



VENTURE
MINERALS

Quarterly Report

for the period ending 31 December 2010

Highlights

- Major resource upgrade sees Mt Lindsay become one of the world's largest undeveloped tin projects.
- Latest feasibility drilling intersects highest grade tin mineralization seen in the project to date including:
 - 26m @ 3.0% Tin equiv
incl 6m @ 8.4% Tin equiv
 - 10m @ 2.2% Tin equiv
- Venture wins tender and acquires highly prospective ground immediately adjacent to Mt Lindsay
- The Company completes a \$23 million capital raising securing funding for all feasibility work and on-going aggressive exploration
- Tin price continues to outperform all other base metals on the London Metal Exchange reaching new highs of +US\$29,000 per tonne.

Introduction

The December Quarter saw the Company complete a major resource upgrade as part of the Mt Lindsay pre-feasibility study. The resource upgrade elevates Mt Lindsay to one of the world's largest undeveloped tin projects with over 120,000 tonnes of contained tin/tungsten metal. The new resource also converts over 75% of the previous inferred resources to the indicated category and represents an upgrade of 28% in tin metal from the previous estimate.

Following completion of the resource upgrade the Company commenced additional feasibility drilling initially focussing on the Main Skarn. Diamond core drilling targeting the Macdonald Tin Zone successfully intersected the highest grade tin mineralization seen in the project to date with ML 222 returning an intersection of 26m @ 3% tin equivalent including assays up to 16% tin. In addition broad zones of tungsten mineralization were also identified within the Macdonald Tin Zone including intersections up to 38m @ 0.32% WO₃.

Venture Fast Facts

ASX Code: VMS
Shares on Issue: 221 million
Cash: \$26.6 million (Dec 2010)

Recent Announcements

Feasibility Drilling Intersects
Record Result
(ASX: 27/01/11)

Venture wins tender for ground
adjacent to Mt Lindsay
(ASX: 21/12/11)

Resource Upgrade
(ASX: 25/11/2010)

Exploration Drilling Intersects
95m @ 0.5% Tin Equivalent
(ASX: 14/10/2010)

Venture to Raise \$20m to Fast Track
the Development of Mt Lindsay
(ASX: 07/10/2010)

Located in North-West Tasmania
140 years of mining precedent



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Tin Fast Facts

- Tin LME price
+US\$29,000 per tonne or
approx. 3 times the price
of copper
- The average grade of large
hard rock deposits
worldwide - 0.4% Sn
- China is the world's
largest producer and
consumer of Tin
- China has new 10%
export tax on Tin
- China is a net importer
("Protect Resources
Policy")
- Rare Metal - Tin is 30
times rarer than copper

The December Quarter also saw Venture awarded new tenure following a competitive tender process involving multiple companies. The new ground is immediately adjacent to the Mt Lindsay Deposit, covers of 65 square kilometres of highly prospective ground and contains multiple new priority targets (refer to Figure 1).

During the December Quarter the Company also completed a major capital raising following the completion of an \$18 million private placement and a \$5 million share purchase plan. The placement attracted over 30 institutional investors from Australia, Europe, Asia and North America and the share purchase plan was heavily oversubscribed. With the capital raising now complete, the Company is not only fully funded through feasibility, but can also continue its aggressive exploration program throughout 2011.

The Company's pre-feasibility study has continued to be a major focus throughout the December Quarter and is now in its final stages of completion. The study includes evaluations for both open cut and underground mining, detailed process design and also includes options for producing a more refined tungsten product.

Mt Lindsay Project, North West Tasmania

Introduction

The Mt Lindsay Project (367km²) is located in western Tasmania (Refer to Fig 1) within the contact metamorphic aureole of the highly perspective Meredith Granite. The project sits between the world class Renison Bell Tin Mine (Metals X Ltd/Yunnan Tin Group > 200,000t of tin metal produced since 1960) and the Savage River Magnetite Mine (operating for > 44 years, currently producing 2.6Mtpa of iron pellets). Mt Lindsay has excellent access to existing infrastructure including hydro-power, water, sealed roads, rail and port facilities.

