



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 10th JANUARY 2011

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## DECEMBER 2010 QUARTERLY REPORT

The Directors of Agua Resources Limited ("**Agua**" or "**Company**") are pleased to present its December 2010 quarterly report.

### **Highlights:**

- Completed a private placement to raise A\$3.95 million at a share price of \$0.50 per share to sophisticated and professional investors.

The Company reported encouraging exploration results from the Mata da Corda Phosphate Project ("MCP"), these included:

- Reconnaissance rock chip sampling from Block 1 returned high grade phosphate results from a mineralised trend that extends over at least 1 kilometre of strike and is up to 500m wide. Best assays from this extensive zone returned up to 25.7% and 28.4%  $P_2O_5$ .
- Significantly the new results appear to be related to a potential carbonatite source. The large Vale owned phosphate mines Araxa and Tapira located some 150 kilometres to the south west of Block 1 are also hosted by carbonatites.
- A first pass drilling program completed at the Capacete, Block 5, Block 6 and Block 1 targets returned encouraging results.
- Drilling at Capacete returned wide zones of low grade phosphate mineralisation with narrow higher grade intervals of up to 11.15%  $P_2O_5$  and narrow high grade intervals up to 13.67%  $P_2O_5$  at the Breccia target.
- The grade of the narrow intervals is comparable to operating phosphate mines in close proximity to the project.

The Lucena Phosphate Project ("**LPP**") has an initial exploration target of 40 to 50 million tonnes at an average grade of 10% to 14%  $P_2O_5$  based on a compilation of historical drilling by CPRM<sup>1</sup>.

- Desktop studies are near completion and a decision to advance the target to a JORC compliant Mineral Resource is expected next quarter.

The appeal made by Norwest Holding Pte Ltd in relation to their claim against Agua for not completing the acquisition of a phosphate project located in the Sichuan Province of China has been dismissed by The Court of Appeal in Singapore. The Court of Appeal is Singapore's highest Court and as such there can be no further appeal by Norwest in relation to this matter.

The Board has been strengthened with the appointment of Mr Graham Ascough as a non executive director.

## Going Forward

The Company has commenced extensive exploration and other activities which are expected to generate substantial news flow over the coming 6 to 12 months. These activities include:

- Continued exploration at Mata da Corda and in particular programs of geophysics and geochemistry are planned to further test for phosphate mineralization associated with carbonatite source rocks at Block1 and to delineate further drilling targets.
- At the Lucena Project, a decision on final drilling programs to be made to commence delineation of a Mineral Resource calculated in accordance with JORC code.
- The Company continues identify and evaluate further growth opportunities within the phosphate and fertilizer sector in South America.

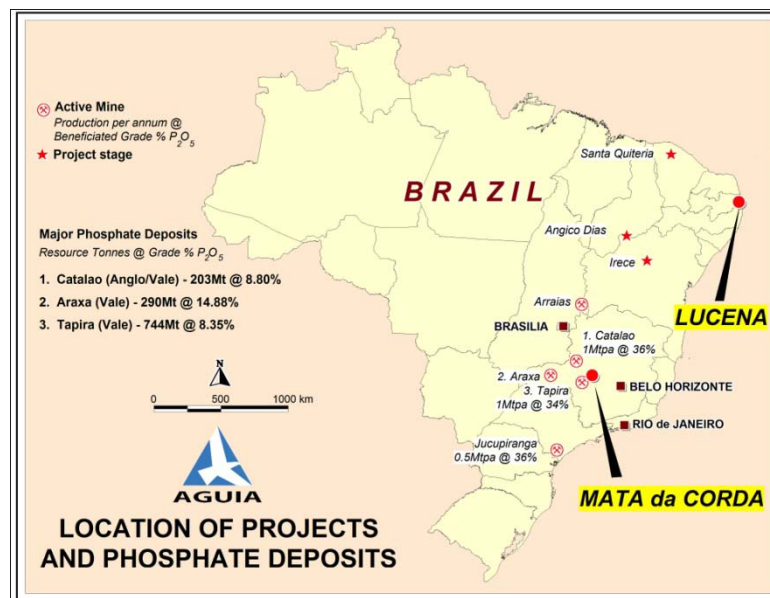


Figure 1: Location of the MCPP and LPP in Brazil relative to major phosphate mines

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## About Aguaia

Aguaia is focused on the exploration and development of phosphate rock projects in Brazil which as a country imports approximately 50% of its phosphate requirements annually. Aguaia is well positioned to capitalize on the growing demand for phosphorous-based fertilisers in the expanding agriculture sector in Brazil and controls a large land position of about 400,000 hectares, located close to existing infrastructure. The Company is committed to its existing projects whilst continuing to pursue other opportunities within the phosphate sector.

