



## MARCH QUARTERLY REPORT

28<sup>th</sup> APRIL 2011

### HIGHLIGHTS

- 🔥 A maiden **JORC Code Inferred Resource** was announced for the valuable heavy Rare Earth Element (REE) **Yttrium (Y)** at the **Korella** Phosphate Project in NW Queensland. The Inferred Resource announced (ASX 5 April 2011) is **4.2 million tonnes@746g/t Y (0.96kg/tonne Y<sub>2</sub>O<sub>3</sub>) at an average depth of 25 metres**  
Further shallow drilling aims to increase the size and improve the grade of this resource
- 🔥 The Yttrium enrichment zone sits immediately above and adjacent to the high grade Phosphate Inferred Resource of **5.0 million tonnes @ 30.8% P<sub>2</sub>O<sub>5</sub>**. Metallurgical work will begin in May to determine the best way to concentrate the relatively heavy REE mineral **Xenotime (YPO<sub>4</sub>)** which hosts the Yttrium at Korella. If this work is positive then a **Scoping Study** will be initiated to examine the possible economic parameters for mining the REE
- 🔥 The **geological model** for the heavy REE enrichment at Korella is that of a Sedimentary Phosphorite Disconformity that appears to be similar to mined REE deposits in China. Application of this model has already led to Krucible grab sampling outcrop located 12km to the NW of Korella, that has returned up to **1330 g/t Yttrium**  
Krucible has made an application to explore this prospect as EPMA 19145 'Yttro'
- 🔥 The **Environmental Management Plan (no Environmental Impact Study required)** submitted for Korella is currently being assessed by the Queensland Government and the Native Title negotiations are progressing well - it is hoped that the Mining Lease for this proposed quarry style operation will be granted in August/September 2011. Rock Phosphate prices have improved in the last 6 months to US\$160 per tonne. Korella Phosphate should be viable at A\$200 per tonne especially with the bonus of Yttrium rich Rare Earths contribution
- 🔥 Drilling is expected to commence at the **Garnet Prospect (located 20km south of the Cannington Silver Mine)** in early May 2011. Krucible drilled the previously untested Garnet magnetic anomaly in late 2010. Visible Copper was intersected in 3 of 5 wide spaced vertical scout holes beneath 80 – 100 metres of barren cover rocks. This Copper discovery warrants immediate follow up testing with angle holes to determine the tenor and direction of the Copper mineralisation.



- 🔥 The **Tobermorey** Exploration Licence has recently been granted in the Northern Territory - this tenement covers extensions of prospective structures into the NT from the Toomba tenement in Qld where Copper mineralisation (**27 metres @ 0.4%Cu**) has been intersected by Krucible drilling. The Tobermorey ground is considered to be prospective for IOCG (Iron Oxide Copper Gold) mineralisation as well as Carlin style epithermal Gold mineralisation
- 🔥 Over 4000sq.km. has recently been applied for at **Isa West** – this ground is very under explored (particularly given the proximity to Mt. Isa) and is considered to be prospective for various styles of mineralisation including IOCG, magnetite iron ore and Phosphate as well as Gold and Tungsten

## **CORPORATE UPDATE**

- 🔥 Krucible held cash resources of \$2.33 million at the end of the Quarter
- 🔥 The directors of Krucible currently hold 15.4% of KRB fully paid issued shares (9,681,076). The December Quarter was 15% (9,341,076).
- 🔥 The top 20 shareholders currently hold approximately 55.8% of KRB fully paid issued shares

The locations of the Krucible tenements in Queensland and the Northern Territory are shown on **FIGURE 1**.



## 1. PHOSPHATE

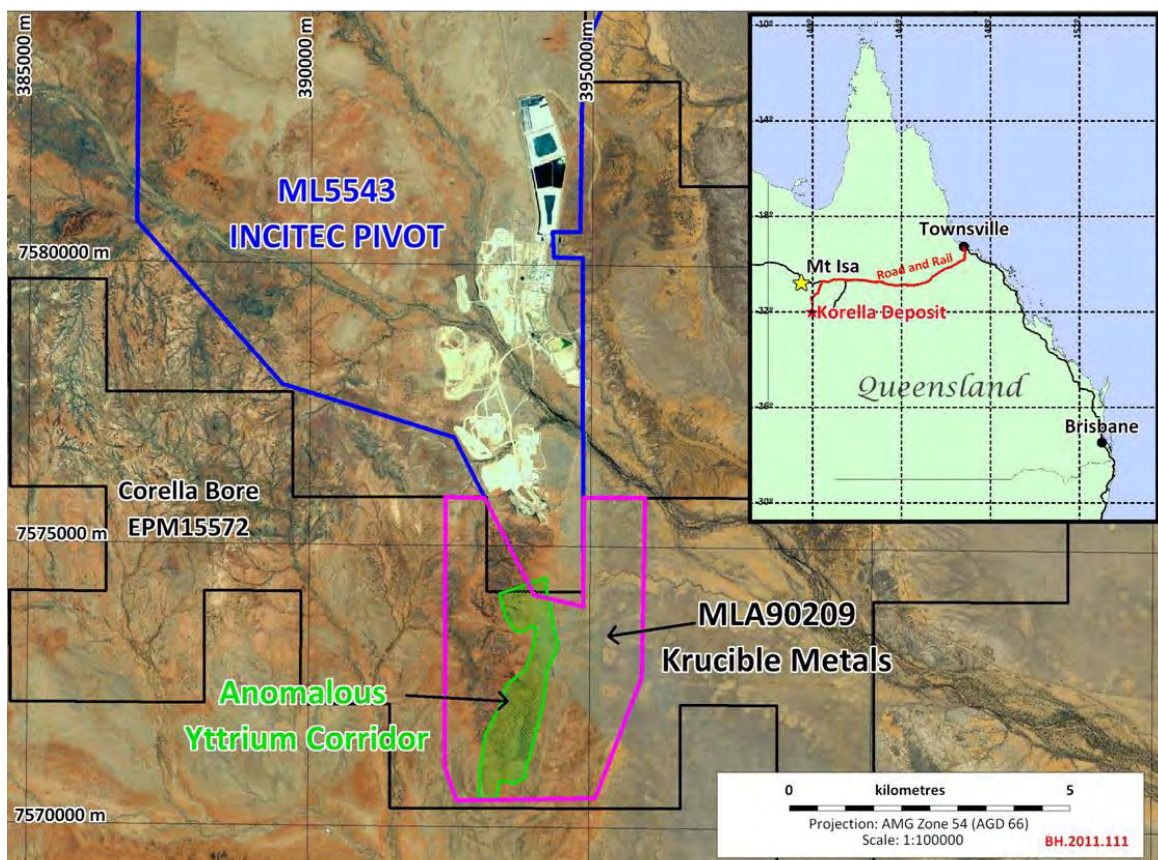
### 1.1 KORELLA PHOSPHATE DEPOSIT (see FIGURE 2)

The approval process continues for the Mining Lease Application MLA 90209 for the development of the 19 million tonnes Phosphate deposit. The **ENVIRONMENTAL MANAGEMENT PLAN** submitted in November 2010 has been assessed by the Queensland Department of Environment and Resource Management (DERM) and modifications are currently being made to the plan to meet their requirements.