Since commencing exploration on the project in mid 2007, Venture has completed >47,000m of diamond core drilling at Mt Lindsay and defined a JORC compliant Indicated and Inferred Resources of:

Tin/Tungsten Resources

| Lower Cut (Tin equiv) | Category | Tonnes | Tin Equiv. Grade | Tin Grade | Tungsten Grade (WO ₃) | Mass Recovery of Magnetic Iron (Fe) Grade | Contained Tin Metal (tonnes) | Contained Tin/Tungsten Metal (tonnes) |
|-----------------------|--------------|-------------|------------------|-----------|-----------------------------------|---|------------------------------|---------------------------------------|
| 0.20% | Indicated | 23Mt | 0.4% | 0.2% | 0.1% | 18% | 47,000 | 71,000 |
| | Inferred | 20Mt | 0.4% | 0.2% | 0.1% | 20% | 36,000 | 49,000 |
| | TOTAL | 43Mt | 0.4% | 0.2% | 0.1% | 19% | 82,000 | 120,000 |
| 0.35% | Indicated | 11Mt | 0.6% | 0.3% | 0.2% | 19% | 31,000 | 51,000 |
| | Inferred | 6.8Mt | 0.5% | 0.3% | 0.1% | 15% | 22,000 | 30,000 |
| | TOTAL | 18Mt | 0.6% | 0.3% | 0.2% | 17% | 53,000 | 81,000 |
| 0.45% | Indicated | 6.2Mt | 0.7% | 0.4% | 0.3% | 18% | 22,000 | 37,000 |
| | Inferred | 4.2Mt | 0.6% | 0.4% | 0.2% | 10% | 17,000 | 23,000 |
| | TOTAL | 10Mt | 0.7% | 0.4% | 0.2% | 15% | 38,000 | 61,000 |

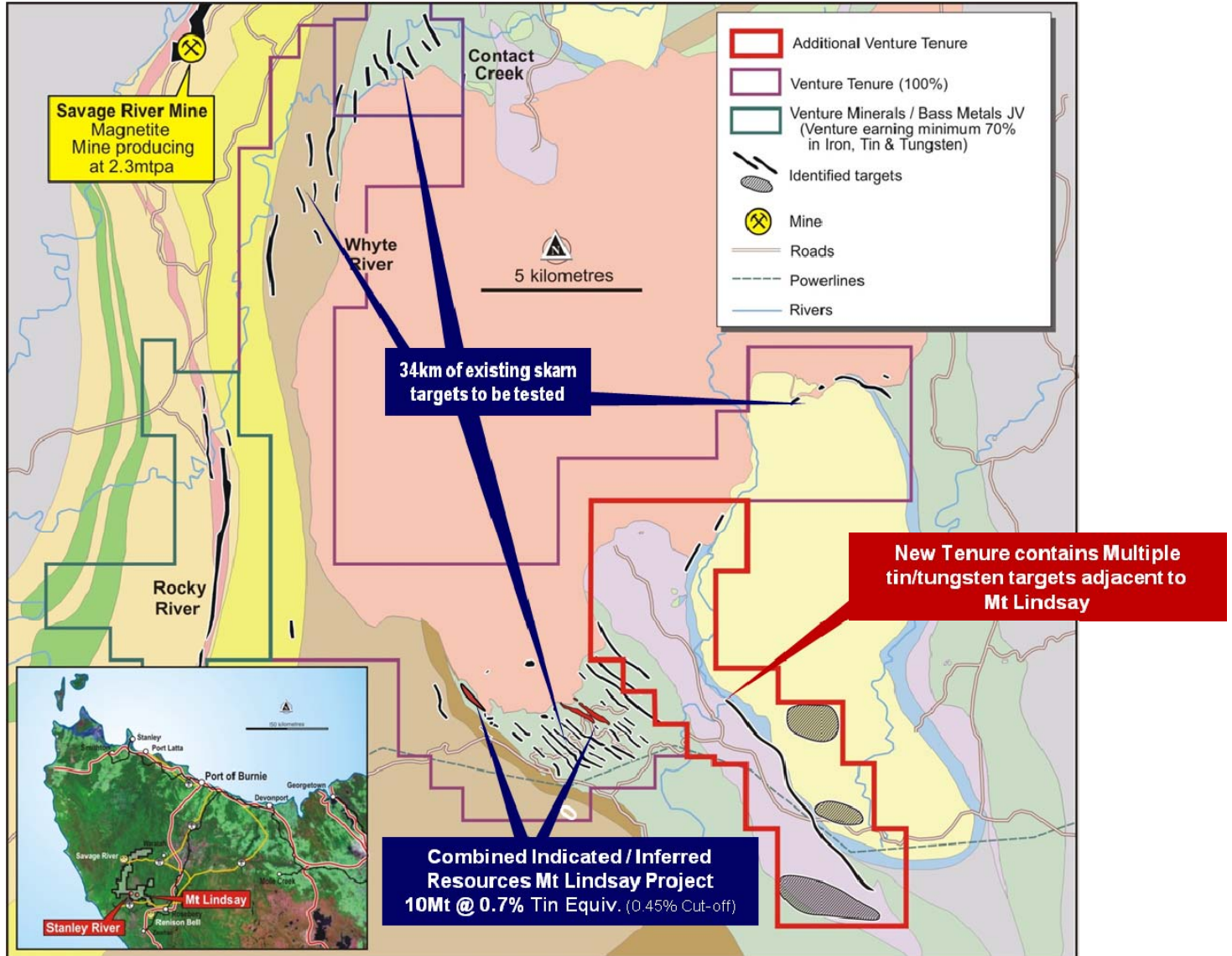
Note: Reporting to two significant figures as per the JORC code. Please refer to ASX announcement dated 25 November 2010 for further details.