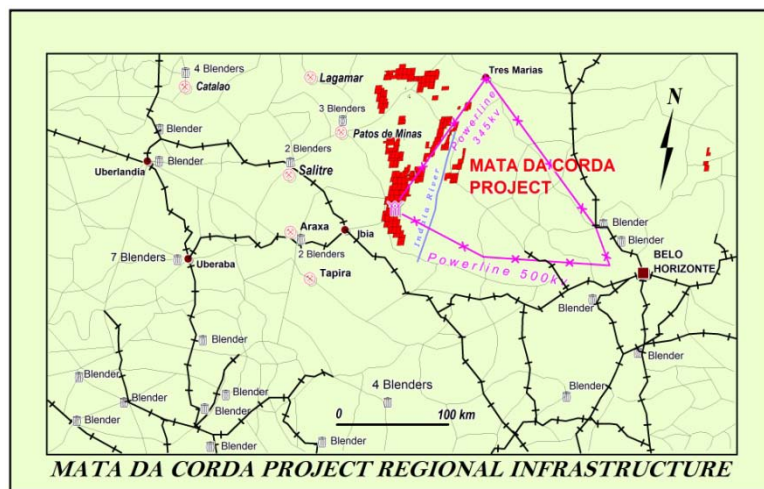
<sup>1</sup> The statement referring to the potential quantity and grade of the target is based on the results of historical exploration activities undertaken by CPRM during the 1960's to 1980's, including 47 drill holes of which 22 drill holes within the project and immediate surrounds returned mineralisation. The potential tonnage range and average grade is conceptual in nature and insufficient work has been completed to report a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration work will result in the determination of a Mineral Resource.

## Brazilian Phosphate Projects

### ***Mata da Corda Phosphate Project ('MCP')***

The MCP is located within 150km of the three largest phosphate mines in Brazil; Araxá – Vale (290Mt @ 14.88%  $P_2O_5$ ), Tapira – Vale (744Mt @ 8.35%  $P_2O_5$ ) and Catalão – Anglo/Vale (203Mt @ 8.80%  $P_2O_5$ ). These three mines account for 95% of the phosphate rock production in Brazil. Within this existing transportation corridor there are 32 major bulk fertilizer blenders (Figure 2).

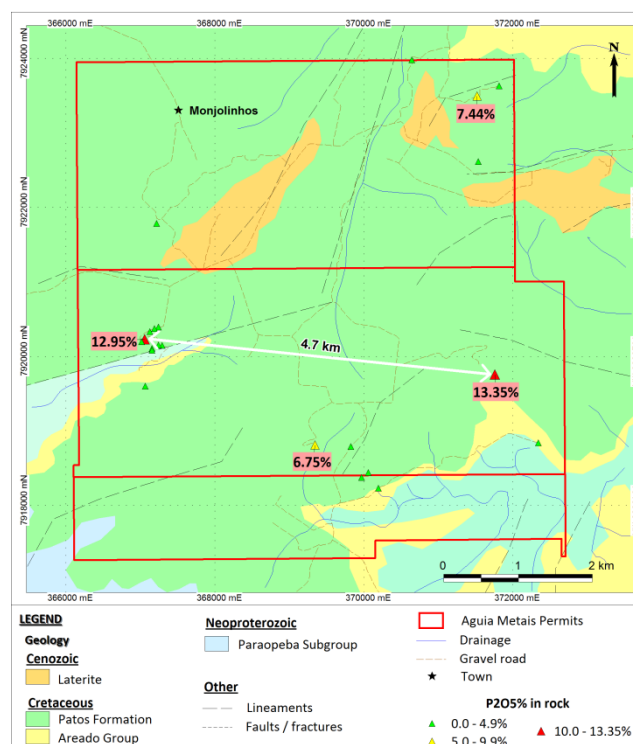
The MCP is well located with excellent logistics. It is close to infrastructure (roads, water, railway and energy), potential primary (agriculture) customers, fertilizer blenders and is on the main transportation route for the expanding agricultural districts of Mato Grosso Brazil.



**Figure 2:** Location of the Mata da Corda Project relative to operating phosphate mines, major fertilizer bulk blenders and infrastructure including roads, railways, power and water.

