

# QUARTERLY REPORT

for the three months ending December 31, 2009



## Significant Events During the Quarter

Agreement with YTG to acquire initial 50% of the Renison Tasmanian operations for \$50M is fully unconditional with final settlement to take place on 1st March 2010.

15% placement to APAC Resources Ltd to raise \$16.02M was completed during the quarter.

Sale of the Mt Keith and Kingston royalties to Franco-Nevada Australia Pty Ltd for A\$20M in cash was completed during the quarter.

All condition precedents have been fulfilled for the formation of a farm-in and JV agreement with Rio Tinto Exploration Pty Ltd to earn an initial 51% interest in tenements adjacent to Metals X's massive Wingellina nickel and cobalt deposit and encapsulated within Metals X's SA tenement E3555.

Tasmanian tin assets continued to consolidate producing 1,426 tonnes of tin and generating an unaudited operating surplus (EBITDA) of \$3.62M for the quarter.

Underground exploration and resource delineation at Renison again return excellent results, some of the better intercepts include:

Lode	Hole	N	E	Intercept	From
DOLERITE	U3846	65,850	44,547	3.8m @ 6.52% Sn	276.3
DOLERITE	U3885	65,796	44,570	4.1m @ 2.42% Sn	318
FED	U4083	65,969	44,538	2m @ 5.72% Sn	175
FED	U4102	65,813	44,553	11m @ 3.36% Sn	118
FED	U4139	65,886	44,531	3m @ 6.24% Sn	59
FED	U4144	65,712	44,579	6m @ 4.04% Sn	78
KING	U4116	66,952	44,220	6m @ 2.02% Sn	78
KING	U4117	66,974	44,277	7.84m @ 1.94% Sn	78

Westgold (Metals X 29.36%) continued to further define and enhance the three high grade copper gold zones at the Rover 1 Gold-Copper Project in the NT with a "Maiden" Resource Estimate to be completed by early February 2010.

Aragon (Metals X 8.72% direct and 28.47% voting) acquired the Central Murchison Gold Project near Cue in WA which contains an aggregate JORC Resource of 1.5Mozs and includes the Big Bell, Cuddingwarra and Day Dawn goldfields.

Metals X ended the quarter with \$29.9M in cash and has no debt.

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Metals X Limited is a diversified group exploring and developing minerals and metals in Australia. It is Australia's largest tin producer and holds a pipeline of assets from exploration to development, including the world-class Wingellina Nickel Project.

### Corporate Directory

ASX Code: MLX

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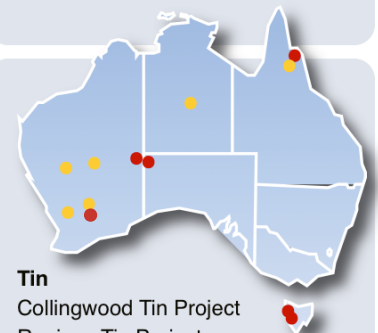
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For more information about Metals X please visit our website at <http://metalsx.com.au/>



### Tin

Collingwood Tin Project

Renison Tin Project

Mt Bischoff Tin Project

Rentails (Renison Expansion)

### Nickel

Central Musgrave Project

Wingellina Prospect

Claude Hills Prospect

### Investments & Royalties

Westgold Resources Ltd

Aragon Resources Ltd

Agaton Phosphate Pty Ltd

Gillian Royalty

# Operations Report

## Tin Division

### JV and Sale Agreement with Yunnan Tin Group

Metals X announced on 1 December 2009 FIRB approval had been granted enabling Metals X subject to final outstanding approvals to sell to Yunnan Tin Group (Holding) Company Limited ("YTG") up to 60% of its Tasmanian Tin Assets for A\$60m and to form a Joint Venture ("JV") to operate and advance the Tasmanian tin operations.

The sale and JV will be a two stage process:

1. The sale of a 50% interest in all assets and rights of Bluestone Mines Tasmania Pty Ltd ("BMT") for AUD \$50m.
2. The conditional sale of a further 10% interest for a further AUD \$10m.