Notes:

- The Sn equivalent formula used to calculate the Sn equivalent values is as follows: Sn Equivalent (%) = Sn% + (WO₃% x 1.02306) + (weight recovery % of magnetic Fe x 0.005702).
- The mass recovery of the magnetic iron is determined mostly by Davis Tube Results ("DTR"). Full details are in Appendix Two.
- This formula uses a tin metal price of US\$23,850/t, an APT (Ammonium Para Tungstate) price of US\$244/mtu (1mtu =10kgs of WO₃) and an iron price of US\$136/t.
- The metallurgical recovery for tin is 71%, for WO₃ is 80% and for iron in the form of magnetite is 95%. These recoveries are based on significant testwork used to support the Scoping Study as stated in the ASX announcement of 14 May 2010.
- It is the Company's opinion that the tin, WO₃ and iron in the form of magnetite as included in the metal equivalent calculations have a reasonable potential to be recovered for when the Mt Lindsay Project goes into production.

The resource base at Mt Lindsay is hosted within two magnetite rich skarns (Main Skarn and the No.2 Skarn) which extend over a total strike of 2.8kms and remain open at depth. Additional inferred resources have been defined at the Reward and Stanley River South Prospects, which extend over an additional 1.1km of strike. The skarns drill tested to date represent approximately 10% of the total skarns identified by the Company, with an additional 34 strike kilometres of interpreted magnetite skarns still to be tested within the project area. (Fig 1)

Figure 1: Regional Exploration Targets



Resources at Mt Lindsay have already been the subject of a detailed scoping study which concluded that the project is very robust, has a high margin per tonne and an excellent internal rate of return. The study entertained a 1million tonne per annum operation, producing concentrates of tin, tungsten and magnetite and was based on a tin price of US\$18,000 per tonne. Results from the study included:

| | |
|------------------------------------|-----------------------------------|
| Operating revenue per annum | \$127m |
| Operating cost per annum | \$47m |
| Net cash per annum | \$80m |
| Net cash life of mine | \$531m |
| Capital Costs | \$130m |
| Internal Rate of Return | 55% (50% debt, 50% equity) |

Tenure

Venture has 100% of EL21/2005, EL33/2007, EL24/2008 and EL45/2010. Currently the Mt Lindsay Deposit with its Indicated and Inferred Resources (as stated above) all sit within EL21/2005.

Venture has earned 70% from Bass Metals Ltd on the iron, tin and tungsten rights on EL31/2003 & EL36/2003. Bass Metals has elected to maintain its 30% stake by contributing to the next exploration programme.