Negotiations with the Traditional Owners – the Yulluna People, have been positive and it is expected that a Native Title Agreement will be signed in July 2011.

Under the Queensland Mining Act a granted Mining Lease is required before **Bulk Samples** can be excavated to send to potential fertiliser plants for test work. It is hoped that the Mining Lease for this quarry style operation will be granted in August/September 2011.

Further drilling is planned in June/July 2011 to convert part of the Inferred Resource to a JORC Indicated Resource so that more detailed open pit optimisation can be undertaken. Ultimately however the economics and start up of the proposed mine will depend on the price and demand for high grade rock Phosphate as well as results of the bulk sampling.



**Korella Project Mining Lease with Yttrium Enrichment Corridor**

**FIGURE 2**



## 1.2 KORELLA RARE EARTH DEPOSIT

As mentioned in the Krucible ASX announcement on 28 February 2011 the Company was fortunate in delineating heavy Rare Earth (Yttrium) enrichment zones at Korella by systematically analysing the one metre sample pulps from previous Phosphate drill programs. Results from this work returned drill intersections of up to;

- 🔥 **16 metres @ 920 g/t Yttrium (1.2 kg/tonne  $Y_2O_3$ ) from 16m in hole CBRC63**
- 🔥 **3 metres @ 2450 g/t Yttrium (3.1 kg/tonne  $Y_2O_3$ ) from 20m in hole CBRC75**

Anomalous values for other valuable REEs such as Neodymium (Nd) and Dysprosium (Dy) have also been returned with drill intersections up to;

- 🔥 **2 metres @ 294 g/t Dy from 19m in hole CBRC 128**
- 🔥 **3 metres @ 927 g/t Nd from 27m in hole CBRC 78**

As mentioned in the 28 February ASX Announcement there is increasing demand for heavy REEs because of their unique role in the manufacture of super alloys, conductors and magnets employed in high technology production such as hybrid cars, laser communication, wind turbines, mobile phones and computers etc. The prices have rapidly improved in recent months due to embargoes placed on exports by China who control over 90% of REE global distribution.

Currently Yttrium metal is trading for about \$130/kg whilst Dysprosium is about \$700/kg and Neodymium about \$200/kg.

Anomalous drill intersections for heavy REE Yttrium, Neodymium and Dyprosium are listed in **TABLES 1 - 3**.

On 5 April 2011 Krucible announced to the ASX a **Maiden JORC Yttrium Inferred Resource at Korella of 4.2 million tonnes @ 746 g/t Yttrium (0.96 kg/tonne  $Y_2O_3$ )** using a lower cut off of 500 g/t Yttrium and drill spacing of about 200 X 100metres. The average depth for this Resource is about 25 metres and average thickness is 3.3 metres. The average Phosphate content is 10%  $P_2O_5$  – compared to the grade of 30.8%  $P_2O_5$  for the 5 million tonnes of Phosphate Inferred Resource immediately below the Yttrium Inferred Resource.

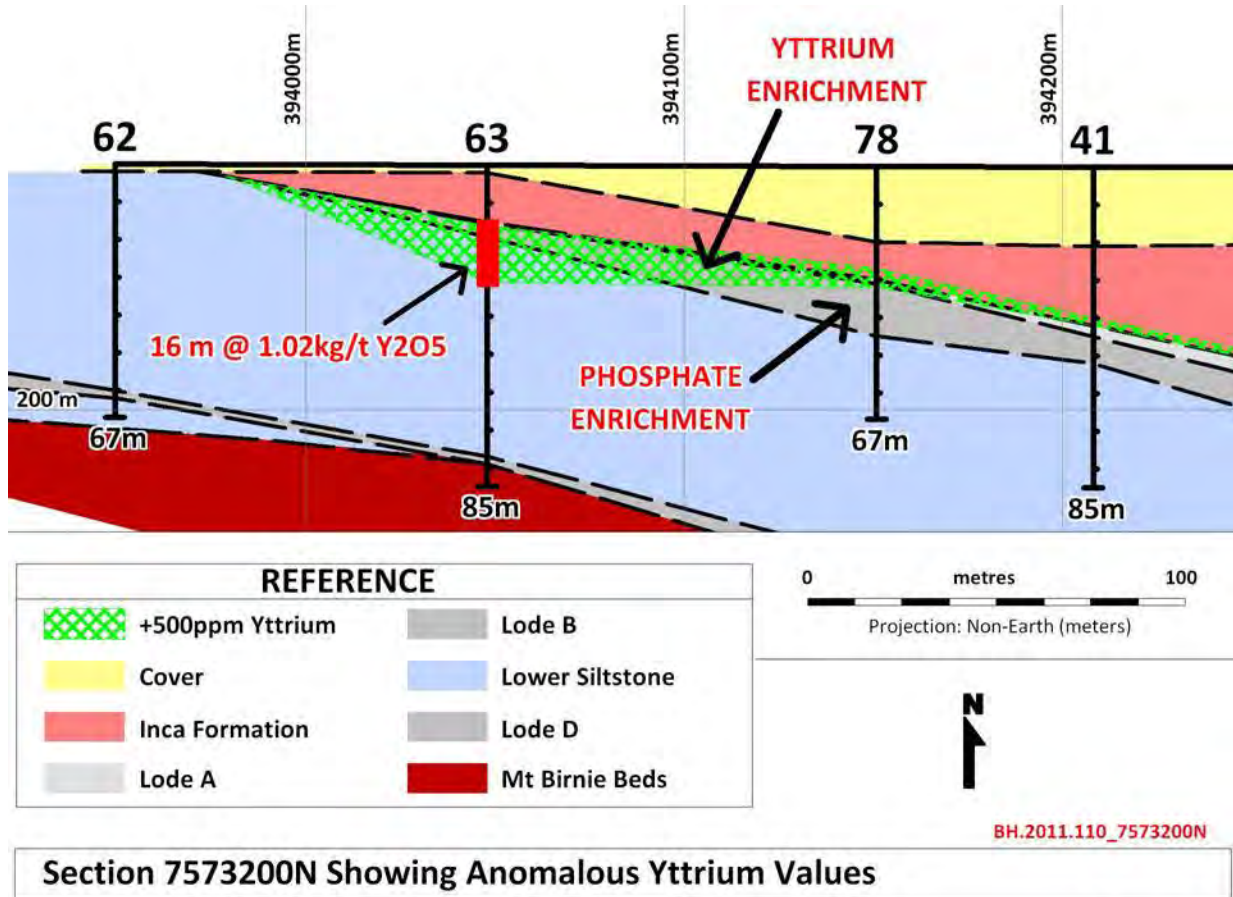
It is considered likely that the size of this Resource will be **increased** with further shallow drilling to the west as Yttrium intersections have been returned from very wide spaced drilling (400 X 400 and 800 X 400 metre spacing) that were **not** included in the above Estimate. Infill drilling may also define higher grade zones of minable Yttrium material within the current Inferred Resource.