At the outset, Metals X will form an unincorporated joint venture with YTG to continue to develop and advance the Tasmanian Tin Assets.

All approvals have now been obtained with the final Condition Precedent being the signing of the Joint Venture documentation which was completed on Thursday, 28 January 2010 with settlement and commencement of the JV set for 1 March 2010.

YTG is the world's largest tin producer producing approximately 60,000tpa of refined tin metal which is approximately 20% of the global market. The company operates advanced tin smelting and refining technology, including Ausmelt furnaces, and is recognised for its highly developed processing skills and equipment in mineral processing especially for tin processing. YTG has also previously announced that it has undertaken recent hydrometallurgical testing of its low grade tailings.

The assets of the JV include the Renison Bell Underground mine, the Mt Bischoff open pit mine, the Renison Tin Concentrator Plant, the Rentails Tailings Re-treatment Project and, related infrastructure and rights.

### Tin Price

The average LME \$US tin price was higher for the December quarter at US\$15,164 (US\$14,576 September quarter), however due to the appreciation of the AUD the average AUD tin price for the quarter was A\$16,682 which was slightly lower than the September quarter price of A\$17,493.

Since the start of December the tin price has increased significantly by over 18% to approximately US\$17,700 and over 20% in AUD terms to A\$19,500. LME inventory stockpiles have also remained almost flat over this period increasing by a modest 800 tonnes to 27,600 tonnes, which is equivalent to only one month supply at current consumption levels.

Global supply of tin remains tight and with 60% of tin now being consumed in solders of which a large percentage is within the electronics and automotive industry any global recovery will result in a further improvement in the fundamentals for tin.

### Tasmanian Tin Operations

The project generated an unaudited cash operating surplus (EBITDA) of \$3.62M for the quarter (\$3.83M September quarter). Tin production from the Tasmanian tin operations was slightly higher than the previous quarter at 1,426t of tin metal contained in concentrates (1,404t September quarter) as a result of improved throughput and recovery in the Concentrator.

### Mt Bischoff Open Pit

All targets including ore grade, tonnes, total movement and tin produced from the Mt Bischoff open pit mine have exceeded expectations. Total tin mined was 35% higher than forecast at 810t of contained metal directly related to increased mined tonnes at higher grades.

Following the drilling that took place in the September quarter modelling of the Slaughteryard and North Face workings adjacent to the main pit has added an additional 33,800t at 0.8% tin to the current mine plan. This will be mined in the first half of 2010. A surface diamond drill was also mobilised in December to test further open pit and underground targets peripheral to the current pit.