Activities during the December Quarter

The December Quarter focussed on the completion of a major resource upgrade at Mt Lindsay as part of independent pre-feasibility study. The resource upgrade elevates Mt Lindsay to one of the world's largest undeveloped tin projects. Highlights of the resource upgrade include:

- +75% of the previous inferred resource has now been converted to the indicated category (at a 0.35% & 0.45% tin equivalent cut-off).
- The Mt Lindsay resource base now contains 120,000 tonnes of contained tin/tungsten metal (at a 0.2% tin equivalent cut-off).
- New resource delivers a 28% increase in tin metal (at a 0.45% tin equivalent cut-off).
- The latest resource estimate has delivered substantially more tin metal while maintaining a resource grade 0.7% tin equiv (0.45% tin equiv cut off) which is nearly double that of the average grade for worldwide tin and tungsten deposits (0.4%).
- The latest resource has further substantiated that the mineralized zones at Mt Lindsay are shallow plunging, typically outcrop at surface, and average 15-20m in width, making them very amenable to open pit mining.

The new resource now extends over a combined strike of 3.9km and remains open at depth. There is still a further 34 strike kilometres still to be explored within the greater Mt Lindsay Project.

Following completion of the resource upgrade the Company commenced additional feasibility drilling initially focussing on the high grade Macdonald Tin Zone within the Main Skarn. Diamond core drilling targeting the Macdonald Tin Zone **successfully intersected the highest grade tin mineralization seen in the project to date, with ML 222 returning an intersection of 26m @ 3% tin equivalent including assays up to 16% tin.** Results included:

26m @ 3% tin equivalent (2.7% tin)

Including 6m @ 8.4% tin equivalent

10m @ 2.2% tin equiv (1.9% tin)

The high grade results further substantiates the robust nature of tin mineralization within the heart of the MacDonald Tin Zone.

In addition, recent infill drilling near surface has intersected consistent, broad zones of tungsten mineralization suggesting the MacDonald Tin Zone is also significantly enriched in tungsten. Results included:

30m @ 0.36% WO₃

38m @ 0.32% WO₃

42m @ 0.22% WO₃

44m @ 0.24% WO₃

Significant Diamond Core Drill Results from the Main Skarn – (post the 25/11/10 Resource Statement)

| Hole ID | Intercept Depth below surface (metres) | Interval (metres) | Tin (Sn) Grade % | Tungsten Trioxide (WO ₃) Grade % | Tin (Sn) Equivalent Grade |
|----------|--|-------------------|------------------|--|---------------------------|
| ML214 | 195 | 40 | 0.44 | 0.22 | 0.7% |
| ML217 | 195 | 30 | 0.64 | 0.36 | 1.1% |
| includes | | 6 | 2.45 | 0.55 | 3.1% |
| ML219 | 145 | 20 | 0.64 | 0.28 | 1.0% |
| includes | | 10 | 1.09 | 0.43 | 1.6% |
| ML221 | 70 | 42 | 0.13 | 0.22 | 0.4% |
| ML222 | 230 | 26 | 2.73 | 0.21 | 3.0% |
| includes | | 6 | 8.21 | 0.11 | 8.4% |
| includes | | 2 | 16.5 | 0.15 | 16.7% |
| ML223 | 70 | 44 | 0.13 | 0.24 | 0.5% |
| ML225 | 270 | 20 | 0.46 | 0.16 | 0.7% |
| ML226 | 180 | 30 | 0.79 | 0.23 | 1.1% |
| includes | | 10 | 1.93 | 0.18 | 2.2% |
| ML233 | 120 | 38 | 0.14 | 0.32 | 0.5% |

Note:

- For full details of all post 25/11/10 Resource Statement drill intersections from the Main Skarn and a list of assumptions for tin equivalents please see Appendix One.
- The Drill intersection intervals do not represent the true width of the mineralisation.

Pre-feasibility work during the quarter has specifically focussed on upgrading the resource base, refining metallurgy and process design, commencement of the environmental permitting process and the completion of geotechnical studies. Details of all aspects of the pre-feasibility study include:

Resource Estimation

The high grade tin and tungsten inferred resources in the Main and No 2 Skarns have been upgraded to a JORC compliant indicated resource, under the guidance of an independent resource estimation consultant.