In addition **Yttrium values of up to 1330 g/t Y (1.7 kg/tonne  $Y_2O_3$ ) have been returned from outcrop located 12km to the NW of Korella along a prospective structure; increasing the possible tonnage potential.** This ground has recently been pegged (see **FIGURE 3/EPM Application 19145**) as a result of applying the Sedimentary Phosphorite



Disconformity model for the REE enrichment at Korella to surrounding ground.

The Yttrium enrichment zone at Korella sits immediately above and adjacent to the high grade Phosphate zone (see **FIGURES 3 & 4**) so that it would be possible to mine the REE zone as pre-stripping for the Phosphate thus improving the economics for the rock Phosphate excavation.



**FIGURE 3**

No economic parameters can yet be assumed for possible REE mining at Korella until Metallurgical test work is carried out to assess the possibility of producing a high grade Xenotime concentrate that could be transported to a REE extraction plant. **Xenotime** (Yttrium Phosphate) is a relatively simple Yttrium mineral (amenable to hydro-metallurgical extraction) and has been identified from preliminary mineralogical examination at Korella. Xenotime has a specific gravity (SG) of about 4.5 compared to that of the surrounding material of SG 2.0 - 2.2; it is likely that a concentrate could be produced, particularly at higher levels of Yttrium values.

Significantly, the Thorium content is less than 20ppm in the zone containing Yttrium. Other Rare Earth metal resources in Australia contain significant amounts of radioactive Thorium but this is not the case for the drill samples taken from the Korella lease area.

Krucible director, senior metallurgist and Project Manager Ray Koenig will supervise the REE metallurgical test work for Korella in the coming months.



## 2. COPPER/GOLD EXPLORATION

### 2.1 MOUNT ISA BLOCK

#### 2.1.1 PILGRIM JOINT VENTURE (KRUCIBLE 80% / DEEP YELLOW LTD 20% – EPM 15072)

Pilgrim is located about 135km SE of Mt. Isa in NW Queensland (see **FIGURES 1 & 2**) and lies within the highly prospective **Pilgrim Fault Corridor**. It is also 5km SE of the historic high grade **Tick Hill** Gold Mine and 65km south of the **Kalman** Copper-Rhenium-Molybdenum-Uranium deposit (Syndicated Metals Ltd).

The Pilgrim EPM can be converted to 100% Krucible (KRB) ownership by issue of 1.2 million fully paid KRB shares to Deep Yellow Ltd (DYL).

As reported in the previous Quarterly Report diamond drilling at the Humphries Hill Breccia (HHBX) Prospect returned a number of narrow anomalous Copper, Gold and Silver zones within magnetite and “Red Rock” alteration (RRA) zones at depths of 150 – 350 metres (see **FIGURE 6**).

Recent geological and geophysical modelling suggests that the main magnetic target (associated with a mafic intrusive) is at a depth of 400-500 metres; however there is no guarantee that Copper grade will increase with depth. It is planned to carry out a gravity survey prior to drilling to determine possible higher grade sulphide zones within the RRA so that drill targets can be focussed.

Rock chip sampling near RC drill hole 10PMRC 51 (located about 2km SSW of HHBX and over 200m from nearest drill hole) returned anomalous **Copper** and **Gold** with up to 0.25% Cu and 0.12 g/t Au. Hole 51 intersected anomalous **Rhenium** (1.1 g/t Re), **Molybdenum** (270 ppm Mo) and **Copper** (0.28% Cu). Outcrop is poorly exposed in this area and further shallow RC drilling is warranted.

Some rock chip sampling at the small **True Blue workings** (located about 10km SSW of HHBX – see **FIGURE 5**) was also carried out and returned values up to 10% Copper from the workings as well as 3.4% Copper and 0.76 g/t Au from sub outcrop 200 metres to the north of the workings. The area is considered important because the mineralisation is associated with poorly exposed and strongly altered basement rocks beneath the veneer of Cambrian sediment cover – only minor previous drilling has been carried out. True Blue requires further geochemical sampling and geological mapping to delineate targets for drill testing.

#### 2.1.2 SQUIRREL HILLS EPM 15354

The **Garnet Prospect** is located about 20km SSW of the **Cannington Silver, Lead Mine** (BHP-Billiton Ltd) and 35km ENE of the **Osborne Copper, Gold Mine** (Ivanhoe Australia Ltd) – see **FIGURE 7**.



As reported in the previous Quarterly, first pass, wide spaced RC percussion drill testing of a strong magnetic anomaly was carried out in December 2010. This resulted in another Krucible discovery with 3 of the 5 vertical holes drilled (SQRC03, 04 and 05) displaying visible Copper with accompanying strong magnetic and sulphide alteration. The mineralisation is covered by a blanket of younger Cretaceous sediments that are 80 – 100 metres thick. The prospect is situated on flat lying black soil grazing country.

The better drilling results include;

- 🔥 **10SQRC03 (488766E, 7566340N)**  
**10 metres @ 0.18% Copper and 0.065g.t Gold from 98m**  
**3 metres @ 0.71% Copper and 120ppm Uranium from 136m**
- 🔥 **10SQRC04 (488852E, 7566496N)**  
**2 metres @ 0.10% Copper from 159m**  
**2 metres @ 110ppm Uranium from 150m**

Follow up drilling, to determine the direction and tenor of Copper mineralisation, has been delayed due to heavy rain in black soil plains. However the ground is now accessible and RC percussion drilling (approx. 2000 metres) is planned to commence in early May 2011. The angled drill program will focus on the 700 metre strike length of the magnetic anomaly at Garnet but more regional targets have also outlined as fault/strike extensions and possible repetitions for later drilling.