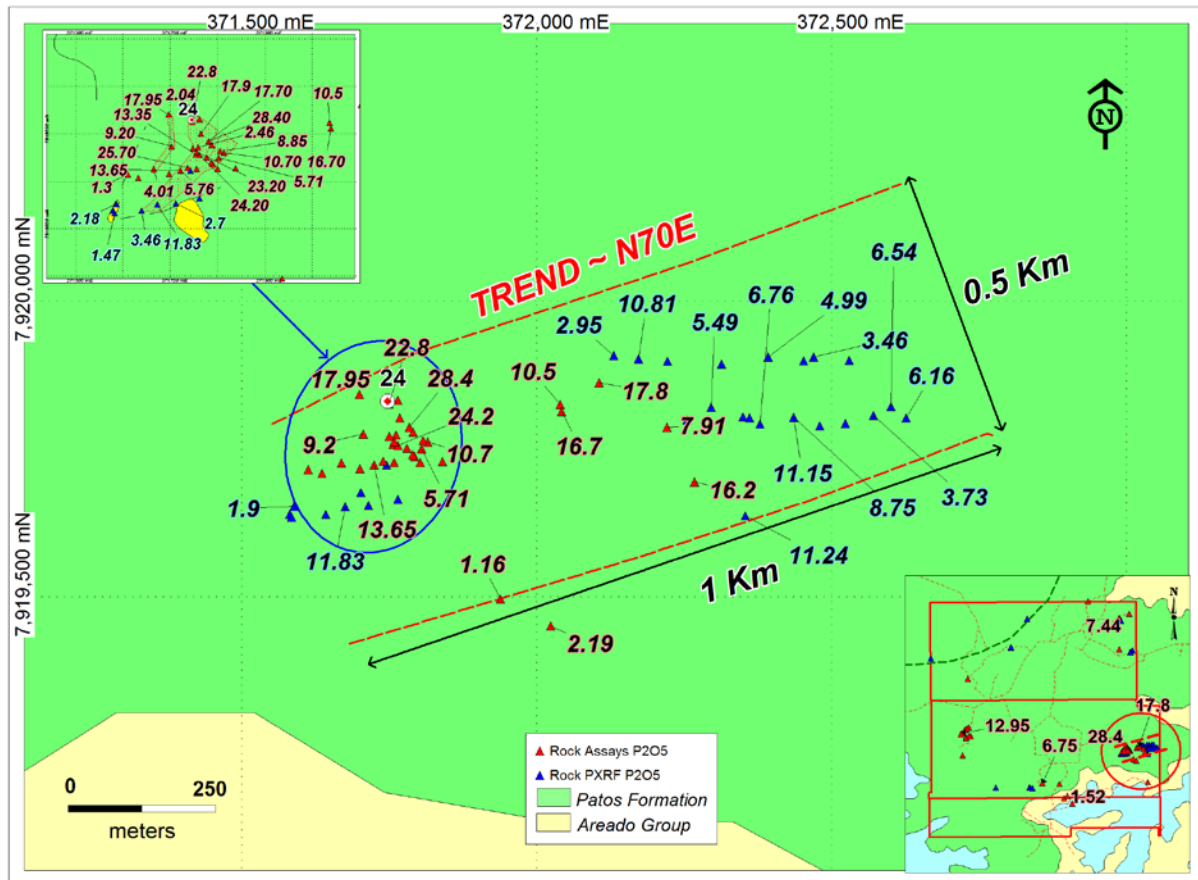
### **Rock Chip Sampling Results**

Regional mapping and reconnaissance work continued on Block 1 including surface rock chip sampling. In October the company reported the discovery of rock chips returning grades of 13.35% and 12.95%  $P_2O_5$  from a regional first pass sampling program. **Refer Figure 3**



**Figure 3:** Showing regional sample results from Block 1.

A follow up program of 34 surface rock chip samples returned grades of up to **28.4%** and **25.7%  $P_2O_5$**  at the western end of an open ended 1 kilometre by 0.5 kilometre trend of surface phosphate mineralization. **Refer Figure 4 – Location of rock chip results.**



**Figure 4: Location of rock chip results from Block 1. Red triangles denote location of laboratory assay results, blue triangles denotes location of portable hand held XRF results with samples send for confirmation assay at the laboratory.**

Mineralisation is hosted within hydrothermally altered volcanics as well as phosphate-rich multi phase vein, breccia and stockwork systems. Significantly the new results appear to be related to a potential carbonatite source. The large Vale owned phosphate mines Araxa and Tapira located some 150 kilometres to the south west of Block 1 are also hosted by carbonatites.

