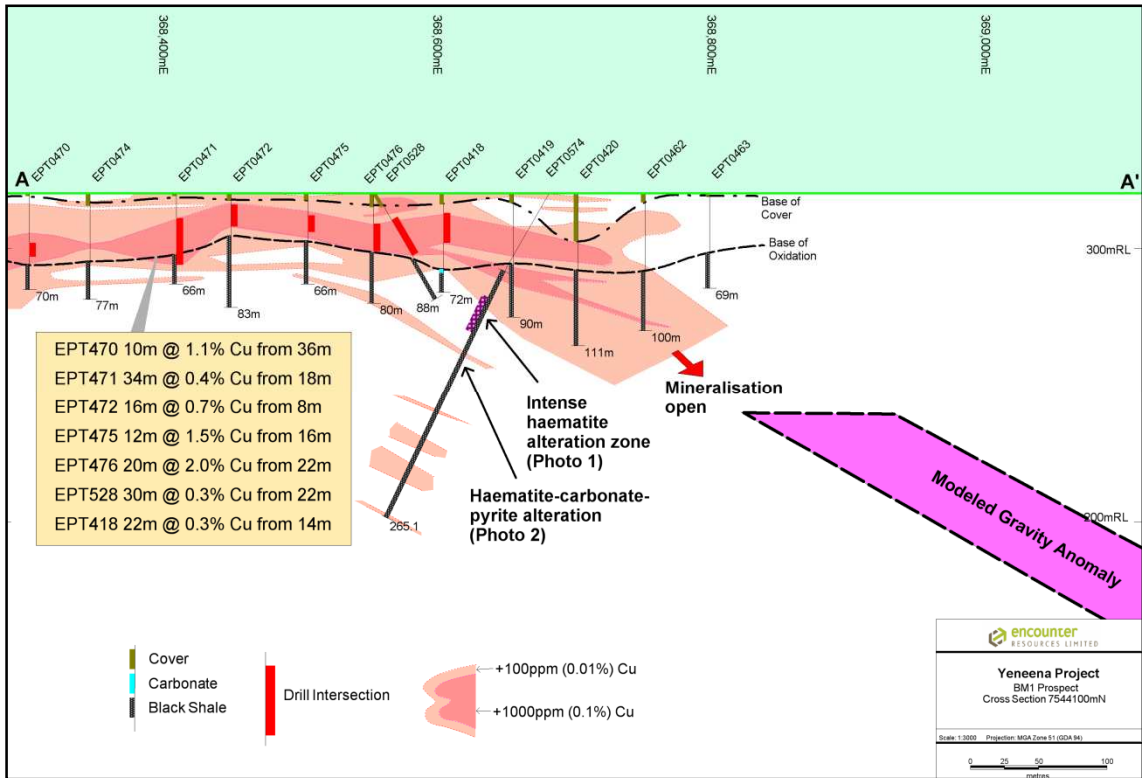


Figure 3 – BM1 - Northern Area – Cross Section 7544100N (A – A')
Country rock density 2.6 g/cm³, Modeled anomaly density 3.8g/cm³

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.


The identification of a second coherent zone of near surface copper mineralisation over 0.5% copper (“**Central Area**”) was announced during the quarter at BM1, located 500m south of the Northern Area discovery (Figure 2).

Assays results from the Central Area 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
- 4m @ 1.1% Cu from 26m
- 2m @ 0.8% Cu from 74m

On the basis of broad spaced drilling, this new zone of copper mineralisation is interpreted to be approximately 800m 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.

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 a north-east trending gravity anomaly (Figure 2). The gravity anomaly curves southwards, parallel to an interpreted fault at the eastern side of the Central Area copper anomalism. It is interpreted that this gravity feature may represent primary sulphide mineralisation at depth.



An initial three hole diamond drill program was completed during the quarter at BM1. These holes were designed to help define the geological units at depth and to identify vectors towards the primary source of the near surface copper mineralisation at BM1. Two holes were drilled at the Northern Area and one hole was drilled at the Central Area.