## **OTHER TARGET AREAS**

Krucible has a pipeline of prospects with anomalous **Copper, Gold, Molybdenum, Zinc, Uranium, and Silver** in the Squirrel Hills tenement with planned geochemical/geological/geophysical ground investigation to be carried out prior to drill testing. These Prospects include **Cowie Mag, El Rita, Crackenback and Bustard Creek** (see **FIGURE 7**).

## **2.2 DIAMANTINA REGION (see FIGURE 1)**

**Collaborative Drilling Submissions** presented to the Queensland Government for the **Toomba** (EPM 15367) and **Kamaran Downs** (EPM 15389) tenements were unsuccessful; however Krucible has been advised to re-submit amended documents for the next round of Collaborative Drilling – this has been done.

If successful, Krucible will be entitled to rebates of up to \$150,000 in drilling costs for each of the 2 Drilling Applications. The tenements are interpreted to be prospective for Olympic Dam and Tennant Creek style IOCG mineralisation. Krucible has already returned up to **27 metres @ 0.40% Copper from 9m** at



Toomba from very limited shallow drilling carried out to date.

Drilling in the Simpson Desert in 2010 was prevented due to an unusually wet “dry season” – this was followed by a record “wet season” so that drilling at Toomba will probably not be possible until August/September 2011.

The **Tobermorey** Exploration Licence Application E.L. 28170 (located in the Simpson Desert region of the Northern Territory – see **FIGURE 1**) was granted on 11 April 2011 for a period of 6 years and covers an area of about 1600 sq.km.

This tenement is considered to be prospective for Carlin style epithermal Gold mineralisation associated with silica replacement of calcareous sediments along major structures as well as IOCG mineralisation associated with strong magnetic anomalies along major structures. The Tobermorey ground is considered to be an extension to the west of structures outlined in Krucible’s Toomba tenement. Reconnaissance helicopter supported investigation is planned to commence in May 2011.

### **3. OTHER TENEMENT EXPLORATION**

Krucible continues to outline prospective areas on its other tenements but in the short to medium term the Company will concentrate its’ exploration efforts on properties with Copper/Gold potential at Squirrel Hills/Cowie Mag, Pilgrim and the Diamantina/Tobermorey as well as pursuing Phosphate potential in the Georgina East sub-basin.

### **4. TENEMENT STATUS**

The current Krucible tenement package consists of 30 EPM’s (14 granted and 16 applications) for 3,396 sub blocks (about 10,935 sq. kms).

All tenements are 100% owned by Krucible except for EPM 15072 (“Pilgrim”) which is a Joint Venture with Deep Yellow Ltd.

During the March 2010 Quarter we abandoned one EPM (EPMA 18364 Skeleton Creek) and have applied for nine new EPM’s (EPMA 19090 Lily Hole Creek, EPMA 19091 Taringa Creek, EPMA 19092 Templeton River, EPMA 19093 Brumby Dam, EPMA 19094 Conkerberry Dam, EPMA 19095 Big Toby Creek, EPMA 19099 Flemington Fault, EPMA 19134 Chinwag Bore and EPMA 19145 Yttro).



**KRUCIBLE METALS LTD**  
*Mineral Discovery Company*  
ABN 12 118 788 846  
**ASX CODE: KRB**

**Attached: FIGURES 1, 4a - 7  
TABLES 1 - 3**

**Tony Alston  
Managing Director  
Krucible Metals Ltd.**

**Further Information:** Mr Tony Alston  
Phone (07) 4772 5880

**WEB SITE: [www.kruciblemetals.com.au](http://www.kruciblemetals.com.au)**

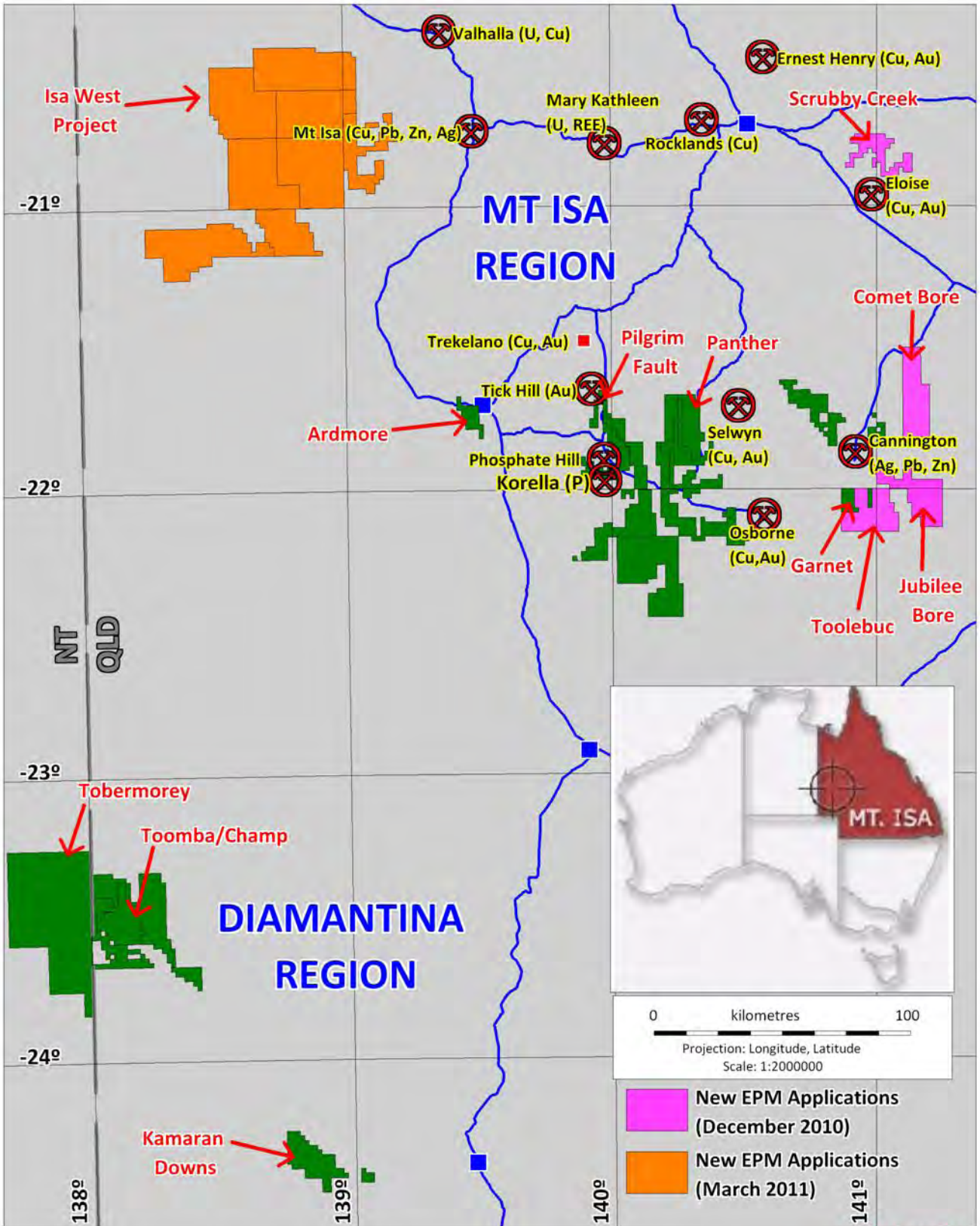
Information of a scientific or technical nature in this report was prepared under the supervision of A.J. Tony Alston, CEO and Chief Geologist of Krucible, who is a member of the Australian Institute Geoscientists and the Australian Institute of Mining and Metallurgy. Mr Alston has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "competent person" as defined in the 2004 edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Alston has reviewed and approved Krucible's quality assurance program, quality control measures, the geology, samples collection and testing procedures the basis for information contained in this report. For further information regarding the Korella Deposit (PHM South) discovery please refer to reports and releases to the Australian Stock Exchange over the last 18 months together with the Company's website at [www.kruciblemetals.com.au](http://www.kruciblemetals.com.au)

