



BAUXITE RESOURCES LIMITED

ACN 119 699 982

SEPTEMBER 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
Web: www.bauxiteresources.com.au
ASX Code: BAU
BAU: 234m shares
Market Cap (30 Sept 2010) \$41m
Cash: \$50m (30 Sept 2010)
Directors:
Barry Carbon (AM) - Chairman and acting
Chief Executive Officer
Luke Atkins - Non Exec Director
David McSweeney - Non Exec Director
Neil Lithgow - Non Exec Director
Robert Nash - Non Exec Director
Ding Feng - Non Executive Director
Yan Jltai - Non Executive Director
Paul Fromson - CFO & Company Secretary

EXECUTIVE SUMMARY

BAUXITE RESOURCES & YANKUANG CORPORATION SIGN AGREEMENT FOR FUTURE MODERN ALUMINA REFINERY

- Binding agreement to build a 1.1 million tonne per annum (Mtpa) refinery in five years subject to Bankable Feasibility Study (BFS), site selection and regulatory approvals.
- Yankuang/BRL cost split for refinery construction at 91%/9% with apportionment of alumina product at 70%/30%.
- Yankuang agree to off-take half of BRL's 30% alumina product for the first 10 years.
- Yankuang to carry majority 90% BFS cost to BRL's 10%.

SHANDONG NO 1 INSTITUTE EXPLORATION AGREEMENT

- BRL has commenced a new bauxite exploration program with Chinese partners Shandong No 1 Institute of Geology and Minerals Exploration, on 1,000km² of Darling Range tenements.
- Shandong No 1 Institute will pay all tenement, exploration and BFS costs to earn a 60% share of mine output.

EPA DETERMINES A PUBLIC ENVIRONMENTAL REVIEW (PER) ASSESSMENT FOR THE 2MTPA MINING OPERATION AT NORTH BINDOON.

- BRL have commenced the environmental assessment through a public process, initiating public discussion for the scope of the assessment of the 2Mtpa application.

DARLING RANGE EXPLORATION & LAND ACCESS UPDATE

- BRL now has 118 Exploration Licences (ELs) 13 currently granted.
- Tenements through the Darling Range cover approximately 24,600km².
- 213 property agreements signed for exploration.

MANAGEMENT TEAM ENHANCED

- Experienced Environment Manager Valarie Ee joins BRL.
- Senior geologist, Don Horn joins the exploration team.

DOWNSTREAM PROCESSING BFS STUDY

- Desktop studies continue and results to be presented to Yankuang Group for evaluation in the BFS.

COMMUNITY ENGAGEMENT & PUBLIC AFFAIRS

- Community engagement – tours at Bindoon trial site, exhibits at Moora & Perth Royal Shows.
- Information sheets – environmental assessment & community engagement processes for approvals.
- Local and State Government agency meetings continue.
- 'Conversations with the Community' presentations - Victoria Plains, Northam, Moora, Gingin, Toodyay and Donnybrook.
- Investor Relations program commenced with investor road shows in Australia and proactive engagement with financial media.

CHANGE OF DIRECTOR

- As a part of normal rotational arrangements Mr Ding Feng replaces Mr Meng Xiangsan as Non-Executive Director.

PROPOSAL TO FUND ACTION AGAINST BRL

- To date no legal proceedings have commenced against BRL.
- BRL considers it has fully discharged its disclosure obligations to shareholders and intends to defend any action.



Rehabilitated trial site north Bindoon September 2010

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 24 September 2010, Yankuang Corporation and BRL signed an agreement for a future modern alumina refinery. The key points were:

- A further Heads of Agreement was signed between Yankuang and BRL on Friday 24 September 2010 - this is a further heads of agreement to previous agreements;
- BRL and Chinese partner Yankuang, subject to a BFS, will design and build a modern state of the art alumina refinery in the South West of Western Australia to refine Darling Range bauxite into alumina using BRL's Darling Range tenements as the proposed source of bauxite;
- The refinery approximate design capacity will be 1.1Mtpa of alumina requiring 3.5mtpa of bauxite;
- BRL and Yankuang propose that construction will be commenced within 5 years subject to a Bankable Feasibility Study, site selection, environmental and regulatory approvals;
- The agreement requires shareholder and regulatory approval;
- Yankuang will pay 91% of the refinery construction cost and receive 70% of the alumina product;
- BRL will fund 9% of the refinery construction cost and will receive 30% of the alumina product;
- Yankuang has arranged finance for its 91% and will assist BRL in securing finance of its 9%;
- Yankuang has agreed to off-take half of BRL's 30% of alumina for the first 10 years and BRL has the right to market separately the remaining 15%;
- A complete Bankable Feasibility Study and approvals process for a modern refinery project are to be carried out, with Yankuang contributing 90% to the cost and BRL contributing 10% of costs;
- Yankuang will pay 70% of past and future bauxite exploration costs on BRL's Darling Range tenements;

- Any direct shipping of bauxite ore or calcined bauxite operations commenced within the next 3 years will be subject to a BRL 51% and Yankuang 49% arrangement;
- BRL has commenced a new bauxite exploration program with Chinese partner, Shandong No.1 Institute of Geology and Minerals Exploration ("Shandong No.1 Institute"), on 1,000km² of BRL Darling Range tenements (which are excluded from this Yankuang agreement). Shandong No.1 Institute will pay all tenement and exploration costs, all mine, bankable feasibility study costs to earn a 60% share upon completion of a bankable feasibility study.

On 18 August 2010, BRL referred to the EPA a proposal for 2Mtpa mining of bauxite at North Bindoon. Subsequently on 13 September 2010, the company received EPA's advice on the level of assessment for this proposal. The key points were:

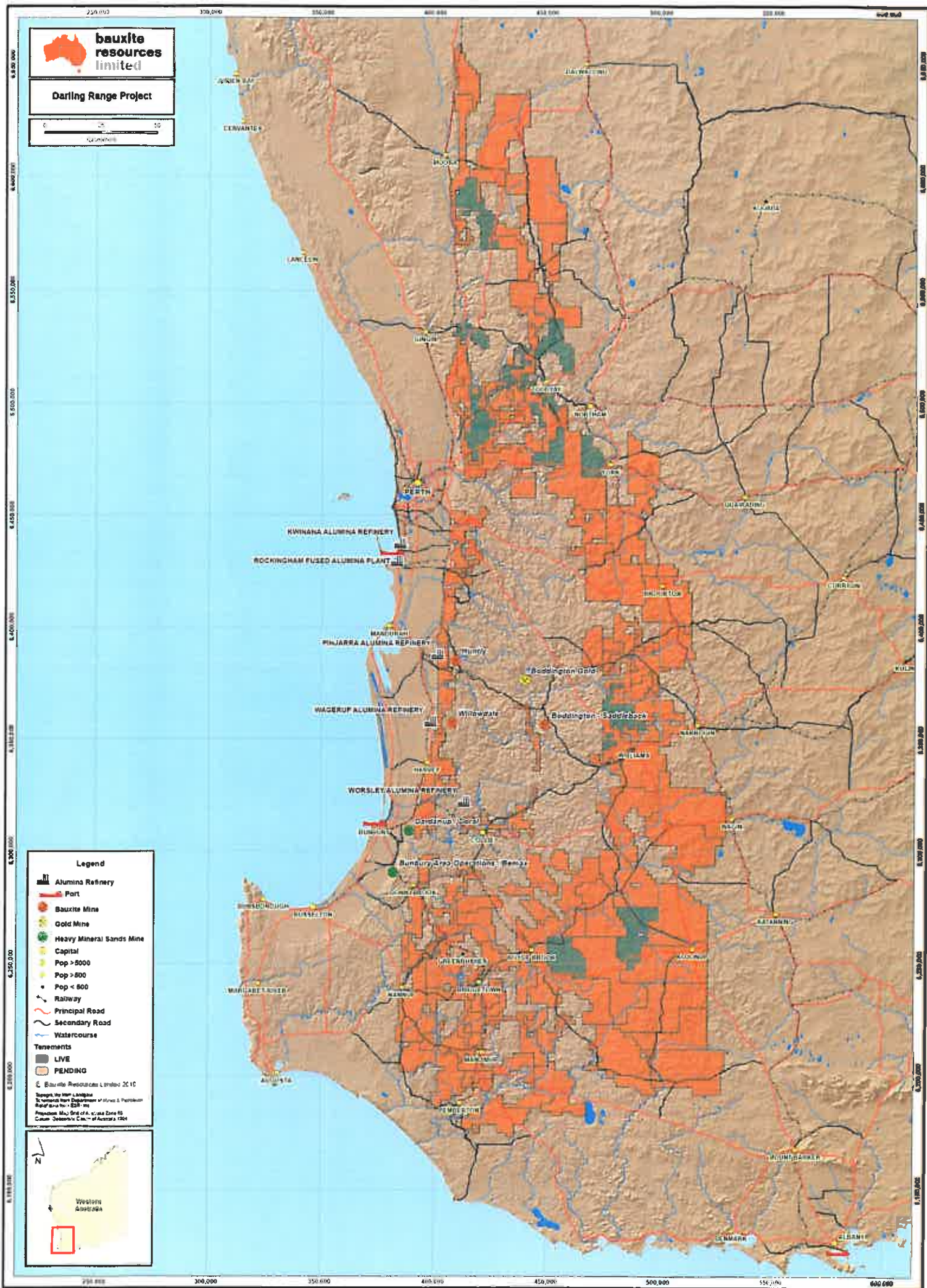
- Bauxite Resources Ltd has received notice from the Environmental Protection Authority that its 2Mtpa Bindoon Bauxite Mining Proposal will require a Public Environmental Review (PER) level of assessment;
- Level of assessment is in line with Company expectations and the Company will now work closely with local community and relevant government agencies to ensure it meets its obligations under the assessment level; and
- Appeals against this level of assessment are currently being dealt with by the Appeals Convenors office.

