

ACTIVITIES REPORT SEPTEMBER QUARTER 2010

- **Project Evaluation and Generation – Gold Focus**
- **Rare Earth Auger Drilling, Yangibana**
- **Silver King Project Expanded**
- **Cash at Bank \$1.2 Million**

GTI's project team continues to identify and evaluate advanced opportunities that, if acquired, can add significant value to the Company. Following due diligence and site visits, a bid was submitted for an advanced gold project located in the Asia-Pacific "Rim of Fire" region.

Shallow auger drill testing of extensions to a number of outcropping Rare Earth targets at Yangibana was carried out by the Company's sole-funding Joint Venture partner.

INTERNATIONAL PROJECT EVALUATION AND GENERATION

Advanced project opportunities assessed during the reporting period focussed on gold, as well as coal, nickel, rare earths, iron ore and phosphate.

GTI's project team has concentrated this Quarter on completion of due diligence and preparation of a bid for an epithermal gold project, located in the Asia-Pacific "Rim of Fire". GTI has built up significant knowledge of the project since early this year, when the opportunity was first pursued. Substantial JORC Indicated and Inferred mineral resources have been reported, and GTI believes there is excellent potential for definition of additional resources which could lead to development and production.

While hopeful that the Company's bid will be successful, the board acknowledges the outcome of such an internationally competitive opportunity is uncertain. Selection of the successful bidder is anticipated in the current Quarter. Accordingly, GTI continues to search for suitable projects world-wide.

Shareholders and investors will continue to be informed of progress on project acquisitions, as they are advanced past the preliminary phase.

WESTERN AUSTRALIAN PROJECTS

GTI's Western Australian projects are prospective for gold, silver, base metal, rare earth element and uranium. Silver King and Conical Hill are 100% GTI owned, while Yangibana, Cambridge Creek and Bali Hi projects are under free-carried JV until feasibility and are 30% GTI (except Bali Hi, 20%).

Following exploration targeting at Silver King, the Company has applied for two additional exploration licences covering further silver, gold and copper occurrences, more than doubling the potential project

area. At the Silver King old mining area, recorded historical production totals 38,927oz of silver and small tonnages of high-grade copper. Exploration during the 2010 field season has the objective of defining potential drill targets.

Drilling of 376 shallow auger holes at Yangibana was completed during the period, along the strike of rare earth mineralisation which has been previously defined by surface sampling and RC drilling. Highest gossan rock chip sample result from GTI's previously reported sampling was 19.44% total rare earth oxides (TREO) in YR05 (pictured below).



WA Project Locations



Sample YR05: 19.44% total rare earth oxides, Yangibana North

Analytical results of the auger sampling will be reported, when received from the JV operator.

Exploration activities were also carried out under JV at Bali Hi, including mapping and sampling of high-grade copper occurrences. Again, results will be reported once received from the JV partner.

At GTI's Conical Hill project, EL69/2119 of 7 blocks was surrendered during the period due to access issues. The project area now comprises three exploration licence applications totalling 101 blocks.

Murray McDonald **Executive Chairman**

Competent Person: The contents of this report that relate to geology and exploration results are based on information compiled by consulting geologist Ian Cowden of Iana Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional Geologist and a Member of the Australian Institute of Geoscientists. He has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken 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. Ian Cowden consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

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

GTI Resources Ltd

ABN

33 124 792 132

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 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	(153)	(395)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(71)	(298)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	41
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(212)	(652)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	(14)
	(b)equity investments	-	(49)
	(c)other fixed assets	-	(2)
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	-	-
Net investing cash flows		-	(65)
1.13	Total operating and investing cash flows (carried forward)	(212)	(717)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(212)	(717)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(212)	(717)
1.20	Cash at beginning of quarter/year to date	1,380	1,885
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,168	1,168

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	121
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment of directors' salaries, superannuation and consulting fees during the quarter.	

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
- | |
|-----|
| N/A |
|-----|
- 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
- | |
|-----|
| N/A |
|-----|

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	130
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	230

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	1,168	1,380
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	-	-
Total: cash at end of quarter (item 1.22)	1,168	1,380

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	EL69/2119		100%	0%
6.2 Interests in mining tenements acquired or increased	ELA08/2201	Application	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	38,000,003	38,000,003		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	4,500,000 125,000 125,000	- - -	<i>Exercise price</i> 40 cents 20 cents 30 cents	<i>Expiry date</i> 19/12/11 30/06/11 30/06/11
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 October 2010
(Executive Chairman)

Print name: Murray McDonald

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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