

28 July 2009

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2009

HIGHLIGHTS

Murchison

- Cash and liquid investments at quarter end of \$126 million
- Settlement of Evans & Koh litigation
- Rocklea to progress to scoping study

Crosslands Resources Ltd (Murchison 50% Interest)

- 3 millionth tonne exported during the quarter
- Increased production for quarter
- Significant drilling programme commenced targeting resource expansion and upgrades
- Senior Executive appointment

Oakajee Port And Rail (Murchison 50% Interest)

- Federal funding for Oakajee Port confirmed
- WorleyParsons appointed Project Management Study Contractor for the Oakajee Port and Rail project
- Senior Executive appointments

ABOUT MURCHISON

Murchison Metals Limited ("Murchison") is an Australian ASX listed company. Murchison is included in the S&P/ASX 200 Index.

Murchison is a 50% shareholder in Crosslands Resources Ltd ("Crosslands") which is the owner of the Jack Hills iron ore project located in the mid-west region of Western Australia. The remaining 50% of Crosslands is held by Mitsubishi Development Pty Ltd ("Mitsubishi"), a subsidiary of Mitsubishi Corporation, Japan's largest general trading company.

Murchison also has a 50% economic interest in an independent infrastructure business, Oakajee Port and Rail ("OPR"). OPR was established to construct new port and rail infrastructure to provide logistics services to miners (including Crosslands) and other potential customers in the mid-west region of WA. The remaining 50% economic interest in OPR is held by Mitsubishi.

Further details of the activities of Crosslands and OPR in the June quarter appear below.

In addition to its investments in Crosslands, OPR and its Rocklea iron ore project (100% Murchison) located in the Pilbara, Murchison is actively exploring growth opportunities in iron ore, coal and manganese in accordance with its approved corporate strategy.

CORPORATE

As at 30 June 2009 Murchison was debt free and had cash and liquid investments of \$126 million, a decrease of \$17.7 million from the previous quarter. Included in this cash outflow are amounts paid to Crosslands and OPR of \$15.3 million to finance feasibility studies and exploration costs. Interest earned on investments for the quarter amounted to \$1.3 million.

During the quarter, work has continued on studies for both the Crosslands Stage 2 expansion and the OPR Port and Rail project. Murchison is pleased with the progress of both projects to date and expects the feasibility studies to be completed during the first half of 2010.

Market Outlook

At the onset of the global financial crisis, Chinese steelmakers idled production capacity in line with the declining market. However since the start of calendar 2009 many of the small and medium mills have restarted production and many are running close to full capacity. It is reported that in May, Chinese total steel output was recorded at 57 million tonnes, up 7.4% year on year or 8.3% month on month. The cumulative steel output for the first five months reached 254 million tonnes, up 9 million tonnes or + 3% from last years output for the same period.

The Chinese government's 4 trillion Yuan investments are being mainly directed into infrastructure projects while the domestic housing construction market is showing some early signs of recovery. The stronger market demand for long products has helped the small and medium mills increase production, while major steel mills still face a tough market and oversupply.

Many small and medium mills that used to primarily purchase domestic ore have turned to cheaper imports. This in turn has helped push up iron ore import prices. Chinese company officials have stated that China's reliance on imported iron ore may climb from 50% to 70%. Many of the domestic ores are difficult to mine and are inferior in both quality and price than that of imported ore.

Settlement of Evans and Koh Litigation

Subsequent to quarter end, the Company settled the legal proceedings brought against the Company by David Evans and SH Koh, former directors of Chameleon Mining NL ("Chameleon").

The litigation, which commenced in March 2005, concerned an agreement made in 2004 between the plaintiffs and Nicu Metals Ltd (now Murchison) before the current Murchison Board and senior management group were appointed. The plaintiffs had claimed a 5% interest in the Jack Hills iron ore project and a quantity of Murchison shares.

Chameleon, which claimed to have an interest in the litigation under an agreement with the plaintiffs¹, had estimated the value of the claim to be in the order of \$150 million - \$250 million².