The analytical results quoted in the drill intersections for Rare Earths at Korella have been supplied by ALS Chemex Laboratories utilising the specialist Rare Earth Mass Spectroscopy Method ME-MS81.

This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements.

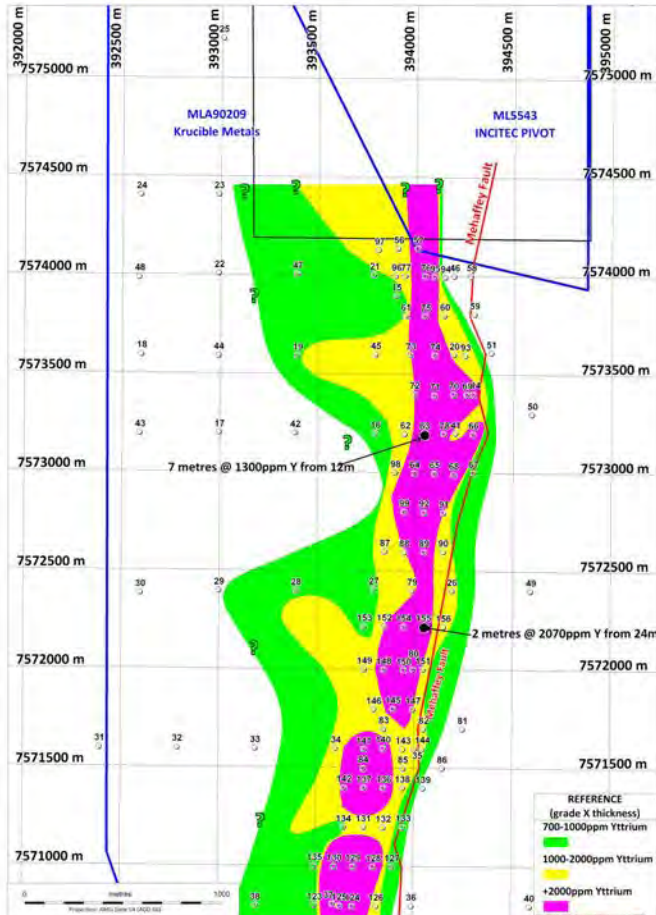
Mr Alston consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Information in this Announcement relating to the Korella Deposit (PHM South) Scoping Study has been documented by Mr Ray Koenig, who is a Senior Project Metallurgist and Chartered Professional and Fellow of the AusIMM. Mr Koenig consents to this information being included in the ASX Announcement.