On 24 August 2010, the board announced the appointment of Mr Ding Feng as a Non-Executive Director, replacing Mr Meng Xiangsan.

Mr Ding is the new General Manager of our substantial shareholder, No 1 Institute of Geology and Minerals of Shandong Province. Mr Ding is a long standing employee of the Institute of Geology and Minerals and has a Degree in Geophysical Exploration and a Postgraduate Degree in Business Management.

Mr Meng has been transferred to the Finance Division of the Institute of Geology and Minerals as part of the rotation system of senior executives.

BRL DARLING RANGE TENEMENT MAP AS AT 30 SEPTEMBER 2010



EXPLORATION PROGRAM - QUARTERLY UPDATE

Overview

During the quarter the Company had one Exploration Licence (EL) granted and applied for a further three ELs. The Company drilled 1,464 vacuum holes, for 5,534 metres in the Bindoon, New Norcia, and Toodyay regions. Geological mapping, prospecting and desktop studies continued over the projects to advance and prioritise drill targets for further exploration.

The current focus of exploration is to continue to define resources and improve confidence to at least an Inferred JORC category. Drilling during the quarter has mostly focused in the Northern region of the Darling Range Project and returned very good bauxite grades that could be considered for Direct Shipping Ore (DSO).

In all three areas of the Darling Range Project (North, East and South) the objective is to advance tenements to grant, negotiate land access agreements and then plan and carry out drilling programs.

The Company geological and land access team are constantly reviewing project status, assessing drill results and updating geological models as priorities. This systematic and focused exploration strategy is proving very successful for the team.

BRL submitted three further tenement applications during the quarter.

Granted Exploration Licences

At the end of the quarter the Company had a total of 13 granted exploration licences and 105 licence applications. The total area covered by tenements, granted and under application, is approximately 26,700km²; 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.

Mapping Work Completed this Quarter

BRL continued its mapping and reconnaissance rock chip sampling assessment during the September quarter and included hammer prospecting and mapping of prospects within the North, East and South Darling Range Projects. This work has included geochemical analysis of rock chip samples

and confirmed the presence of laterite plateaus with potential to host bauxite mineralisation. Further follow-up exploration is planned for the current quarter and will include drilling and other first pass reconnaissance.

Exploration Program Scheduled for December 2010 Quarter

Work planned for the fourth quarter will focus on drilling of new targets in the Bindoon, New Norcia and Toodyay areas of the North Darling Range. Also planned is first pass drilling at Dinninup and Boyup Brook regions in the South Darling Range and the Williams area in the East Darling Range.