Under the terms of the settlement, Murchison agreed to issue 3.5 million shares, make a payment of \$350,000 and pay the plaintiff's costs (to be assessed).

Chameleon Litigation

On 29 November 2007, Chameleon Mining NL ("Chameleon") commenced legal proceedings in the Federal Court against Murchison, Crosslands and several other parties. Chameleon is claiming an interest in the Jack Hills and Weld Range projects and / or Murchison's shares in Crosslands, arising out of a series of transactions that occurred in 2004 before the current Board and management of Murchison were appointed.

At a directions hearing held in the Federal Court on 3 July 2009, the Court listed the matter for a four week hearing commencing on 28 September 2009. The Court also ordered the parties to attend mediation prior to the hearing.

Based on work undertaken since the claim was received and having reviewed the evidence that has been filed by Chameleon to date, Murchison maintains its previously announced view that there is no sustainable, factual basis for the Chameleon claim so far as it constitutes a claim for a substantial interest in the Jack Hills or Weld Range tenements and/or Murchison's shares in Crosslands.

EXPLORATION

Rocklea Project (Murchison 100% owned)

Murchison's 100% owned Rocklea Project is located in the Pilbara region between the towns of Tom Price and Paraburdoo, and is situated near existing and planned rail infrastructure.

In February 2009, Murchison estimated a maiden Inferred Mineral Resource at Rocklea of 100 Mt @ 59% CaFe³.

In April 2009, Murchison commenced a comprehensive program of work targeting an increase in resources and preparation for a scoping study. An RC drilling program, focusing on the eastern part of the project where the maiden resource was identified, has recently been completed and work has now commenced on a 14 hole PQ3 diamond drilling program. This work has identified a continuous higher grade zone that will be modelled separately to the total resource.

The drilling program forms part of a scoping study of the Rocklea Project that will consider mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Murchison is targeting the fourth quarter of 2009 for completion of the study. The study is taking place against a background of increased activity in the Pilbara particularly in respect to infrastructure options for small and mid-cap miners.

Murchison expects to release an updated resource for the Rocklea Project in the September quarter.

CROSSLANDS RESOURCES LTD (MURCHISON 50% INTEREST)

Crosslands is employing a two-stage strategy to develop its Jack Hills Project.

Stage 1 operations utilise contract mining, crushing and screening. Iron ore is transported to Geraldton by contract road haulage to ore storage and transfer facilities at the Port of Geraldton, ahead of shipment to customers.

Stage 2 of the Jack Hills Project is targeting a substantial expansion of annual production capacity. A feasibility study for Stage 2 of the Jack Hills Project is well advanced.

¹ Chameleon ASX Announcement dated 28 February 2008.

² Chameleon ASX Announcement dated 26 September 2008.

³ Refer to ASX announcement 2 February 2009 for full details of the Mineral Resource

STAGE 1 OPERATIONS

Mining

Ore mined for the June quarter was 458,961 tonnes (123,919 bcm), compared to the March quarter of 370,291 tonnes (111,266 bcm). The total mined volume for the quarter was 601,178 bcm. The average grade of ore mined was 66% Fe for lump and 62% Fe for fines. Contract mining continued on a two panel arrangement for most of the quarter, but was changed to a simpler three panel roster late in June.

The strip ratio was 3.85:1 with mining concentrated in the T1 pit area. Mining activities will continue predominantly in the T1 pit over the next quarter.

A total of 412,553 tonnes were crushed during the quarter, in comparison to 358,198 tonnes in the previous quarter. The crushing plant throughput was 461 tph with an availability of 83.9%. The percentage lump in crushed product was 67% for the quarter.

Production Summary

A comparative summary of operations performance for the quarter and previous three quarters is presented below.