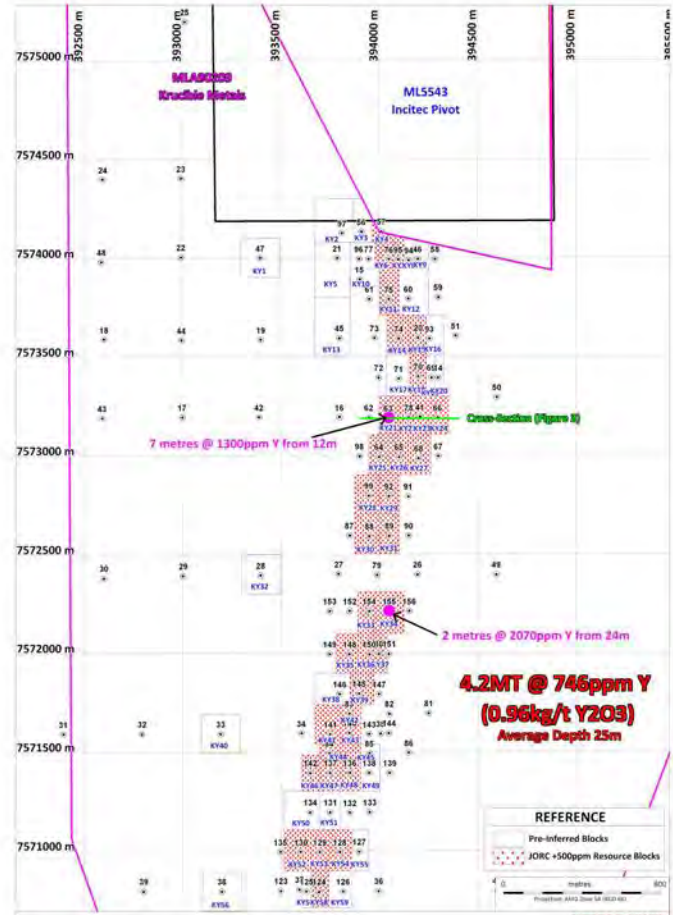
**LOCATION PLAN SHOWING KRUCIBLE TENEMENTS**

**FIGURE 1**



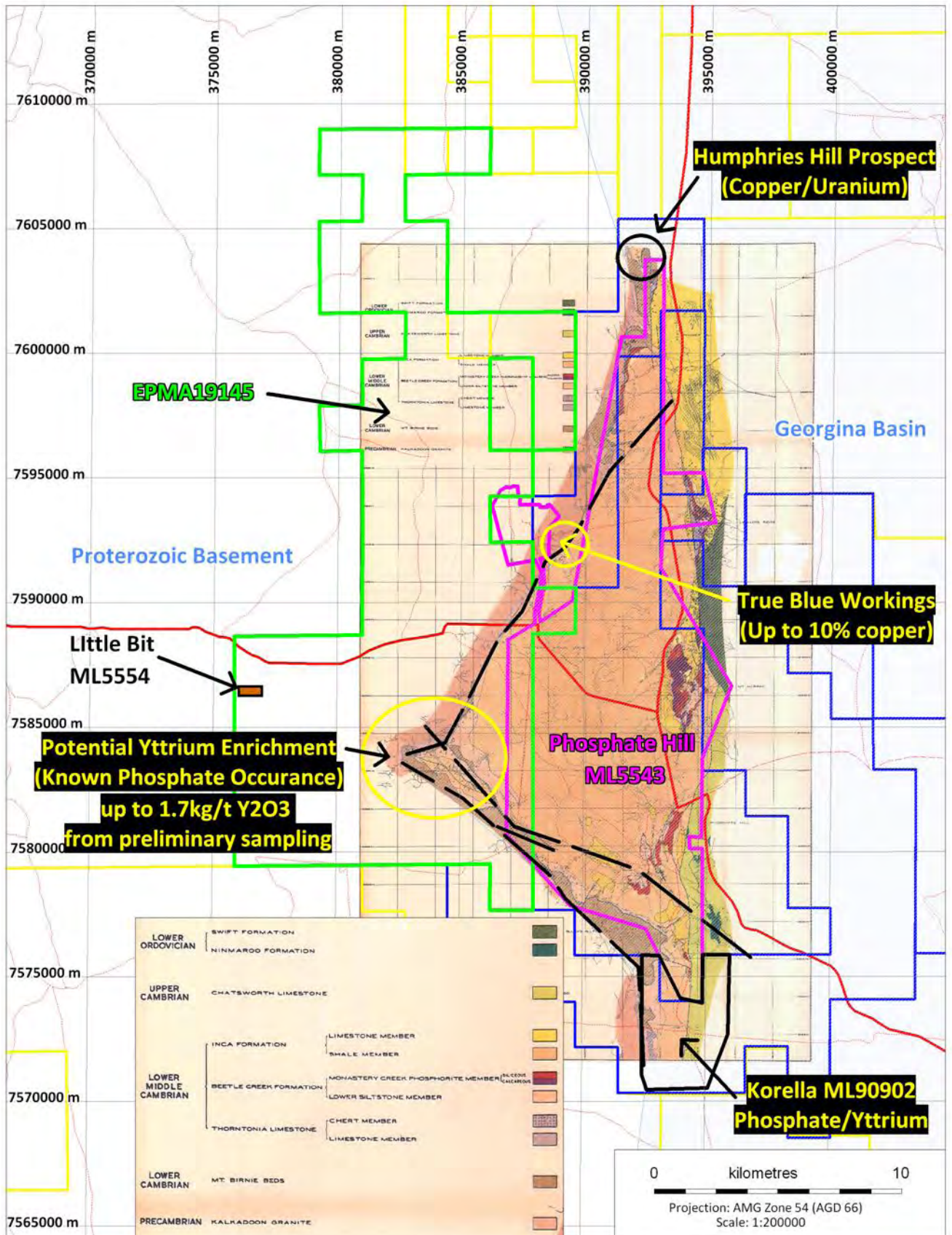
KORELLA PROJECT - Yttrium Grade X Thickness Contours