Initial results are highly encouraging with respect to  $CaO/P_2O_5$  ratios suggesting that apatite is the dominant phosphate source. **Refer Table 1 Rock Chip Results.**



Phosphate-rich hydrothermally altered volcanic



### MATA DA CORDA - BLOCK 1 - SIGNIFICANT ROCK ASSAYS

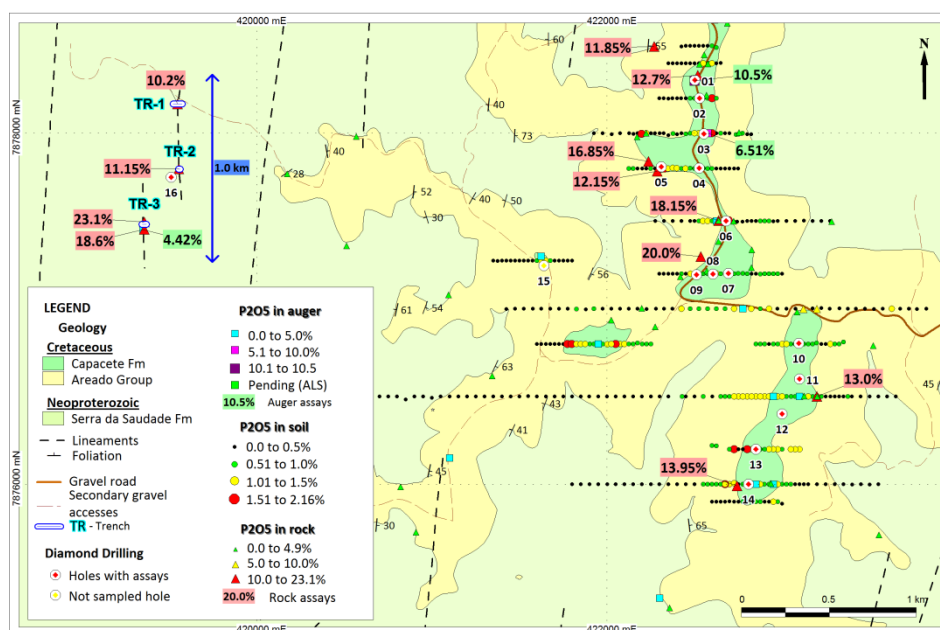
Sample	Geological Unity	Location	P <sub>2</sub> O <sub>5</sub> %	CaO%	Al <sub>2</sub> O <sub>3</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	TiO <sub>2</sub> %	CaO%/P <sub>2</sub> O <sub>5</sub> %
2201	Patos Formation	Block 01	<b>10.70</b>	11.60	9.72	22.20	9.35	1.08
2202	Patos Formation	Block 01	<b>8.85</b>	8.31	9.83	23.50	8.63	0.94
2204	Patos Formation	Block 01	<b>17.70</b>	24.00	5.84	14.60	5.58	1.36
2205	Patos Formation	Block 01	<b>28.40</b>	39.90	5.88	1.34	0.39	1.40
2209	Patos Formation	Block 01	<b>24.20</b>	33.00	4.25	12.15	4.68	1.36
2210	Patos Formation	Block 01	<b>23.30</b>	31.30	5.14	10.00	3.79	1.34
2212	Patos Formation	Block 01	<b>25.70</b>	29.50	8.01	9.44	3.76	1.15
2213	Patos Formation	Block 01	<b>13.65</b>	11.85	10.15	18.40	6.28	0.87
2214	Patos Formation	Block 01	<b>5.76</b>	0.34	15.10	21.10	8.23	0.06
2217	Patos Formation	Block 01	<b>17.95</b>	16.95	9.64	16.75	4.60	0.94
2218	Patos Formation	Block 01	<b>22.80</b>	28.10	6.01	12.15	4.23	1.23
2220	Patos Formation	Block 01	<b>17.90</b>	22.90	6.30	15.00	6.17	1.28
2221	Patos Formation	Block 01	<b>9.20</b>	10.20	7.94	20.40	6.79	1.11
2223	Patos Formation	Block 01	<b>5.71</b>	5.49	11.85	23.90	9.67	0.96
2235	Patos Formation	Block 01	<b>10.50</b>	0.99	17.30	20.90	8.85	0.09
2236	Patos Formation	Block 01	<b>16.70</b>	0.99	21.50	16.40	6.85	0.06
2237	Patos Formation	Block 01	<b>17.80</b>	15.55	10.50	16.45	6.32	0.87
2238	Patos Formation	Block 01	<b>7.91</b>	5.92	10.40	19.25	6.34	0.75
2239	Patos Formation	Block 01	<b>16.20</b>	5.41	16.90	18.40	5.83	0.33