Low impact exploration drilling September 2010

LAND ACCESS

Land Access for BRL's Direct Shipping Ore (DSO) is voluntarily restricted by BRL to private property in the North Darling Range project area, while in the South project area 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 application therefore does not include National Parks, Nature Reserves, Conservation Reserves and the like.

The Land Access team has continued working with landowners during the quarter to enable the Company to gain access to explore for bauxite on private property. Agreements for a further 62 properties were concluded during the quarter (north, east and south project regions) bringing the total number of properties subject to agreements to 213.

NORTH DARLING RANGE PROJECT

A total of 1,464 holes for 5,534 metres were drilled during the September Quarter in the North Bindoon, Moora, New Norcia and Toodyay Shire region. BRL also continued land access negotiation for properties in the Victoria Plains, Toodyay, York and Northam Shires for drilling and other first pass exploration.

Wide spaced, first pass drilling successfully highlighted areas as containing potential for bauxite mineralisation during the Quarter. Once all assays are returned and interpreted, further infill drilling will be planned on these areas in the North Darling Range Project.

Access has been negotiated for a number of key properties at the North Bindoon Mining Project area and drilling of some of these targets is now completed with follow up drilling being planned.

KIMBERLEY PROJECT

During the quarter the Department of Mines and Petroleum notified the Company of their intention to grant the five Kimberley exploration licence applications. The Kimberley application areas are currently being reviewed by BRL as to their long term potential. The present company strategy is to focus on the Darling Range Projects.

DOWNSTREAM PROCESSING BANKABLE FEASIBILITY STUDY (BFS)

Progress continues with conceptual studies identifying potential business opportunities for the manufacturing of calcined and other niche bauxite products. Further technical and marketing studies will be undertaken to advance development which present an opportunity to add value to DSO product.

Workshops have commenced to delineate the bankable feasibility study (BFS) scope through a "pit to port" approach. The Bayer alumina refinery process remains the industry standard and is the basis for the refinery BFS to be conducted in conjunction with Yankuang Corporation as part of the agreement signed in September 2010.

The study assumes a production output of 1.1Mtpa of alumina. Alternative processes are also being considered and performance of these from a

SOUTH DARLING RANGE PROJECT

A further eight land access agreements were signed during the quarter. Reconnaissance hammer prospecting, rock chip sampling and geological mapping of areas has continued with drill targets identified for follow-up. Other properties have also been highlighted as prospective and Access Agreement negotiations commenced.

As previously indicated by the Company, this area contains good potential for refinery grade bauxite as well as potential for DSO mining areas subject to regulatory approvals from relevant government authorities.

Work continued on progressing BRL's access to state forest managed by Department of Environment and Conservation (DEC). This included consultation with relevant authorities and engaging of botanical consultants for flora survey work.

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.

technical and economic perspective will always be benchmarked to the Bayer process. This technology allows BRL the opportunity to differentiate itself from traditional bauxite and alumina producers and protection of the intellectual property of this concept is currently being investigated.

Activities for identifying and selecting possible refinery sites are scheduled to commence next quarter.

BINDOON BAUXITE MINING PROPOSAL

North Bindoon Proposal Development

In August 2010, BRL applied to the EPA to mine 2Mtpa ongoing, from private freehold farmland North of Bindoon, identifying the area of interest for the first five years of the operation.

The proposal is to mine 2Mtpa of bauxitic over 10 properties that will be accessed through private landholder agreements. This bauxite will be marketed to Shandong Province in China, or locally as other products (e.g. gravel). The proposal was referred to the EPA and notification received from the EPA that a Public Environmental Review (PER) level of assessment has been determined.

BRL committed to a public level of assessment including a public scoping exercise for this operation. This means the local community have the opportunity to be involved in defining the issues that are desirable for assessment before BRL prepares final proposal documents.

Trial Operation Approvals Clarification

The completed trial operation of bauxite extraction in North Bindoon was undertaken with planning approval from the Shire of Chittering.