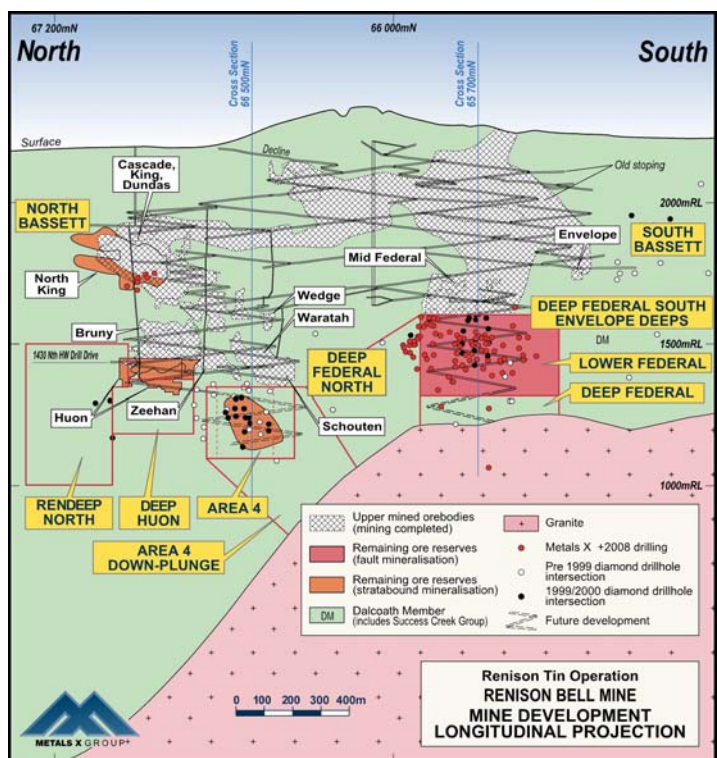
### Renison Bell Underground Mine

A further improvement to the total ore hoist from the Renison underground mine was obtained hoisting 96,333 tonnes (90,187 tonnes previous quarter). However, the ore grade was lower at 1.50% (1.69%) mainly as a result of delays in accessing higher grade ore from the 1415 Level which is now underway.

Overall production from stoping was in line with expectations, with current levels anticipated to be sustained as an additional production drill rig was mobilised in November, resulting in a significant increase in drilled stocks available at the end of the quarter.

Significant progress with the dewatering of the North side of the mine was also achieved during the quarter and production from this area commenced to augment that from the South Renison decline.

New and improved major pumping infrastructure was installed in the previously flooded North Renison Decline which has greatly assisted the re-establishment of this part of the mine. At the end of the quarter access was complete and stoping commenced at the upper Zeehan orebodies. Access to these orebodies and the increase in drill stocks will provide the flexibility required to continue to increase production levels at the mine. Additional detailed underground drilling will commence which will focus on upgrading resources into reserves in the northern ore zones.



Plant recoveries continued to improve over the quarter with specific optimisation projects continuing to improve tail grades. The installation of a further two ultra fine gravity recovery units in the low grade tin circuit has resulted in significant additional control and stability to the tin concentrator circuit. This also resulted in the commencement of production of a saleable low-grade tin concentrate.

Overall plant throughput increased by 16% on the previous quarter to 160,783t.

Both operating and capital expenditure were lower than budgeted for the quarter relating to continued operational improvements and a later start to surface exploration programs.

	Oct 2009	Nov 2009	Dec 2009	Quarter Total
<b>Mining - Renison Bell</b>				
Total Tonnes Hoist	35,762	28,816	31,755	<b>96,333</b>
Mined Head Grade (% Sn)	1.40%	1.61%	1.51%	<b>1.50%</b>
<b>Mining - Mt Bischoff</b>				
Ore Tonnes Mined	20,056	17,845	19,914	<b>57,815</b>
Ore Grade Mined (% Sn)	1.37%	1.27%	1.55%	<b>1.40%</b>
<b>Total Mine Production</b>				
Ore Tonnes	55,818	46,661	51,669	<b>154,148</b>
ROM Grade (% Sn)	1.39%	1.48%	1.53%	<b>1.46%</b>
<b>Tin Concentrator</b>				
Tonnes treated	51,808	53,597	55,378	<b>160,783</b>
Head Grade (% Sn)	1.36%	1.44%	1.38%	<b>1.40%</b>
Tail Grade (% Sn)	0.51%	0.55%	0.48%	<b>0.52%</b>
Tin Metal Produced	441	481	504	<b>1,426</b>
Tin Concentrate Grade	54.14%	54.76%	55.65%	<b>54.87%</b>
Tin Concentrate Produced	815	878	905	<b>2,598</b>

## Exploration

Underground exploration included infill drilling of existing Resources and definition drilling outside of the current Resource. The drilling resulted in extensions being added to the Federal, Mid Federal and North King orebodies during the quarter.

4,814 metres of underground diamond drilling was completed during the quarter with significant results tabulated below:

Lode	Hole	N	E	Intercept	From
DOLERITE	U3846	65,850	44,547	3.8m @ 6.52% Sn	276.3
DOLERITE	U3885	65,796	44,570	4.1m @ 2.42% Sn	318
FED	U4083	65,969	44,538	2m @ 5.72% Sn	175
FED	U4102	65,813	44,553	11m @ 3.36% Sn	118
FED	U4103	65,854	44,548	5m @ 2.16% Sn	122
FED	U4139	65,861	44,501	6m @ 1.86% Sn	98
FED	U4139	65,886	44,531	3m @ 6.24% Sn	59
FED	U4140	65,856	44,553	7m @ 2.17% Sn	85
FED	U4144	65,708	44,567	4.55m @ 1.55% Sn	92.5
FED	U4144	65,712	44,579	6m @ 4.04% Sn	78
FED	U4154	65,621	44,536	6m @ 2.53% Sn	90
KING	U4116	66,952	44,220	6m @ 2.02% Sn	78
KING	U4117	66,974	44,277	7.84m @ 1.94% Sn	78