**Table 1 – Rock chip sample results, using a lower cut off of 5% P<sub>2</sub>O<sub>5</sub>.**

## Drilling Program

During the quarter the company completed its first drilling program totalling 24 holes for 1,647 metres with results received so far reported below.

Fourteen holes tested the Capacete Target over a 2.3 kilometre strikelength. Drilling returned narrow high grade intersections up to 11.15% P<sub>2</sub>O<sub>5</sub> within broader zones of low grade phosphate mineralisation up to 20 metres wide and narrow high grade intervals up to 13.67% P<sub>2</sub>O<sub>5</sub> at the Breccia target.



**Figure 5: Capacete – showing soils, rock chips and drill holes.**

Six wide spaced holes tested the Block 5 large target zone that extends for over 8 kilometres north-south and up to 6 kilometres in an east-west direction as shown in Figure 6. This includes surface rock chip sampling that has returned grades of up to 16.58% and 23.06%  $P_2O_5$ .

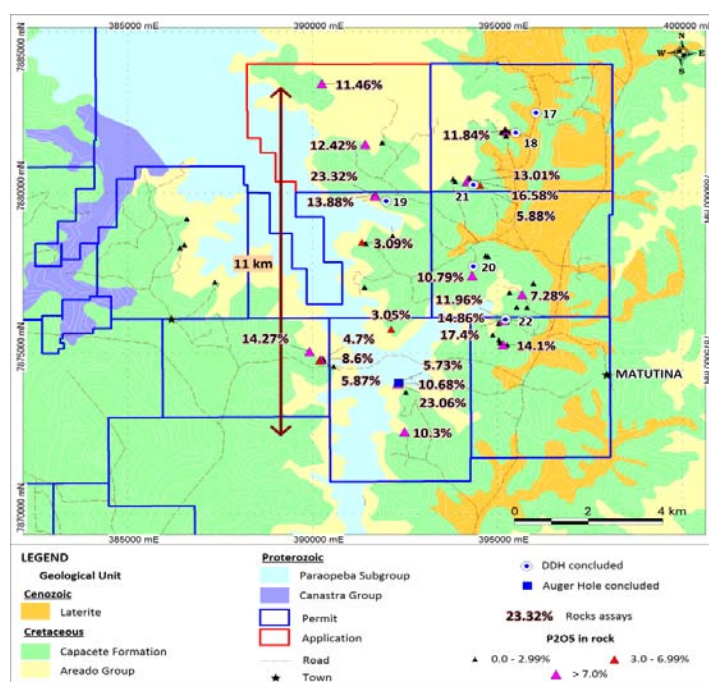


Figure 6: Block 5 – showing rock chips and drill holes.

Drilling intersected wide zones (up to +20 metres thick) of low grade (1-3%  $P_2O_5$ ) phosphate mineralisation with narrower zones (1-3 metres) of 4-5%  $P_2O_5$ . At this early stage results are encouraging with respect to comparable grades of operating phosphate mines within Brazil 5-11%  $P_2O_5$ , some of which are located within 100 kilometres of the MCCP Project.

The average grade of producing mines in the area is 9.0%  $P_2O_5$  and are profitable due to their close proximity to markets and favourable mineralogy enabling beneficiation to a saleable product. **Refer Table 2, Significant Drilling Results below.**