Metallurgical Testwork /Process Design

ProMet Engineers & Esker Milling and Processing have been co-engaged to design and run further metallurgical testwork, with the results utilized to refine a process flowsheet for tin, tungsten and magnetite. ProMet will focus on the magnetite recovery component of the circuit, while Esker will look to optimise both the tin and tungsten recoveries. The work is now managed by Geoff Beros a senior mineral processing engineer who has extensive experience in both tin (former Chief Metallurgist at Renison Bell Tin Mine) and iron ore (senior roles at BHP, Rio Tinto, Citic Pacific and API).

Tailings Dam Design

GHD have designed the Tailings Dam facilities at Mt Lindsay. The GHD Waste Management Team based in Tasmania are well known in the delivery of innovative, cost effective waste storage facilities in the west coast region.

Mine Design

Rock Team have been engaged to do the open pit and/or underground mine design on the indicated resource at Mt Lindsay. Rock Team is a combination of two companies, Bergteamet AB which is one of the most complete suppliers of mining services in Europe and Rapallo Pty Ltd, a West Australian Consulting and Contract Engineering firm. The mine design will include both underground and open cut scenarios. GHD will work with Rock Team on the Waste Dump design.

Geotechnical

Turner Mining and Geotechnical have been engaged through Rock Team and have provided the geotechnical input required for the Mt Lindsay mine design. Mike Turner was formerly the Principal Geotechnical Engineer for AMC Consultants for 8 years.

Environmental & Permitting

Pit & Sherry a Tasmanian based consulting engineering firm have been engaged to assist Venture with environmental and permitting aspects for the Mt Lindsay Project. Their brief includes the submission for the Mining Lease application, referral under the Commonwealth EPBC Act, the Notice of Intent (NOI) submission to the Environment Protection Authority and submission of the Development Proposal and Environmental Management Plan (DPMP). Pit & Sherry have extensive experience and a proven track record of environmental management and assessment in Tasmania.

Hydrogeological Modelling

William C. Cromer Pty Ltd has been engaged to develop a Hydrogeological Model for the Mt Lindsay Project to be utilized for mine design, process design and tailings dam design.

Infrastructure & Logistics

Venture Minerals engineering consultant Mr Malcolm Hillbeck will utilise his extensive Tasmanian experience to manage all aspects of infrastructure and logistics by liaising with local government authorities.

Financial Modelling

Northwind Resources has built the Financial Model and is awaiting updated in-outs. Ray Cary of Northwind Resources has extensive experience in the financial modelling of multi-commodity resource projects.

Sales & Marketing

Penfold has been engaged as an advisor for sales and marketing of the products to be produced at the Mt Lindsay Project. Penfold has extensive experience in the tin and tungsten market.

Exploration during the December Quarter

During the December Quarter Venture continued to run an aggressive exploration program in parallel with the pre-feasibility study with diamond core drilling testing a range of skarn targets including the Company's first drill hole into the Eastern Skarns (ref map), which are located 1km from Venture's major resource base at Mt Lindsay.

The Company will also look to commence exploration on the newly acquired (via winning a competitive tender process on a large block of ground) immediately adjacent to the Company's flagship Mt Lindsay Tin/Tungsten Deposit. The new tenure ("EL45/2010") contains multiple priority targets.

Bass Metals Joint Venture

Activities during the quarter consisted of the observation of trial heavy mineral separations from stream sediment samples taken at Contact Creek ("EL31/2003"). Results indicate cassiterite, wolframite, topaz and garnet confirming potential for development of mineralised greisen and skarn. Field work on EL31/2003 & EL36/2003 will take place during the next quarter.

Maitland Channel Uranium and Nickel Project, Western Australia

(Venture Minerals has 100%)

Venture's Maitland Channel Project (330km²) covers over 48kms of the Tertiary channel system along strike from the Lake Maitland (Mega Uranium Limited), Centipede & Lake Way (Toro Energy Limited) and Yeelirrie (BHP Billiton) calccrete-hosted uranium deposits, in the North Eastern Goldfields of Western Australia. The Uranium part of the Project is spread over two areas, West Maitland and South East Yeelirrie, and includes radiometric anomalies analogous to the Lake Maitland deposit.