Additional work has commenced on the appraisal and definition of the Fenton Resource and the Dolerite and Hangingwall skarn targets. Exploration evaluation programs are also being developed for the North Rendeep and Lower King / Dundas zones.

### **Renison Open Pit Exploration**

Further to the work carried out in the previous quarter, an expanded targeting exercise with supporting drill programs has been generated for the Renison area in anticipation of the arrival of the surface diamond drill rig in March once it completes its first pass program at the Mt Bischoff Project.

The focus of this work is the significant opportunity to extend the amount of open pit resources at Renison within the Federal–Bassett structure which has historically been mined over a strike length of >1.9km from underground.

Initial targets will include follow-up of the excellent results achieved during the quarter at Dalcoath (including 20m at 2.26% Sn and 23.5m at 1.59% Sn) and Sligo (5.14m at 1.75% Sn) and the testing of a portion of the Federal Fault proximal to historical surface workings.

### **Mt Bischoff Exploration**

In early December a diamond drill rig was mobilised to test for potential open pit and underground extensions to the large ore system which lies beyond the current open pit.

The Mt Bischoff tin field has produced in excess of 55Kt of tin historically, with the majority of production sourced from outside the current pit perimeter. The company is adopting a phased approach to this campaign to ensure that drilling is focused appropriately. Phase one testing of the extensions and significant historical production sites is expected to be completed in late February.

### **Renison Expansion Project (Rentails)**

The Rentails Project contains a Resource of over 75,000 tonnes of tin and 36,000 tonnes of copper. The project objective is the re-processing and recovery of tin and copper from an estimated 18.2 million tonnes of tailings from the historical processing of tin ores from the Renison Bell mine at an average grade of 0.42% tin and 0.20% copper.

Metals X completed a Feasibility Study into its Renison Expansion (Rentails) Project which showed operating costs of under US\$11,000 after copper credits at an assumed exchange rate of \$0.95 with capital costs in the order of AUD\$194M +/- 15%.

With the previous uncertainty of the world financial markets and the resultant metal markets the Board of Metals X believe the project would be difficult to finance despite it being a large project with positive economic outcomes. However, with further tin price recovery in response to the significantly improving fundamentals of tin supply Metals X will continue to review its options in the light of improving commodity prices.

### **Collingwood Tin Project**

The Collingwood tin project remains on care and maintenance with the project currently undergoing a review of the remaining Resources in light of the rising tin market.

# Operations Report

## Nickel Division

The average nickel price during the quarter was similar in \$US to the previous quarter averaging US\$17,543 (US\$17,700) however after a significant rise of 36% in AUD terms in the September quarter was lower in A\$ terms A\$19,299 (A\$21,245). The current nickel price is approximately US\$18,500 (A\$20,500).

The nickel price continues to show signs of recovery, although consumer demand remains weak on fundamentals and the LME nickel inventories have continued to rise throughout the quarter. However, global nickel supply has also been significantly reduced over the past 12 to 18 months as operations have been closed. The nickel price is well placed to continue to increase in the medium term as the global financial recovery continues.