The Northern Area holes intersected zones of very intense haematite 'red rock' alteration as well as extensive zones of pyrite within the shale packages (See Photo 1 & 2). The drilling has provided clear evidence of intense alteration at BM1 giving further indication of the potential for a major mineralised system beneath the near surface secondary copper mineralisation discovered at BM1 in 2010. Importantly, these holes did not intersect any units that would account for the gravity anomaly. Accordingly, the gravity anomaly beneath the high grade secondary copper remains untested and will be one of the early targets to be tested in the 2011 drilling campaign. Information from these drill holes has provided fundamental geological information that will be integrated into the drill planning for the expanded exploration program in 2011.



Photo 1 – EPT 574 Massive haematite altered black shale 85m to 114m



Photo 2 – EPT 574 Haematite-carbonate-pyrite altered black shale at 138m

Table 1. November 2010 diamond drill hole information BM1

Drill Hole ID	Northing (m)	Easting (m)	Dip	Azi	RL (m)	EOH (m)	Prospect
EPT 573	7544100	368500	-75	000	320	197	BM1 Northern Area
EPT 574	7644100	368675	-60	270	320	265	BM1 Northern Area
EPT 579*	7543900	368500	-60	000	320	136	BM1 Northern Area
EPT 584	7543300	368825	-60	270	320	304	BM1 Central Area

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m)

EOH = End of hole depth; m=metre; Azi = Azimuth,

**RC precollar failed, hole abandoned*

Table 2. November 2010 diamond drill program – List of intersections >0.1% Copper

Drill Hole ID	Northin g (m)	Easting (m)	RL (m)	From(m)	To(m)	Interval (m)	Copper (%)
EPT573	7544100	368500	320	14	34	20	0.36
EPT574#	7644100	368675	320	65.3	70.6	5.3	0.35
EPT584	7543300	368825	320	68	82	14	0.31

#coring commenced at 65.3m

Additional aircore drilling will commence in March 2011 to determine the extent of the broad and expanding copper regolith anomaly at BM1.

The deep drilling program to test for the primary copper sulphide zone and to determine the nature of the gravity anomaly at BM1 is scheduled to recommence in early April 2011.

BM2 Prospect

The BM2 prospect is located 50km south-east of the Nifty copper deposit and 34km north-east of the BM1 copper discovery at the intersection of a north-south trending, westerly dipping fault and the regionally extensive Tabletop Fault (Figure 1). Airborne Electromagnetic (AEM) data indicates a clear structural termination of a conductive horizon at its eastern margin against the Tabletop Fault.

Shallow, broad spaced aircore drilling at BM2 has confirmed a second copper system at the Yeneena project. Drilling intersected broad and continuous zones of copper oxide mineralisation at a key structural location.

A nine hole, broad spaced aircore program completed at BM2 in June 2010 and intersected thick zones of highly anomalous copper which included 2m @ 0.24% Cu at the bottom of the hole EPT315.

Three east-west drill traverses, spaced 320 metres apart, were completed at BM2 in October 2010 following up these anomalous copper intersections. Thirty aircore holes were drilled to a depth of approximately 80-100m and copper anomalism was intersected on all three drill traverses. The central line included multiple thick, highly anomalous copper intersections including:

- **EPT561** 30m @ 0.14% Cu from 42m to **end of hole** incl. **2m @ 0.88% Cu**
- **EPT563** 28m @ 0.18% Cu from 54m incl. **4m @ 0.48% Cu & 2m @ 0.41% Cu**
- **EPT564** 36m @ 0.17% Cu from 76m to **end of hole** incl. **6m @ 0.37% Cu**
- **EPT588** 20m @ 0.27% Cu from 62m incl. **4m @ 0.57% Cu**