Production Summary		Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	Jun 09 Qtr	Project to Date
Volume Waste	BCM	570,869	458,198	451,527	477,259	4,996,697
Volume Ore	BCM	129,583	98,763	111,266	123,919	1,112,301
Ore Mined	Tonnes	495,507	331,443	370,291	458,961	3,976,815
Ore Crushed	Tonnes	461,228	372,560	358,198	412,553	3,934,582
Ore Hauled to Port	Tonnes	333,669	370,627	364,894	402,839	3,200,802
Ore Shipped - lump	Tonnes	176,194	405,084	114,999	173,193	2,154,252
Ore Shipped - fines	Tonnes	176,553	-	235,177	190,382	963,625
Grade - lump	%Fe	65.4%	64.7%	65.6%	66.0%	64.8%
Grade - fines	%Fe	62.2%	0.0%	63.3%	62.0%	62.3%

Shipping

Shipping for the quarter consisted of seven vessels with a total of 173,193 wet metric tonnes of lump and 190,382 wet metric tonnes of fines exported. During the quarter, Crosslands exported its three millionth tonne of Jack Hills ore since exports commenced in February 2007.

The last of the six new triple roadtrains for ore haulage between Cuddingwarra and Geraldton Port were brought into service. This brings the total number of triple roadtrains (specialised belly dumping types) in service to 36.

A second haulage contractor was engaged for a short period to assist with the rapid rebuilding of stock levels at Cuddingwarra following their depletion as a result of the flooding experienced in the previous quarter. This has resulted in healthy stock levels throughout the logistics chain to meet future shipping requirements.

The primary haulage contractor has undertaken significant structural changes and as a result, coupled with the additional roadtrains in service, the daily delivered tonnages have been steadily increasing.

Following the Berth 5 development and cessation of shipping by Midwest Corporation, the congestion at Geraldton Port that was experienced in the first years of operation is no longer an issue.

Marketing and Sales

The Chinese steel industry showed signs of improvement during the quarter. This is believed to be mainly due to the Chinese government's stimulus package's positive impact on construction activity. Chinese iron ore imports were strong, particularly in April. With steel markets depressed elsewhere in the world, iron ore normally destined for Atlantic markets is being offered in China at attractive prices, providing the mills with good value in iron ore quality and thereby pressuring domestic production.

Shipments were made to a mix of existing customers and new prospects interested in establishing relationships with Crosslands in anticipation of the Jack Hills Stage 2 expansion.

Cargo quality for both fines and lump was consistently high. Crosslands has provisional pricing arrangements in place and is awaiting further developments on the setting of a benchmark price in China.

Considerable progress was made during the quarter on technical marketing for the Jack Hills Stage 2 expansion. Activity included the preparation of future product samples, test work at CSIRO and exchanges with an increasing range of steel producers.

STAGE 2 - EXPLORATION

Resource Definition

In April 2009, Crosslands recommenced RC drilling at Jack Hills. Ten rigs are currently in operation across the Jack Hills iron ore tenements comprising four diamond rigs and six RC drill rigs. The extensive drilling program, which is currently one of the largest in the country, has been designed to further expand Crosslands' resource base and to upgrade established resources. Currently the JORC Mineral Resource for the Jack Hills Project is 96 million tonnes of DSO at 58.7% Fe and 991 million tonnes of Beneficiation Feed ("BFO") at 34%⁴.

The Jack Hills Mineral Resources are reported to JORC standards. The DSO is comprised of 26 million tonnes Measured, 52 million tonnes Indicated and 18 million tonnes Inferred Categories. The BFO Mineral Resource is comprised of 69 million tonnes Measured, 258 million tonnes Indicated and 664 million tonnes Inferred.

The Mineral Resource is supported by preliminary metallurgical test work conducted by ProMet Engineers, which indicated that a high quality, high value concentrate product could be economically produced from BFO using conventional crushing and grinding followed by wet low intensity magnetic separation.

Geology

During the June quarter, Diamond drilling advanced 4,605m. Thirty-three resource definition drill holes were completed and 7,689 Diamond and RC samples were submitted for analysis.