FIGURE 4A



Korella Project Yttrium Resource Blocks

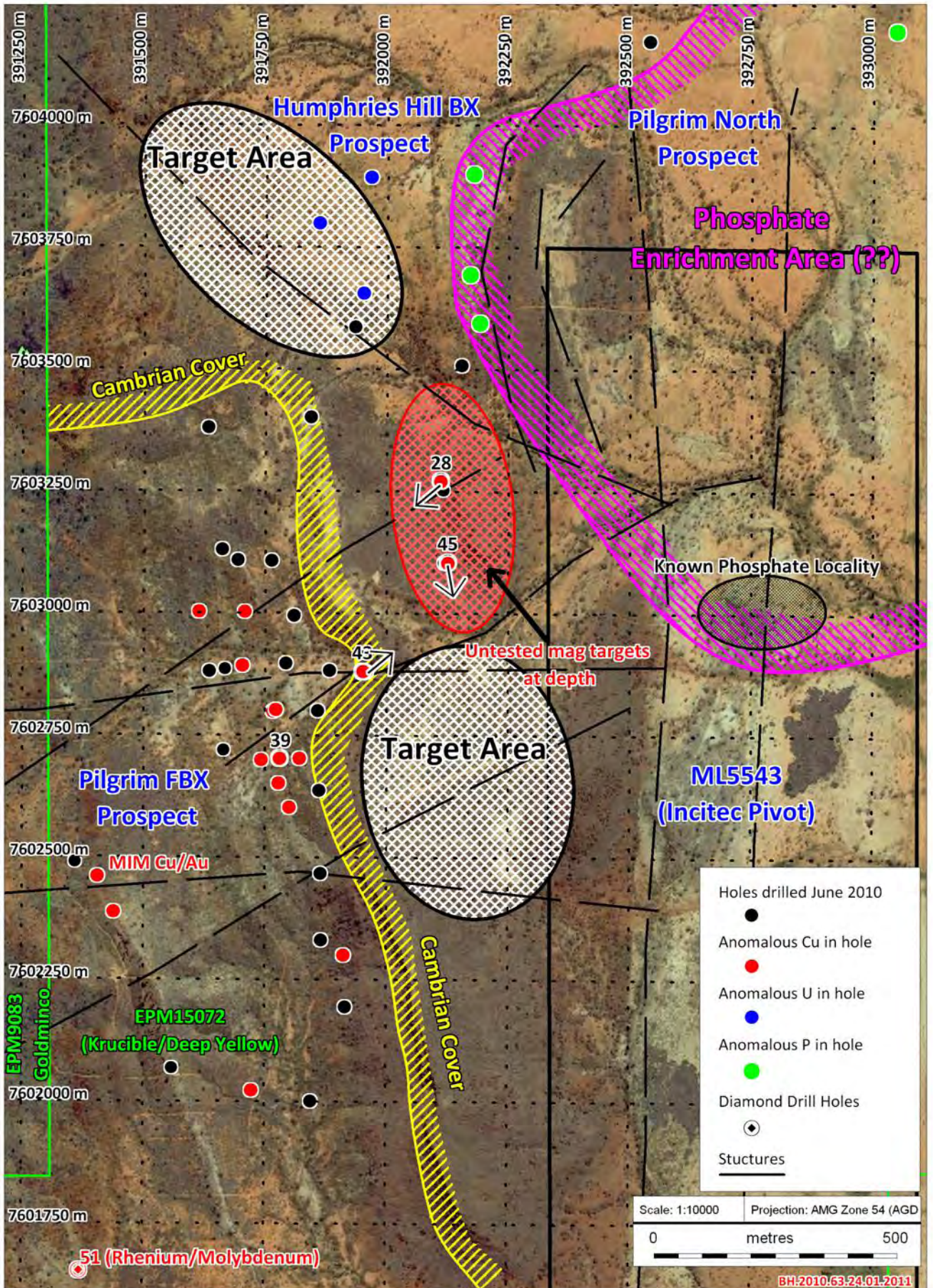
FIGURE 4B



BH.2011.121.YTTRGeology

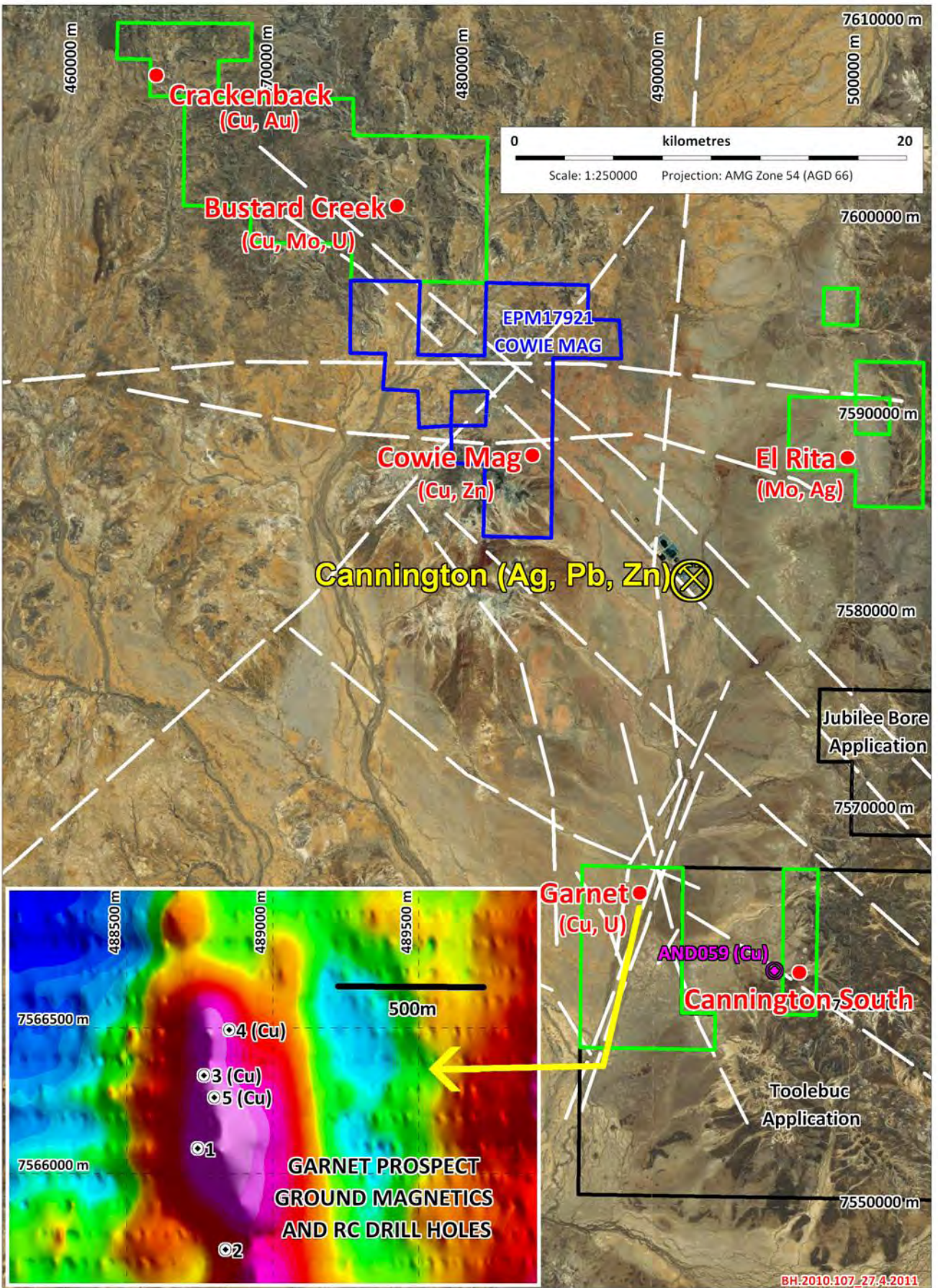
# Yttrium EPMA19145 Geology Plan

FIGURE 5



Pilgrim Fault EPM15072 - Google image showing drilling results

FIGURE 6



Squirrel Hills and Cowie Tenements Google and Structures

FIGURE 7

TABLE 1

**KORELLA YTTRIUM DRILL INTERSECTIONS  
(+ 500ppm Y)**

Hole No.	AMG Co-Ord. (AGD66)		From	To	Inclination	Interval (thickness) metres	Yttrium Grade (ppm)	Y <sub>2</sub> O <sub>3</sub> (kg/tonne)
	Easting	Northing						
CBRC 20	394197	7573600	29	31	Vertical	2	540	0.70
CBRC 21	393786	7574007	35	41	Vertical	6	583	0.76
CBRC 28	393399	7572400	21	23	Vertical	2	462	0.60
CBRC 41	394208	7573200	44	46	Vertical	2	440	0.57
CBRC 45	393800	7573602	45	47	Vertical	2	527	0.69
CBRC 57	394011	7574142	28	31	Vertical	3	678	0.88
CBRC 63	394051	7573197	16	32	Vertical	16	784	1.02
CBRC 64	393999	7573000	29	31	Vertical	2	491	0.64
CBRC 65	394103	7572997	14	18	Vertical	4	846	1.10
CBRC 66	394298	7573200	61	63	Vertical	2	531	0.69
CBRC 68	394201	7572993	38	40	Vertical	2	633	0.82
CBRC 70	394200	7573402	51	56	Vertical	5	519	0.67
CBRC 74	394101	7573599	25	28	Vertical	3	880	1.14
CBRC 75	394052	7573796	19	22	Vertical	3	2450	3.19
CBRC 76	394052	7574001	20	24	Vertical	4	782	1.02
CBRC 78	394149	7573197	27	31	Vertical	4	841	1.09
CBRC 80	393999	7572003	17	19	Vertical	2	471	0.61
CBRC 83	393847	7571704	6	8	Vertical	2	524	0.68
CBRC 84	393747	7571498	5	7	Vertical	2	600	0.78
CBRC 88	393950	7572598	19	21	Vertical	2	568	0.74
CBRC 89	394053	7572600	14	17	Vertical	3	973	1.27
CBRC 92	394050	7572799	19	21	Vertical	2	655	0.85
CBRC 95	394097	7574000	29	31	Vertical	2	928	1.21
CBRC 97	393815	7574133	45	47	Vertical	2	675	0.88
CBRC 99	393950	7572803	32	34	Vertical	2	507	0.66
CBRC 124	393695	7570797	5	7	Vertical	2	489	0.64
CBRC 129	393698	7570998	12	14	Vertical	2	646	0.84
CBRC 130	393601	7570999	7	9	Vertical	2	546	0.71
CBRC 134	393651	7571201	4	6	Vertical	2	461	0.60
CBRC 136	393849	7571399	14	19	Vertical	5	876	1.14
CBRC 137	393752	7571401	5	8	Vertical	3	539	0.70
CBRC 140	393850	7571601	6	8	Vertical	2	641	0.83
CBRC 141	393750	7571598	10	12	Vertical	2	449	0.58
CBRC 142	393650	7571400	13	15	Vertical	2	553	0.72
CBRC 145	393900	7571799	4	8	Vertical	4	613	0.80
CBRC 148	393849	7572002	14	17	Vertical	3	545	0.71
CBRC 150	393951	7571999	15	18	Vertical	3	720	0.94
CBRC 155	394051	7572218	25	28	Vertical	3	877	1.14