The trial operation of 130,000 tonnes was granted under the Local Government planning approval of Extractive Industry Licence (EIL) as the land title being pre 1899 is classified Minerals to Owner (MTO). The trial site land was therefore not subject to mining approval under the *Mining Act 1978*, but rather subject to planning approval from the local government authority.

As well as the granted EIL the Company held discussions and had approvals from the following authorities for the trial bauxite extraction:

- Department of Main Roads
- Department of Water
- Fremantle Port Authority
- Westnet Rail
- Department of Mines and Petroleum for a Program of Works (POW)
- Department of State Development
- Department of Environment and Conservation

At completion of the trial operation BRL made an application to the local government, Shire of Chittering for a commercial scale mining operation. The Shire determined that it was appropriate for the EPA to consider this proposal

and elected not to provide planning approval at local government level.

In view of available contract and market conditions at the time, BRL chose to amend its application to the EPA to seek approval for six months of mining to start in July 2010.

The EPA determined the proposal required a PER level of assessment, a lengthy process and BRL subsequently appealed against this level of assessment. After consultation with the relevant government departments BRL withdrew both the mining proposal and the appeal against the level of assessment as BRL was no longer be able to meet its contract to commence 1 July 2010.

Responsible Mining Proposal

BRL recognises the need to balance the economic benefits of mining with the possible disturbance on local community. After extensive consideration, BRL estimate that 2Mtpa is the volume of extraction that for the North Bindoon region provides the best balance of community benefits through continuity of the operation, employment and economic benefits, but causes minimal disturbance to the community.

BRL propose to use minimum impact mining (MIM) methodology. It is proposed that the operation will progress across the properties located north of Bindoon. The bauxite will be transported to a mobile crushing and screening plant located on the tenement. Following crushing and screening, export quality bauxite is likely to be trucked along state highways and major transport routes to the Kwinana port for export. Non export quality material (gravel etc.) will be available to local and regional commercial operations.

Mineral to Owner vs. Minerals to Crown

The landowner owns the rights to minerals other than gold, silver and precious metals for all private land alienated before 1 January 1899. This is referred to as Minerals to Owner (MTO), except where such rights have been transferred to another party, and regulated by local Government.

For all land alienated after 1 January 1899, the mineral rights belong to the Crown. This is referred to as Minerals to Crown (MTC) and regulated by the Department of Mines and Petroleum (DMP).

BRL will conduct mining on the existing 2Mtpa proposal on MTC land only, and comply with the *Mining Act 1978*.

COMMUNITY ENGAGEMENT

Community tours were held at the North Bindoon trial site in July and August to view the rehabilitation and provide information on BRL's intentions to mine. BRL is in the process of developing information sets which will include summaries of the community engagement and environmental assessment processes, environmental and technical investigations and overall information on the proposal.

In August a community perception snapshot was conducted in Bindoon. This exercise was conducted to help identify quality information to be utilised in the format for public scoping communications on the Bauxite Resources Bindoon Mining Proposal. The perception mapping data is still being considered and utilised by BRL. Key findings of perceived impacts and opportunities will be reflected through the public

scoping process. Consultants Sinclair & Nayton have been appointed to assist in the public scoping process and a social impact assessment. The Bindoon Consultative Committee (BCCC) continues to meet monthly with a new website created for information on the BCCC and its activities www.bindoonccc.com.au.

A community education booth and display of BRL's minimum impact mining model went on tour at the Moora Show 18 September 2010, and Perth Royal Show 25 September 2010 in the Conservation and Landcare exhibits. Profile raising for the critically endangered Woylie was also a key focus at the shows. Further presentations on the Company, our approach to minimum impact mining in the future and current exploration program were presented to local Shires in Victoria Plains, Northam, Moora, Gingin, Toodyay, and Donnybrook.

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 and land access updates
- Strategic development of a South West refinery
- Project infrastructure
- Support for Chinese investment in WA

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. Displays, education material and fundraising activities have been hosted through National Threatened Species Week, the Perth Royal Show Conservation & Landcare exhibit, Moora and Bindoon Show. Feedback from these events and general public has included:

- Involvement in school education programmes would prove effective at primary school level.
- Fundraising for Woylie Rescue amounts to \$2,000 since July and exposure for the Woylie Rescue campaign has increased dramatically.
- Woylie Rescue giveaways of colouring pencils, woylie colouring sheets, stickers and temporary tattoos and information sheets well received.
- The addition of a Woylie Kids Club with 207 families who have joined up since its launch on 25 September.
- A new website address has been created for Woylie Rescue: www.woylierescue.org.au

HUMAN RESOURCES UPDATE

During the September quarter, interviews commenced for the Company's new Chief Executive Officer. A number of extremely high calibre candidates were interviewed and shortlisted.