At Weld Range West, RC exploration drilling totalled 2,294m. Twenty-four drill holes were completed and 1,016 samples were submitted for analysis.

Exploration is scheduled to commence at the Weld Range North project in the September quarter. Limited activities have been completed on the Noonie Hills and Stewart Bore Project areas during the period.

⁴ Refer to ASX announcement 4 February 2009 for full details of the Mineral Resource

STAGE 2 - MINE EXPANSION PROJECT

Crosslands continues to progress feasibility studies for the Stage 2 expansion. The study strategy includes a production rate optimisation study to determine the best mine production rate for a number of possible port and rail options. Metallurgical test work continued to provide data for comparison of flow sheet options and sufficient information for sizing key process plant items such as mills and magnetic concentrators.

Crosslands has requested a range of infrastructure tariffs from OPR which will allow Crosslands to evaluate the impact on tariffs of changing third party demand in the mid-west region. The new tariff information will form the basis of a "Production Rate Determination" exercise which will allow studies to proceed based on a number of production rates tied to specific port and rail configurations.

A series of cross discipline workshops have been held to identify key drivers for geology, mining, metallurgy and marketing studies. Other workshops were also held for environmental, heritage, land and legal, infrastructure and finance. The workshops were attended by personnel from Crosslands, Mitsubishi, Murchison and relevant consultants.

Other key activities in the quarter included:

- Completion of a water supply investigations report.
- Review of proposals for the assessment of greenhouse gas emissions with respect to Stage 2.
- The EPA set the level of assessment for the Stage 2 expansion at Public Environment Review. The appeal period closed on 22 June 2009 with no appeals.

SENIOR EXECUTIVE APPOINTMENT

During the quarter, Mr Roland Bartsch was appointed Vice President Geology for Crosslands. Mr Bartsch has extensive experience on large exploration projects across several mineral commodities in Europe, northern America, Africa, south-east Asia and Australia and brings additional senior executive experience to the Crosslands team. Mr Bartsch most recently worked with Perth based Strategic Minerals Corporation as the company's technical director and exploration manager. Mr Bartsch is currently managing Crosslands' \$23 million exploration program being conducted on the company's mid-west tenements. Roland is a member of the Australian Institute of Mining and Metallurgists.

OAKAJEE PORT & RAIL (MURCHISON 50% ECONOMIC INTEREST)

On 25 May 2009, the Prime Minister Hon. Kevin Rudd and Premier of Western Australia Hon. Colin Barnett visited the Geraldton Port Authority to receive a presentation and update on the Oakajee Project. The visit followed an announcement in the federal budget of the allocation of \$339 million of federal funds for the project, to match the commitment made by the State Government to the construction cost of certain aspects of the port infrastructure. The total funding commitment by the State and Federal Governments amounts to \$678 million.

The State Development Agreement - Oakajee Port and Rail Project, signed on 20 March 2009, appointed OPR as the sole developer of the Oakajee port and associated northern rail infrastructure within the mid-west region. OPR continues to work on the detailed planning and feasibility studies for the project, including working towards completing a detailed State Implementation Agreement with the State.

Subsequent to quarter's end, WorleyParsons was appointed as Project Management Study Contractor. WorleyParsons will conduct a budget and engineering study for OPR's Bankable Feasibility Study (BFS) including management of design and engineering, and development of detailed capital and operating estimates for the deepwater port and associated heavy haulage rail network.

Port and Industrial Area

Key activities during the quarter included:

- The successful completion of a marine geotechnical investigation within the proposed dredge area. An analysis of samples is now underway.
- The successful completion of the second phase of a geotechnical investigation programme within the proposed quarry location for the provision of rock for the breakwater.
- Completion of a review of the cyclonic and non-cyclonic wave conditions at Oakajee.
- Commencement of detailed modelling and analysis of Long Period Wave impacts at Oakajee.
- Completion of Value Engineering Studies undertaken as part of the Planning Phase.
- Consultation with potential Chinese stakeholders and industry associations.