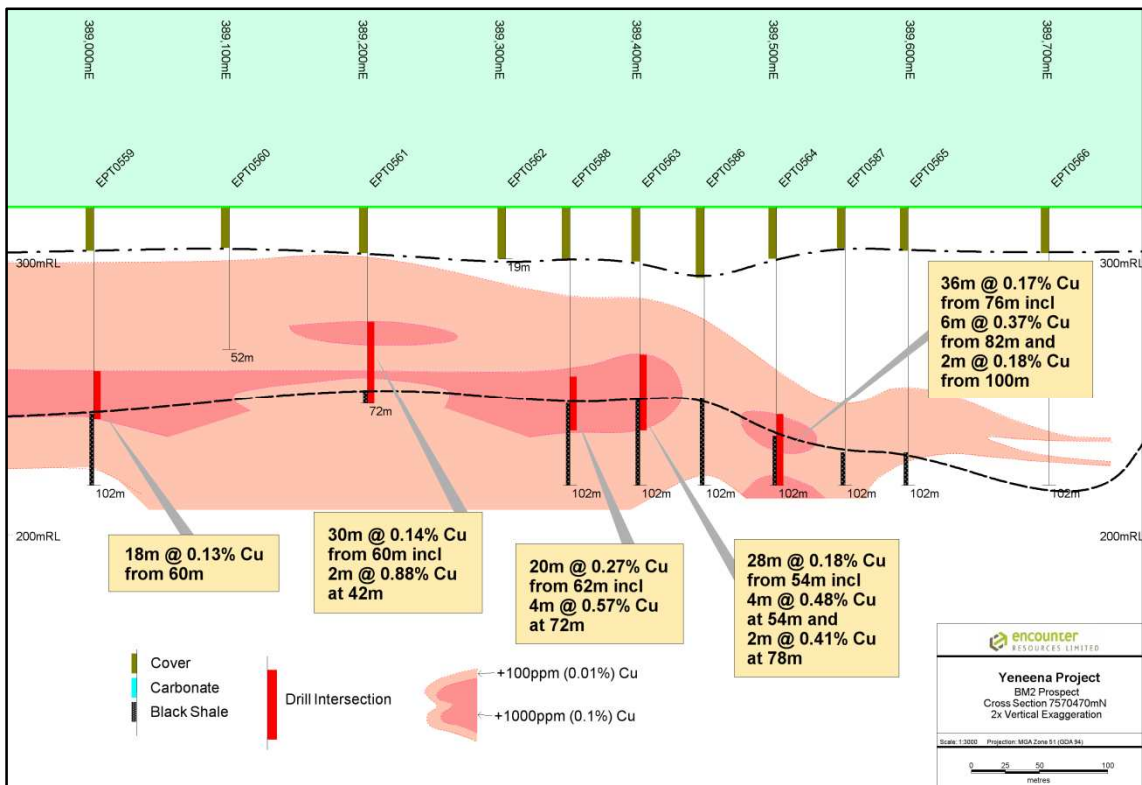


Figure 4 – BM2 –Cross Section 7570470N

There is extensive copper regolith enrichment at BM2 that is laterally continuous over a large area. The copper mineralisation appears to be bounded by the Tabletop Fault to the east and remains open to the west. Several of the shallow holes terminated in anomalous copper.

A ground gravity survey was completed at BM2 in November 2010 to assist in the definition of local structures and potential drill targets. The results of the survey are currently being modelled. A larger aircore/RC program, followed by a deep drill program will commence at BM2 in April 2011.

The discovery of a second copper system under transported cover validates Encounter's base metals targeting methodology in the Yeneena. This exploration success has encouraged us to plan an aggressive 2011 regional exploration program to be completed in parallel with the planned expanded drilling program at BM1.

BM5 Prospect

The BM5 Prospect ("BM5") 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**.

Additional RC drilling is planned towards the north of BM5 where it is interpreted that the prospective geological contact is trending closer to surface. This RC drilling will be completed in mid 2011.



MN1 Prospect

The MN1 Prospect (“**MN1**”) 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 MN1. 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.

Aircore drilling completed in 2010 at MN1 intersected extensions to the manganese mineralisation intersected in YNAC 168 and YNAC 169. These included 1m @ 17.7% Mn from 26m and 1m @ 15.4% Mn from 27m. 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.

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.

Exploration at the MN1 prospect is planned to recommence in the second half of 2011 following completion of the higher priority copper exploration programs at BM1 and BM2.

MN2 Prospect

The MN2 Prospect (“**MN2**”) is a 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. The mineralised horizon also has low-level base metal anomalism. It is considered that this anomalous zone might represent dispersion from a primary Mn and/or base-metal deposit.

Further aircore drilling is planned as part of the regional Yeneena exploration program in 2011.