MATA DA CORDA – DRILLING RESULTS	
CAPACETE TARGET	
Hole_Number	Metres @ % $P_2O_5$
MCD-10-001	19.60m @ 2.61% $P_2O_5$ (from surface), Including: 10.05m @ 3.31% $P_2O_5$ (from 1.70m), Including: 2.15m @ 5.84% $P_2O_5$ (from 7.35m) <b>0.86m @ 11.15% <math>P_2O_5</math></b> (from 33.73m)
MCD-10-002	<b>0.78m @ 10.85% <math>P_2O_5</math></b> (from 29.72m)
MCD-10-003	6.60m @ 3.23% $P_2O_5$ (from 7.45m)
MCD-10-004	10.60m @ 3.33% $P_2O_5$ (from 6.50m), Including: <b>2.10m @ 6.08% <math>P_2O_5</math></b> (from 9.90m)
MCD-10-005	4.25m @ 4.64% $P_2O_5$ (from 6.45m), Including: <b>1.95m @ 7.13% <math>P_2O_5</math></b> (from 8.75m)
MCD-10-006	11.00m @ 2.34% $P_2O_5$ (from 0.0m)
MCD-10-007	<b>15.00m @ 4.57% <math>P_2O_5</math></b> (from 37.0m), Including: <b>4.0m @ 6.06% <math>P_2O_5</math></b> (from 48.0m)
MCD-10-008	2.40m @ 3.04% $P_2O_5$ (from 22.6m) 3.70m @ 3.0% $P_2O_5$ (from 28.0m) 3.0m @ 3.08% $P_2O_5$ (from 34.0m) and 2.30m @ 3.34% $P_2O_5$ (from 39.70m) Incl. 0.45m @ <b>7.34% <math>P_2O_5</math></b> (from 39.70m)
MCD-10-009	11.0m @ 3.15% $P_2O_5$ (from 4.0m) Incl. 1.05m @ <b>6.47% <math>P_2O_5</math></b> (from 9.50m )
MCD-10-010	2.0m @ 3.03% $P_2O_5$ (from 7.0m) and

	0.80m @ 3.30% P <sub>2</sub> O <sub>5</sub> (from 19.80m)
MCD-10-011	1.20m @ 3.41% P <sub>2</sub> O <sub>5</sub> (from 11.80m)
MCD-10-012	7.48m @ <b>4.60% P<sub>2</sub>O<sub>5</sub></b> (from 11.65m)
	Incl. 2.01m @ <b>6.76% P<sub>2</sub>O<sub>5</sub></b> (from 13.04m) and
	0.90m @ <b>5.34% P<sub>2</sub>O<sub>5</sub></b> (from 18.23m)
MCD-10-013	8.30m @ 3.0% P <sub>2</sub> O <sub>5</sub> (from 9.15m)
MCD-10-014	2.50m @ <b>5.25% P<sub>2</sub>O<sub>5</sub></b> (from 24.50m)
MCD-10-016	1.75m @ <b>5.02% P<sub>2</sub>O<sub>5</sub></b> (from 35.25m)
	Incl. 0.45m @ <b>13.67% P<sub>2</sub>O<sub>5</sub></b> (from 35.25m)
<b>BLOCK 5</b>	
<b>Hole_Number</b>	<b>Metres @ % P<sub>2</sub>O<sub>5</sub></b>
MCD-10-017	26.50m @2.09% (from 87.88m)
	Incl. 5.70m @ 3.51% P <sub>2</sub> O <sub>5</sub> (from 98.80m)
	Incl. 3.40m @ 4.31% P <sub>2</sub> O <sub>5</sub> (from 100.0m)
	Incl. 1.35m @ <b>5.08% P<sub>2</sub>O<sub>5</sub></b> (from 102.05m)
MCD-10-018	5.95m @ 3.0% P <sub>2</sub> O <sub>5</sub> (from 52.0m)
	Incl. 2.25m @ 4.50% P <sub>2</sub> O <sub>5</sub> (from 55.70m)
MCD-10-019	13.35m @ 3.03% P <sub>2</sub> O <sub>5</sub> (from 30.0m)
	Incl. 2.80m @ 4.14% P <sub>2</sub> O <sub>5</sub> (from 37.40m)
MCD-10-022	4.72m @ 3.46% P <sub>2</sub> O <sub>5</sub> (from 48.0m)
	Incl. 2.82m @ 4.44% P <sub>2</sub> O <sub>5</sub> (from 49.90m)
<b>BLOCK 6</b>	
MCD-10-023	16.15m @2.80% (from 18.85m)
	Incl. 2.50m @ 3.57% P <sub>2</sub> O <sub>5</sub> (from 21.50m)