Rail

The Oakajee to Jack Hills railway has been declared a public work. OPR is now consulting with land owners for access to the land within the rail feasibility corridor for the conduct of geotechnical, environmental and other studies.

Logistics Chain Simulation

Work on logistics chain simulation continued during the quarter and included:

- Port modelling of the impact of various proposals for terrestrial configurations, iron ore product mixes, tonnages and breakwater design.
- Modelling for delay and demurrage impacts of varying wave heights and wind speed on port operations.
- Train performance simulation and system modelling on the impact of various ruling grades, running time and fleet sizes.

Environmental

OPR continued its Environmental Impact Assessment (EIA) for both the port and rail projects, with activities in the quarter including:

- Preparation of Environmental Management Plans for the Port.
- Preparation of Port Terrestrial and Rail Referral and Scoping documentation.
- Marine Baseline studies with further sediment quality and marine mammal surveys, and hydrodynamic modelling undertaken during the quarter.
- Rail Baseline studies with further flora and vertebrate and invertebrate (short-range endemic) fauna surveys undertaken during the quarter.
- Surveys and studies of fauna protected under the Commonwealth *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) continued.
- Preparation of EPBC Act Referral documentation.

Indigenous Affairs

Indigenous heritage and negotiations protocols have been completed with the Mullewa Wadjari Native Title group and Wajarri Yamatji Native Title group. Work is continuing on finalising agreements with remaining native title groups associated with the project. Negotiation of Indigenous Development (Comprehensive) Agreements is anticipated to be finalised during the first half of 2010.

OPR continues to engage with the Native Title groups with full heritage clearance over the breakwater quarry site achieved during the quarter. Rail Project heritage surveys under the Wajarri Yamatji agreements for Phase 1 environmental survey sites, will commence in August 2009, with other groups to be completed in the near future.



Senior Executive Appointments

During the quarter, OPR appointed two senior iron ore industry executives to work with regional miners to develop and operate the new bulk commodity supply chain in Western Australia's mid-west. Mr Jim Netterfield and Mr Alwyn Vorster have been appointed Operations Director and Director – Supply Chain respectively.

Mr Netterfield has extensive experience in port and rail operations gained in his previous roles as Manager Port Operations and Vice President Rail and Ports with BHP Billiton, and Manager Operations, Dampier at Rio Tinto. In both roles, he oversaw increases in throughput and efficiencies across complex logistics chains, through a cooperative and robust approach to mine and infrastructure integration. Mr Netterfield joins OPR on 3 August 2009.

Mr Vorster has a proven track record in the development and implementation of strategic plans in revenue, volume optimisation and yield management across the supply chain, underpinned by the management coordination of supply chain activities across mines, operators, infrastructure owners and the steel mills. He will have the primary responsibility for negotiating access agreements with future users of the OPR logistics chain. His previous roles included Regional Marketing Manager at Rio Tinto Iron Ore responsible for all sales operations into Asia and Head of Marketing and Sales at Kumba Coal in South Africa. Mr Vorster joined OPR on 13 July 2009.

Community and External Affairs

Key activities during the quarter included:

- the implementation of an ongoing program of structured stakeholder engagement;
- the appointment of Coakes Consulting to undertake a Social Impact Assessment study and to co-ordinate consultation across selected stakeholder groups;
- publications in local media, project updates, media releases; and
- briefings to ensure all stakeholders are fully informed on the project.

The CEO, Chris Eves delivered the keynote address for the Committee for Economic Development (CEDA) breakfast on Tuesday 12 May, to a business audience of almost 300 at the Perth Convention and Exhibition Centre. The presentation, titled 'Delivering Oakajee to the World', was well supported by the local business community, media and project stakeholders.

OPR was proud to host the 2009 Good Heart Mid-West Aboriginal Art Exhibition, which was officially opened by the Premier, Hon. Colin Barnett on 8 June. The event supports mid-west Indigenous artists, with over 100 works displayed at the exhibition held at the QV1 Building, Perth.