The Company anticipates making an offer prior to the Company's AGM in November.

We are pleased to announce that Valarie Ee joined the Company as the Environment Manager in September. Valarie is a Certified Environmental Practitioner with a background in management systems and compliance with her previous roles being with companies such as Alcoa (Darling Range), BHP Billiton, Clough Projects and Grange Resources. Valarie's extensive experience in securing environmental approvals will enable BRL to work through the state and federal environmental regulatory requirements and to

secure environmental approvals for the Company's future projects.

Don Horn has also recently joined the Company as Senior Exploration Geologist. Don has over 20 years experience as an exploration geologist on multiple commodities internationally and throughout Australia. He has managed projects from discovery through to development for junior companies as well as providing detailed asset review for potential acquisitions. Don has worked as an industry consultant providing Independent Geological Reviews for ASX and TSX listed companies and other technical reporting as a competent person under the JORC guidelines. He has extensive international experience and provided technical services for project management, government liaison and operational systems design for several companies. He is a member of the AusIMM and AIG.

CORPORATE SUMMARY

Share Price and Market Capitalisation

The Company's share price finished at 17.5c as at 30 September 2010, considerably lower than the cash backing of shares. The market capitalisation based on 17.5c per share is \$41 million.

Cash balance as at 30 September 2010, was \$50 million with the Company also holding property, plant and equipment assets of over \$10 million.

Proposed Litigation Funder Action

The Company has obtained legal advice which confirms that it has fully discharged its disclosure obligations to shareholders. To date no legal proceedings have commenced against BRL and the Company intends to defend any action.



Chairman & Acting CEO, Barry Carbon shakes hands with Yankuang's General Manager, Wang Xin at the BRL & Yankuang binding agreement signing ceremony 24 Sept 2010.

Reduction in Expenditure Levels

Since the fresh approach to mining operation applications which has seen the reorganization of senior staff the Company will be reducing annual cost by around \$2 million per annum.

The agreement with Yankuang Corporation to construct a refinery builds a sound future for the Company at the same time significantly reducing the Company's financial risks. The strong partnership developed with both Yankuang Corporation and Shandong No. 1 Institute will enable preservation of capital and greatly reduced ongoing exploration and BFS costs.

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, Principal Advisor, Geological and Technical Services to the Company. 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")

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	407	407
1.2 Payments for		
(a) exploration and evaluation	(1,621)	(1,621)
(b) development	(805)	(805)
(c) production	(299)	(297)
(d) administration	(1,633)	(1,633)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	694	694
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(3,257)	(3,257)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(691)	(691)
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)	(121)	(121)
Net investing cash flows	(812)	(812)
1.13 Total operating and investing cash flows (carried forward)	(4,069)	(4,069)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,069)	(4,069)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,069)	(4,069)
1.20	Cash at beginning of quarter/year to date	54,404	54,404
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	50,335	50,335

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	241
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	680
4.2 Development	190
4.3 Production	419
4.4 Administration	1,144
Total	2,433

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	829	936
5.2 Deposits at call	49,506	53,331
5.3 Bank overdraft	-	
5.4 Other (provide details)	-	
Total: cash at end of quarter (item 1.22)	50,335	54,404

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 Interests in mining tenements acquired or increased	E70/3160	Granted 26/07/2010	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 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	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 *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>	7,750,000 2,000,000 4,000,000 2,370,000 300,000 230,000 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				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter	300,000	-	25 cents	30/06/2012
		350,000	-	30 cents	30/06/2012
		350,000	-	35 cents	30/06/2012
		666,666	-	45 cents	30/11/2013
		666,666	-	55 cents	30/11/2013
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: 29 October 2010

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly 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.

== == == == ==