### Nickel Royalty Portfolio

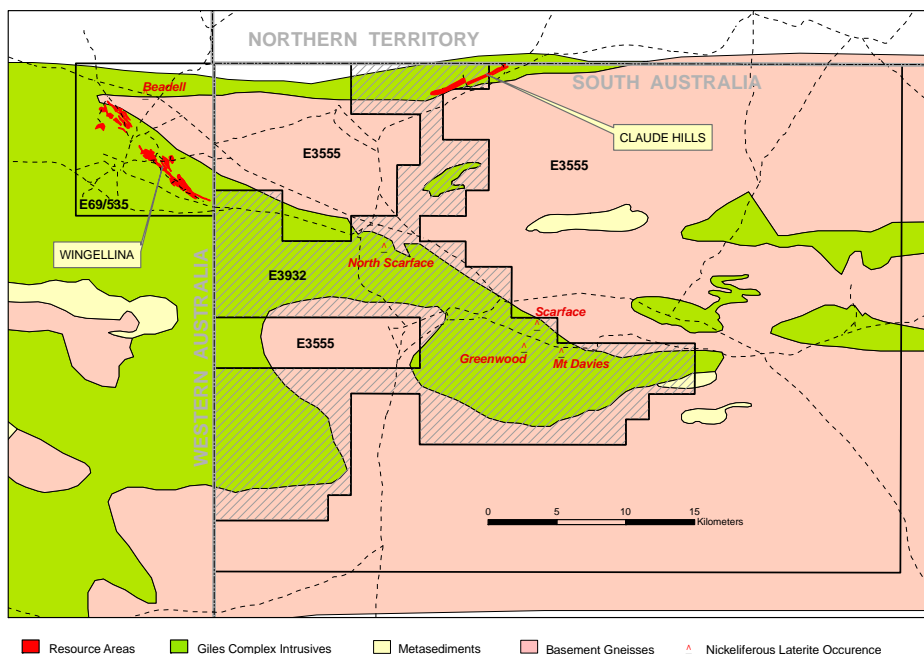
Metals X completed the sale of the Mt Keith and Kingston royalties as previously announced for a consideration of A\$20M. The book value of the Mt Keith and Kingston royalties was \$14.4M as of the 30 September 2009 with total royalty payments for the 12 months to 30 June 2009 being \$1.7m.

### Central Musgrave Project

During the previous quarter Metals X entered into an Earn In and Joint Venture agreement with Rio Tinto Exploration over the Mt Davies Tenement (E3932) in the Central Musgrave region of South Australia.

The agreement was subject to several conditions precedents all of which have now been fulfilled. An exploration program has been submitted for approval and clearances with exploration expected to commence in March with drilling to commence towards the end of June.

The tenement is encapsulated within Austral's 100% owned tenement E3555 which is adjacent to the company's massive Wingellina Nickel and Cobalt Limonite project in Western Australia.



As drilled by previous owners, the Mt Davies tenement hosts extensions to the Claude Hills deposit already defined within Metals X's 100% owned E3555 tenement. While a JORC compliant resource has not yet been calculated, Claude Hills drilling has identified significant mineralisation with similar nickel and cobalt tenor as that seen at Wingellina.

The agreement requires a minimum expenditure of A\$500,000 within the first two years, and A\$2,000,000 within four years, to earn a 51% interest in the Mt Davies exploration licence. Austral will retain management of the expenditure program during the earn-in period.

Austral can increase its interest to 70% ownership by sole funding exploration and development expenditure to the completion of a pre-feasibility study. Rio Tinto can elect to contribute following the earn-in phase to retain a 49% interest and can elect to earn-back up to 70% ownership within 60 business days after the delivery by Austral of the pre-feasibility study, through the sole funding of a bankable feasibility study.

Metals X will continue to pursue other opportunities in the region and aims to define and develop multiple deposits to establish a new Australian mining province.

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Metals X will continue to pursue other opportunities in the region and aims to define and develop multiple deposits to establish a new Australian mining province.

## The Wingellina Project

Metals X is continued with field activities in preparation for the future development of the Wingellina Project including environmental, logistics and water studies.

Metals X intends to submit its Environmental Scoping study to the Western Australian EPA in early February which will commencement the process for obtaining Environmental approval to proceed with the development of Wingellina.

Wingellina is a major project and exists as one of the largest undeveloped nickeliferous limonite accumulations in the world consisting of 180Mt of ore at 1% nickel and 0.08% cobalt. Importantly, the JORC compliant resource is 38% Measured, and 53% Indicated with the remaining 9% defined as Inferred demonstrating the advanced geological knowledge of the deposit.