**Table 2. Summary of drilling results Mata da Corda Project.**

Hole_ID	UTM_N	UTM_E	Azimuth	Dip	Depth (m)
MCD-10-001	7878303	422501	0	90	97.05
MCD-10-002	7878201	422528	0	90	88.60
MCD-10-003	7877998	422554	0	90	87.85
MCD-10-004	7877802	422526	0	90	42.35
MCD-10-005	7877809	422311	0	90	86.90
MCD-10-006	7877500	422679	0	90	85.75
MCD-10-007	7877201	422693	0	90	60.80
MCD-10-008	7877198	422605	0	90	62.45
MCD-10-009	7877194	422512	0	90	88.50
MCD-10-010	7876804	423096	0	90	93.10
MCD-10-011	7876603	423101	0	90	90.00
MCD-10-012	7876405	423007	0	90	46.75
MCD-10-013	7876202	422850	0	90	22.85
MCD-10-014	7876001	422808	0	90	33.70
MCD-10-015	7877244	421639	0	90	43.80
MCD-10-016	7877751	419526	50	60	47.00
MCD-10-017	7882466	396031	0	90	117.05
MCD-10-018	7881852	395487	0	90	61.05
MCD-10-019	7879728	391979	0	90	48.05
MCD-10-020	7877691	394343	0	90	74.95
MCD-10-021	7880234	394347	0	90	41.95
MCD-10-022	7876052	395217	0	90	56.50
MCD-10-023	7901650	395966	0	90	49.50
MCD-10-024	7919837	371783	150	50	120.20

**Table 3. Drill hole locations Mata da Corda Project.**

## Lucena Phosphate Project ('LPP')

The LPP covers 81,021 hectares located within a 50km radius around the city of João Pessoa, capital of the Paraíba state in north eastern Brazil. The project is split into the Lucena North and Lucena South areas. *Refer Figure 7.*

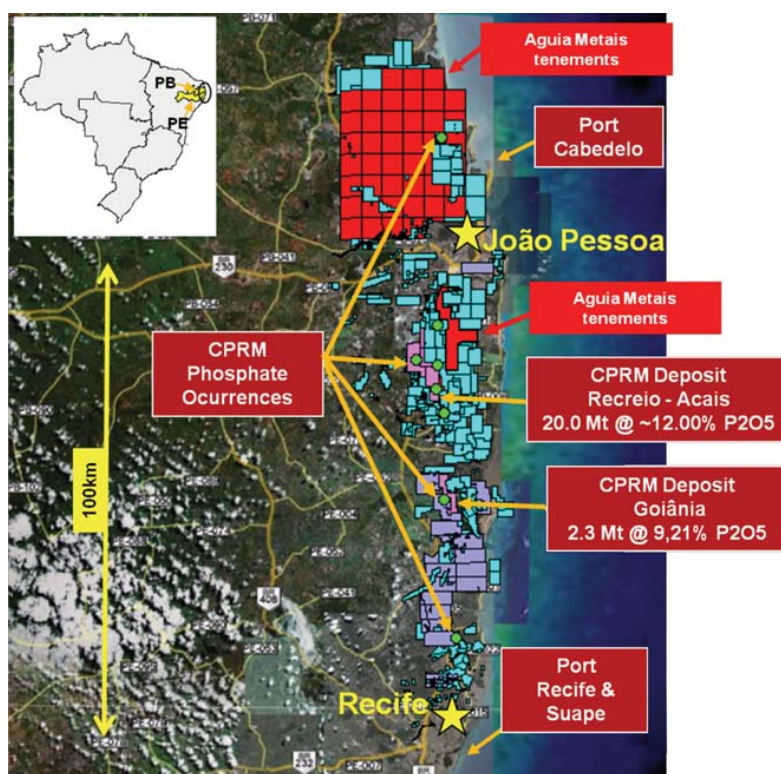


Figure 7: LPP Project Location

### Previous Exploration

The LPP area was first investigated by the CPRM in the late seventies to early eighties and several intercepts containing  $P_2O_5$  were defined during this initial drilling exploration program. This program also identified the Recreio - Acais Deposit located further south (25km) from the Project area and Goiania deposit located 50km northward from Olinda.

From the 47 holes drilled, 22 drill holes within the project area and immediate surrounds intercepted significant phosphate ( $P_2O_5$ ) mineralisation. The main mineralized interval is located at the bottom of the Gramame Formation (limestone) near the top of the Itamaraca Formation (sandstone). The depth of the mineralization varies from 15 to 94 meters depth with thickness in the range of 0.5 to 7.0 metres. The grades found vary from 3.1% to 21.85%  $P_2O_5$ .

Further exploration will involve confirmatory mapping, rock chip sampling, and drilling. At Lucena negotiations to obtain landholder access to carry out drilling activities has commenced. With continued positive results infill drilling will proceed with an aim of proving up a Mineral Resource calculated in accordance with the JORC code.