BANGEMALL BASIN

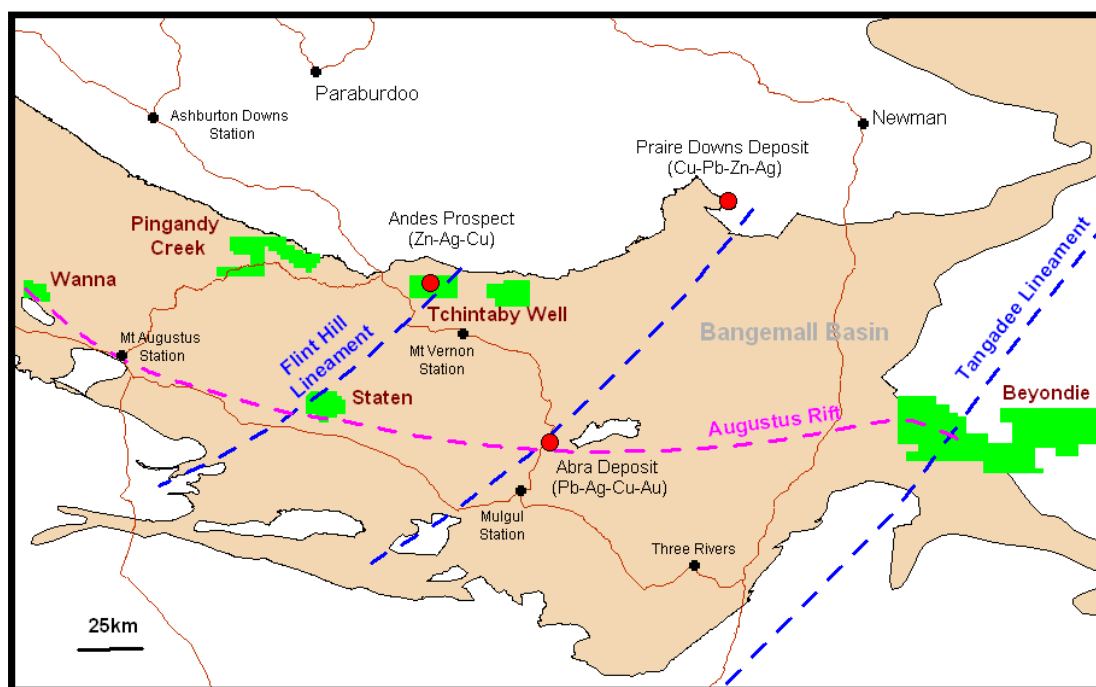


Figure 5: Bangemall Basin leasing plan

WANNA (E08/1779 - 85% Encounter, 15% Avoca)

The Wanna Project (“**Wanna**”) 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 interpreted as indicating proximity 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 A\$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 scheduled to be completed in May 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 - 82% Encounter, 18% 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 – 82% Encounter, 18% 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 A\$6 million, before costs, through the issue of 7,500,000 ordinary fully paid shares in the Company at a price of A\$0.80 per share.