For further information, please contact:

Trevor Matthews
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Murchison Metals Ltd
Telephone: (08) 9492 2600

Competent Persons' Statement

The information in this report that relates to Mineral Resources of the Jack Hills Project is based on information compiled by Mr Chris Allen in his capacity as an employee of CSA Global. Mr Allen is a Member of the Australian Institute of Geoscientists.

The information in this report that relates to Exploration Results and geological and mineralogical interpretations of the Mineral Resource estimate of the Jack Hills Project is based on information compiled by Mr Dean Wingfield who is a full time employee of Crosslands Resources Ltd and is a Member of The Australasian Institute of Mining & Metallurgy.

The information in this report that relates to Exploration Results and Mineral Resources for the Rocklea Project is based on information compiled by Mr Sean Gregory, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full time employee of Murchison Metals Ltd.

Mr Allen, Mr Wingfield and Mr Gregory have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Allen, Mr Wingfield and Mr Gregory consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For full details on the Rocklea and Jack Hills Mineral Resources refer to ASX announcements dated 2 and 4 February 2009 respectively.

Rule 5.3

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

Murchison Metals Limited

ABN

38 078 257 799

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

			Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation (b) development (c) production (d) administration	(3,489) - - (2,617)	(19,820) - - (11,512)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		1,326	5,536
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other – GST Paid		(56)	913
Net Operating Cash Flows			(4,836)	(24,883)
Cash flows related to investing activities				
1.8	Payment for purchases of:	(a) prospects (b) equity investments (c) other fixed assets	-	-
			(12,250)	(25,450)
1.9	Proceeds from sale of:	(a) prospects (b) equity investments (c) other fixed assets	(54) - -	(299) - 135,684
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other Amount owed by related party		(600)	(1,687)
Net investing cash flows			(12,904)	108,248
1.13	Total operating and investing cash flows (carried forward)		(17,740)	83,365

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(17,740)	83,365
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4	109
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 : Share issue costs	-	-
	Net financing cash flows	4	109
	Net increase (decrease) in cash held	(17,736)	83,474
1.20	Cash at beginning of quarter/year to date	143,273	42,063
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	125,537	125,537

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	317
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Payments for services received by the company from the 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	10,000	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	7,110
4.2 Development	-
Total	7,110

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	1,880	2,012
5.2 Deposits at call	123,657	141,261
5.3 Bank overdraft	-	-
5.4 Other (Security Deposits lodged)	-	-
Total: cash at end of quarter (item 1.22)	125,537	143,273

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	E47/1964	Registered applicant	100%	0%
6.2 Interests in mining tenements acquired or increased	E08/1984	Registered applicant	0%	100%
	E08/1988	Registered applicant	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.

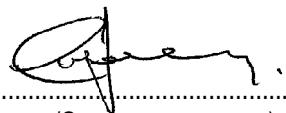
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	413,017,268	413,017,268		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	75,000	75,000		
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	471,000 3,751,000 250,000 3,750,000 4,500,000 6,000,000 250,000 100,000 100,000 1,014,000 47,000 17,000 21,000 2,000 100,000 1,691,400		Exercise price 5c 20c 125c 50c 100c 125c 574c 519c 270c 396c 234c 94c 127c 81c 61c 68c 156c	Expiry date Nov 09 Nov 09 Nov 09 Dec 09 Dec 09 Dec 09 Jun 10 Nov 10 Jun 11 Jun 11 Aug 11 Aug 11 Sept 11 Oct 11 Feb 12 Jun 12 Jun 12

+ See chapter 19 for defined terms.

7.8	Issued during quarter	47,000 17,000 21,000 2,000 100,000 1,691,400		94c 127c 81c 61c 68c 156c		Aug 11 Sept 11 Oct 11 Feb 12 Jun 12 Jun 12
7.9	Exercised during quarter	75,000	75,000			
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: 
(Director/Company secretary)

Date: 28 July 2009

Print name: Chris Foley

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.

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+ See chapter 19 for defined terms.