TABLE 2

**KORELLA NEODYMIUM DRILL INTERSECTIONS**  
(+ 100ppm Nd)

Hole No.	AMG Co-Ord. (AGD66)		From	To	Inclination	Interval (thickness) metres	Neodymium Value (ppm)
	Easting	Northing					
CBRC 63	394051	7573197	15	19	Vertical	4	188
CBRC 65	394103	7572997	14	18	Vertical	4	174
CBRC 69	394267	7573400	68	70	Vertical	2	109
CBRC 70	394200	7573402	51	56	Vertical	5	107
CBRC 74	394101	7573599	25	28	Vertical	3	236
CBRC 75	394052	7573796	19	22	Vertical	3	235
CBRC 76	394052	7574001	21	24	Vertical	3	220
CBRC 78	394149	7573197	27	30	Vertical	3	927
CBRC 83	393847	7571704	3	6	Vertical	3	165
CBRC 84	393747	7571498	2	6	Vertical	4	164
CBRC 88	393950	7572598	6	10	Vertical	4	415
CBRC 89	394053	7572600	12	16	Vertical	4	210
CBRC 92	394050	7572799	17	21	Vertical	4	121
CBRC 95	394097	7574000	29	31	Vertical	2	145
CBRC 128	393799	7570999	19	21	Vertical	2	124
CBRC 131	393752	7571200	4	6	Vertical	2	98
CBRC 134	393651	7571201	14	19	Vertical	5	127
CBRC 140	393850	7571601	6	8	Vertical	2	133
CBRC 145	393900	7571799	4	6	Vertical	2	103
CBRC 148	393849	7572002	7	9	Vertical	2	140
CBRC 150	393951	7571999	14	16	Vertical	2	262
CBRC 154	393949	7572216	5	8	Vertical	3	173
CBRC 155	394051	7572218	25	27	Vertical	2	150

**TABLE 3**

**KORELLA DYSPROSIUM DRILL INTERSECTIONS  
(+ 70ppm Dy)**

Hole No.	AMG Co-Ord. (AGD66)		From	To	Interval (thickness) metres	Dysprosium Grade (ppm)
	Easting	Northing				
CBRC 63	394051	7573197	15	19	4	97
CBRC 65	394103	7572997	15	19	4	68
CBRC 68	394201	7572993	38	40	2	79
CBRC 74	394101	7573599	26	28	2	96
CBRC 75	394052	7573796	21	23	2	93
CBRC 76	394052	7574001	19	23	4	84
CBRC 78	394149	7573197	27	29	2	93
CBRC 84	393747	7571498	5	7	2	102
CBRC 88	393950	7572598	8	12	4	71
CBRC 89	394053	7572600	15	17	2	100
CBRC 128	393799	7570999	19	21	2	294
CBRC 136	393849	7571399	14	18	4	104
CBRC 150	393951	7571999	15	17	2	86

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Krucible Metals Ltd

ABN

12 118 788 846

Quarter ended ("current quarter")

31st March 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(216)	(1,530)
(b) development	-	-
(c) production	-	-
(d) administration	(83)	(353)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	38	160
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(261)</b>	<b>(1,723)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	-	(27)
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)	3	1
<b>Net investing cash flows</b>	<b>3</b>	<b>(26)</b>
1.13 Total operating and investing cash flows (carried forward)	(258)	(1,749)
1.13 Total operating and investing cash flows (brought forward)	(258)	(1,749)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	40	120
1.15 Proceeds from sale of forfeited shares		

+ See chapter 19 for defined terms.

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

1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	40	120
	<b>Net increase (decrease) in cash held</b>	(218)	(1,629)
1.20	Cash at beginning of quarter/year to date	2,549	3,960
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	2,331	2,331

**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	87
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Total amounts paid to directors including salaries, directors fees, superannuation 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

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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

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**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	-	-

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	500
4.2	Development	-
4.3	Production	-
4.4	Administration	100
<b>Total</b>		<b>600</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	18	37
5.2 Deposits at call	2,313	2,512
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,331</b>	<b>2,549</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			
6.2	Interests in mining tenements acquired or increased			
	EPM 19090	1 EPM Application	0	100%
	EPM 19091	1 EPM Application	0	100%
	EPM 19092	1 EPM Application	0	100%
	EPM 19093	1 EPM Application	0	100%
	EPM 19094	1 EPM Application	0	100%
	EPM 19095	1 EPM Application	0	100%
	EPM 19099	1 EPM Application	0	100%
	EPM 19134	1 EPM Application	0	100%
	EPM 19145	1 EPM Application	0	100%
	EPM 18364	1 EPM Relinquished	100%	0

+ See chapter 19 for defined terms.

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

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	62,389,100	62,389,100		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	210,000	210,000	25 cents	25 cents
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>	2,220,000 50,000 1,100,000 50,000 150,000		<i>Exercise price</i> 25 cents 45 cents 50 cents 45 cents 38 cents	<i>Expiry date</i> 15/11/2011 30/09/2011 27/11/2012 16/12/2012 11/10/2013
7.8 Issued during quarter				
7.9 Exercised during quarter	160,000 50,000		25 cents 25 cents	15/11/2011 30/3/2011
7.10 Expired during quarter	50,000		25 cents	30/3/2011
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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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: 15<sup>th</sup> April 2011.  
(Director/Company secretary)

Print name: Dennis Lovell.

## 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.