Metals X completed the first phase of the feasibility study in 2008 and confirmed a robust project concept for the construction of a nickel and cobalt operation producing approximately 40,000tpa of nickel and 3,500tpa of Cobalt with an initial mine life of 40 years at an operating costs of less than US\$3.50 per pound of Nickel after cobalt credits. The estimated after tax NPV based on a nickel price of US\$20,000, cobalt price of \$45,000 and a US\$ exchange rate of 0.85 was A\$3.4 Billion. The current nickel and cobalt prices are approximately US\$19,500 and US\$40,700 respectively and exchange rate of 0.93.

Metals X is proceeding with seeking funding opportunities for the development of the Wingellina nickel project and has had recent discussion with its major shareholders, Jinchuan Group Limited (China's largest nickel producer) and APAC Resources Ltd (HK1104).

## Strategic Investments

### Westgold Resources Limited (29.36% MLX)

Westgold is targeting high grade gold and copper deposits similar to the historical mines of the Tennant Creek Goldfield renowned for its exceptional high grade gold and copper mines which produced over 5M ounces of gold and around 0.5Mt of copper metal between the 1930's to late 1990's. Drilling at Rover 1 commenced in March 2008 and three significant high grade gold copper zones have since been identified – Jupiter, Western and Southern Zones. Gold intercepts include 65m @11g/tAu, 21m @ 33g/t Au and 32m @ 20g/t Au, while copper intercepts include 65m @2.6%Cu, 27m @ 4.8%Cu and the most recent result from the Western Zone of 125m @1.22%Cu.

These three zones continue to add an exciting dimension to the scale of this large “Tennant Creek Style” system with strong copper-gold-cobalt bismuth mineralisation now defined over a 500m strike length within an 800m long magnetic and gravity anomaly.

A “maiden” Resource estimate is expected to be completed in February 2010.

During the quarter Westgold announced that it would place 55 million shares to institutional and sophisticated investors at an issue price of \$0.40 to raise \$22M before costs in two tranches primarily to further advance the exploration work being conducted at the Rover Project. As part of the placement Metals X acquired an additional 16.3 million shares at a cost of \$6.5M to maintain its shareholding position at 29.36%.

### Aragon Resources Ltd (8.72% direct & 28.47% voting MLX)

In its December quarterly report, Aragon advised that it had completed the acquisition of Fulcrum Pty Ltd and Big Bell Gold Operations Pty Ltd.

This gives Aragon ownership of the Central Murchison Gold Project containing the three historic mining centres of Big Bell, Cuddingwarra and Day Dawn which have produced over 5 million ounces of gold and which currently contain a total Identified Mineral Resource Estimate of 1.494 million ounces (refer to ASX announcements made by Aragon for further details on the resource estimate).

Aragon completed a capital raising of A\$13m during the quarter to fund the acquisition. Metals X participated in this placement acquiring an additional 10M shares at a cost of \$1.3M. As a result of the acquisition of Fulcrum and the placement, the direct ownership by Metals X in Aragon has been reduced from 11.37% to 8.72% and its indirect holdings from 48.37% to 28.47% as a result of additional dilution to Westgold's shareholding in Aragon.

Aragon is also the largest shareholder of Vital Metals Limited who is an aspiring tungsten Producer with a large high-grade tungsten resource at its Watershed Project located in the Mt Carbine region of Far North Queensland considered to be one of the more superior and higher grade Tungsten deposits in Australia and the World.

## Corporate

During the quarter Metals X completed a 15% placement to APAC to raise \$16.02M.

Metals X also completed the sale of its Mt Keith and Kingston Royalties to Franco-Nevada for the sum of \$20M which was significantly higher than the book value of \$14.4M.

During the quarter the company acquired an additional 16.3M shares in Westgold Resources as part of a placement at a cost of \$6.5M and also acquired an additional 10.0M shares as part of a placement in Aragon Resources at a cost of \$1.3M.