## Pathfinder Project

ELs 3216, 3280 and 3281 (Newport earning up to 80%, PlatSearch (ASX: PTS) 80%, Bohoun 20%)

No field work was completed during the quarter.



## Corporate

### Placement

The Company completed a private placement to raise A\$3.95 million at a share price of \$0.50 per share to sophisticated and professional investors.

### Appointment of Director

The Board has also been strengthened with the appointment of Mr Graham Ascough as a non executive director.

Mr Ascough has more than 21 years of exploration experience evaluating resources in Australia and overseas. His global exploration knowledge includes on-ground experience in Brazil. Mr Ascough has been Managing Director of Mithril Resources Ltd since October 2006. He is a geophysicist by training and prior to joining Mithril Mr Ascough was the Australian Manager of Nickel and PGM Exploration at major Canadian resources house, Falconbridge Ltd (acquired by Xstrata in 2006). He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programmes, to working directly with junior explorers. He is a Director of the newly formed Musgrave Minerals Limited that is planning to IPO in April 2011.

Mr Ascough is also a Councillor of the South Australian Chamber of Mines and is Chair of its Exploration Committee. He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

## Norwest Claim

The appeal made by Norwest Holding Pte Ltd ("**Norwest**") in relation to their claim against Aguia for not completing the acquisition of a phosphate project located in the Sichuan Province of China has been dismissed by The Court of Appeal in Singapore.

The Court of Appeal is Singapore's highest Court and as such there can be no further appeal by Norwest in relation to this matter.

The Court of Appeal has also:

- upheld Aguia's counterclaim relating to the recovery of a deposit of S\$102,500 paid by the Company to Norwest upon lodging its bid for the acquisition of the project; and
- awarded Aguia costs in relation to the appeal. Further details in relation to the quantum of costs to be received by Aguia for expenses associated with the appeal and the original court case will be released as they become available.

Norwest had appealed against the earlier decision made by the Singapore High Court to dismiss the claim against Aguia as reported to the market on the 5<sup>th</sup> November 2009.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr Tallarico is a full-time employee of Aguia Resources Limited. Dr Tallarico 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' ("JORC Code"). Dr Tallarico consents to the inclusion in this report of the matters based on his 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

**AGUIA RESOURCES LIMITED**

ABN

**94 128 256 888**

Quarter ended ("current quarter")

**31 DECEMBER 2010**

### Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,082)	(1,563)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(230)	(554)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	84
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Litigation costs	-	(105)
	- Business development	(80)	(125)
<b>Net Operating Cash Flows</b>		<b>(1,357)</b>	<b>(2,263)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	(81)
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)		
	- Cash acquired on acquisition of subsidiary	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>(81)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,357)</b>	<b>(2,344)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,357)	(2,344)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,950	3,950
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(597)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - Capital raising expenses	(107)	(123)
	<b>Net financing cash flows</b>	<b>3,843</b>	<b>3,230</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,486</b>	<b>886</b>
1.20	Cash at beginning of quarter/year to date	3,321	4,950
1.21	Exchange rate adjustments to item 1.20	20	(9)
1.22	<b>Cash at end of quarter</b>	<b>5,827</b>	<b>5,827</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	155
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 include salary, superannuation and annual bonus.

**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

Not applicable.

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

Not applicable.

### 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	700
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>1,000</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	4,220	575
5.2 Deposits at call	1,607	2,746
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,827</b>	<b>3,321</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	Not applicable			
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ 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>	40,000,000	-	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	60,650,001	60,650,001	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,900,000		\$0.50	\$0.50
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>	1,600,000 1,200,000 3,000,000 1,000,000 500,000 500,000 1,000,000 1,075,000 650,000 500,000 250,000 250,000	- - - - - - - - - - - -	<i>Exercise price</i> \$0.25 \$0.35 \$0.25 \$0.25 \$0.15 \$0.20 \$0.30 \$0.50 \$0.60 \$0.40 \$0.60 \$0.70	<i>Expiry date</i> 31 December 2011 31 December 2011 31 January 2012 31 January 2012 30 June 2012 30 June 2013 31 December 2013 30 September 2013 31 March 2014 30 September 2012 30 November 2013 30 November 2014
7.8 Issued during quarter	2,725,000			
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> (totals only)		
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## 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~~\* [\(delete one\)](#) give a true and fair view of the matters disclosed.

Sign here: ..... Date: 10 January 2011  
 (~~Director~~/Company secretary)

Print name: ANDREW BURSILL

## 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.