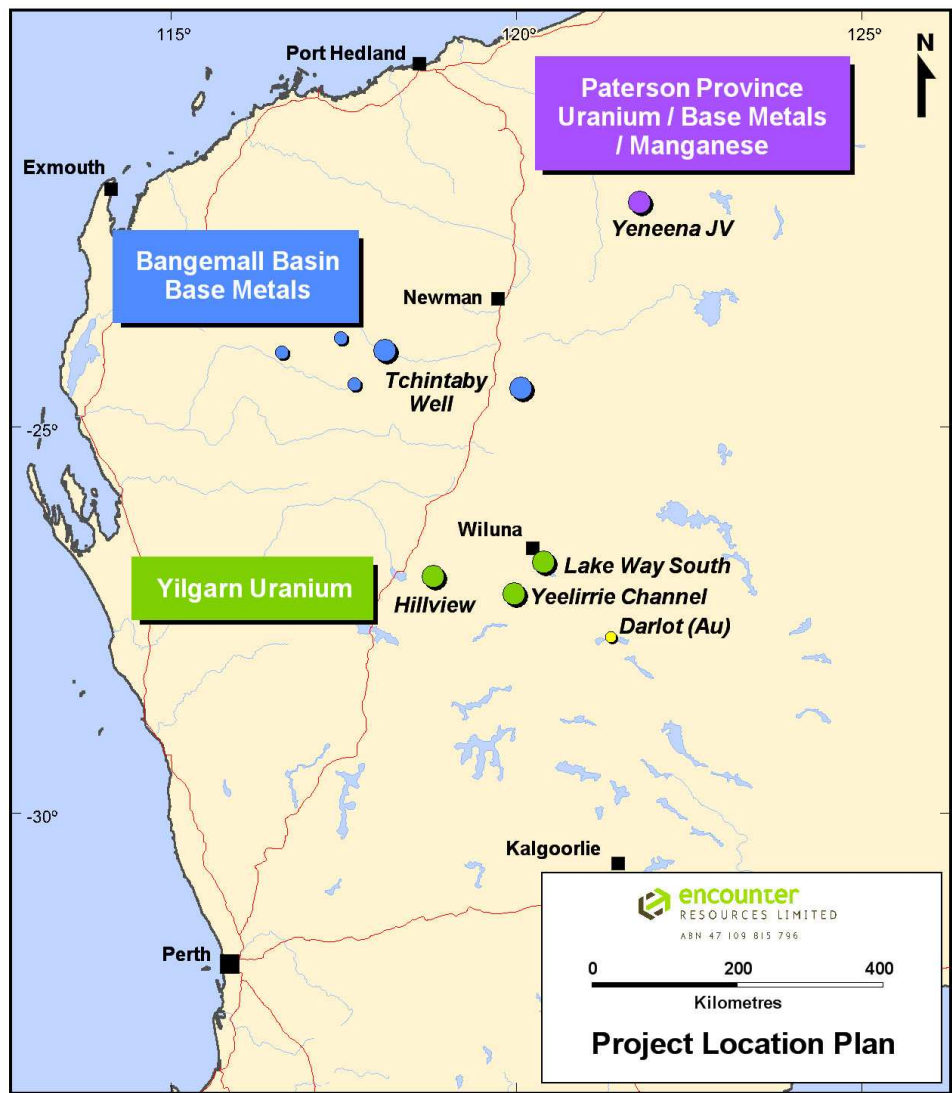
The Company's cash balance at the end of the quarter was A\$8.8 million.

NEXT QUARTER HIGHLIGHTS

Mobilisation to site and the commencement of the major 2011 exploration campaign at Yeneena.

BM1 – interpretation and drill planning for 2011 diamond drill program. Commencement of aircore drill program in March 2011 followed by a 5,000m diamond drilling campaign.

BM2 – interpretation of the detailed ground gravity survey completed in November 2010 with a follow up aircore/RC drilling to commence in April 2011.



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Figure 6: 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")

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	-	-
1.2 Payments for (a) exploration and evaluation	(1,161)	(2,211)
(b) development	-	-
(c) production	-	-
(d) administration	(221)	(400)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	52	76
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D tax concession refund	-	172
Net Operating Cash Flows	(1,330)	(2,363)
Cash flows related to investing activities		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(14)	(14)
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)	-	-
Net investing cash flows	(14)	(14)
1.13 Total operating and investing cash flows (carried forward)	(1,344)	(2,377)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,344)	(2,377)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	6,182	9,282
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	(314)	(530)
	Net financing cash flows	5,868	8,752
	Net increase (decrease) in cash held	4,524	6,375
1.20	Cash at beginning of quarter/year to date	4,226	2,375
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,750	8,750

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	350
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	500

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	576	705
5.2 Deposits at call	8,174	3,521
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8,750	4,226

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	E29/577 E38/1784	Lapsed Relinquished	81% 83%	0% 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 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	98,994,360	98,994,360		
7.4 Changes during quarter				
(a) Increases through issues	8,350,000	8,350,000		
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	200,000	-	<i>Exercise price</i> 52.5 cents	<i>Expiry date</i> 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
	75,000	-	50 cents	30/11/2012
	275,000	-	30 cents	30/6/2013
	5,000,000	-	\$1.35	22/11/2014
7.8 Issued during quarter	5,000,000	-	\$1.35	22/11/2014
7.9 Exercised during quarter	100,000	-	20 cents	23/3/2011
	100,000	-	45 cents	15/5/2011
	50,000	-	52.5 cents	7/12/2011
	50,000	-	50 cents	9/8/2012
	50,000	-	30 cents	30/6/2013
	500,000	-	10 cents	28/2/2014

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <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: 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.