Metals X is now well positioned to continue its growth strategy with a strong portfolio of assets and a strong balance sheet.

Metals X ended the quarter with \$29.9M in cash. The Group has no debt other than trade creditors (including concentrate prepayments), equipment leases and security bonds.

### Capital Structure

The Company has the following equities on issue as of 31 December 2009.

Fully Paid Ordinary Shares	1,365,661,782
Unlisted Options convertible at \$0.20 on or before 12/02/10	5,900,000
Unlisted Options convertible at \$0.46 on or before 30/11/10	1,000,000
Unlisted Employee Options - various conversions and dates	18,550,000
<b>Fully Diluted Equity</b>	<b>1,391,111,782</b>

### Major Shareholders

The major shareholders of the Company as of 31 December 2009 are:

APAC Resources (HK:1104)	29.08 %
Jinchuan Group	12.89 %
Sabatica Pty Ltd (GPG)	6.57 %
JP Morgan Chase & Co. and its affiliates	5.03 %

End

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based upon information compiled by Mr Scott Huffadine B.Sc.(Hons), MAusIMM. Mr Huffadine is a full-time employee of the company. Mr Huffadine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are 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'.

# 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

Metals X Limited

ABN

25 110 150 055

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	19,098	44,998
1.2 Payments for (a) exploration and evaluation	(467)	(1,328)
(b) development	(2,417)	(4,126)
(c) production	(21,326)	(43,341)
(d) administration	(742)	(1,548)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	132	184
1.5 Interest and other costs of finance paid	(248)	(473)
1.6 Income taxes paid		
1.7 Other (sale of scrap/assets)	92	232
<b>Net Operating Cash Flows</b>	<b>(5,878)</b>	<b>(5,402)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(7,816)	(7,816)
(c) other fixed assets	(787)	(1,715)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	62	62
(c) other fixed assets	19,793	19,793
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (cash acquired on purchase of controlled entity)		
<b>Net investing cash flows</b>	<b>11,252</b>	<b>10,324</b>
1.13 Total operating and investing cash flows (carried forward)	5,374	4,922

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	5,374	4,922
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	16,020	16,020
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(1,094)	(2,202)
1.18	Dividends paid		
1.19	Other – (capital raising costs)	(33)	(33)
	<b>Net financing cash flows</b>	14,893	13,785
	<b>Net increase (decrease) in cash held</b>	20,267	18,707
1.20	Cash at beginning of quarter/year to date	9,645	11,205
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	29,912	29,912

**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	217
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**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	7,851	8,945
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	1,000
4.3 Production	14,000
4.4 Administration	800
<b>Total</b>	<b>16,000</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	25,657	5,390
5.2 Deposits at call	4,255	4,255
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>29,912</b>	<b>9,645</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	E70/3350 E70/3413 E70/3415 E70/3416	All Direct	All 75%	All Nil
6.2 Interests in mining tenements acquired or increased				

+ 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>	1,365,661,782	1,365,661,782		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	178,000,000	178,000,000		
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>	700,000 5,900,000 400,000 1,025,000 2,800,000 1,700,000 4,000,000 825,000 1,000,000 1,000,000 500,000 3,100,000 2,500,000		<i>Exercise price</i> 28 cents 20 cents 34 cents 22 cents 40 cents 35 cents 46 cents 36 cents 45 cents 46 cents 13 cents 13 cents 14 cents	<i>Expiry date</i> 31/01/2010 12/02/2010 30/04/2010 31/01/2010 30/06/2011 31/08/2011 30/11/2010 31/03/2012 31/07/2012 30/11/2010 30/06/2012 30/11/2013 30/11/2012
7.8 Issued during quarter	3,100,000 2,500,000		13 cents 14 cents	30/11/2013 30/11/2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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 ~~does not~~\* give a true and fair view of the matters disclosed.

Sign here: ..... W. S. Hallam ..... Date: ..... 29 January 2010 .....  
(Director)

Print name: ..... WARREN HALLAM .....

## 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.

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+ See chapter 19 for defined terms.