The Maitland Channel Project also includes the Devine Nickel Sulphide Prospect located in the western part the Dingo Range greenstone belt (80kms northeast of BHP Billiton's Leinster Nickel Operations). In the early 1970's Lone Star Exploration NL encountered 10 feet @ 0.75% Ni including an undefined interval grading 1.3% Ni, with adjacent zones on either side reporting 20 feet @ 0.45% Ni associated with disseminated sulphides in a series of ultramafic bodies.

There was no field activity during the quarter.

Paulsens South Project, Western Australia

(Venture Minerals has 100%)

The Paulsens South Project (covering 68km²) flanks and covers a similar stratigraphic and structural setting to Intrepid Mines Ltd's high grade Paulsens Gold Mine, (pre-mining combined Measured and Indicated Resources of 811,000t at 11.2g/t for 292,000oz Au, currently producing ~80,000 oz gold per annum) in the Ashburton Mineral Field of Western Australia.

There was no field activity during the quarter.

Harris Bluff Project, South Australia

(Venture Minerals has 51% whilst earning up to 90%, except for the uranium rights)

The Harris Bluff Project (167km²) is situated within the south-eastern part of the Gawler Craton, an area considered prospective for Pb-Zn and epithermal Au-Ag mineralisation. Very sparse historic drilling in the immediate vicinity of the Project returned up to 180 ppb Au and 6 g/t Ag.

There was no field activity during the quarter.

Mega Hindmarsh Pty Ltd ("Mega") a subsidiary of Toronto listed Mega Uranium Limited continues to be in a uranium joint venture with the Company on the Harris Bluff Project.

Detailed information on all aspects of Venture Minerals' projects can be found on the Company's website www.ventureminerals.com.au.

Yours faithfully



Hamish Halliday
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Radonjic, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Andrew Radonjic is a full-time employee of the company. Mr Andrew Radonjic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Radonjic consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix One - Diamond Core Drill Results from the Main Skarn – (post the 25/11/10 Resource Statement)

| Hole ID | Location | | Dip (°) | Azimuth (°) | Intersection (metres) | | Interval (metres) | Mass Recovery of Magnetic Iron (Fe) %* | Tin (Sn) Grade % | Tungsten Trioxide (WO ₃) Grade % | Tin (Sn) Equivalent Grade % | Intercept Depth below surface (metres) |
|----------|------------------|-------------------|---------|-------------|-----------------------|-----|-------------------|--|------------------|--|-----------------------------|--|
| | East (MGA55) (m) | North (MGA55) (m) | | | From | To | | | | | | |
| ML212 | 361097 | 5382270 | -61 | 38 | 189 | 191 | 2 | 8 | 0.14 | 0.35 | 0.52 | 195 |
| ML214 | 361097 | 5382270 | -73 | 40 | 231 | 271 | 40 | 12 | 0.44 | 0.22 | 0.73 | 270 |
| includes | | | | | 231 | 251 | 20 | 13 | 0.63 | 0.17 | 0.88 | |
| ML217 | 361095 | 5382271 | -58 | 12 | 172 | 202 | 30 | 10 | 0.64 | 0.36 | 1.05 | 195 |
| includes | | | | | 188 | 194 | 6 | 14 | 2.45 | 0.55 | 3.06 | |
| ML219 | 361025 | 5382309 | -51 | 28 | 139 | 159 | 20 | 11 | 0.64 | 0.28 | 0.98 | 145 |
| includes | | | | | 149 | 159 | 10 | 14 | 1.09 | 0.43 | 1.59 | |
| ML221 | 360885 | 5382430 | -45 | 359 | 62 | 104 | 42 | 14 | 0.13 | 0.22 | 0.43 | 70 |
| includes | | | | | 80 | 92 | 12 | 16 | 0.14 | 0.44 | 0.66 | |
| ML222 | 361095 | 5382270 | -66 | 11 | 202 | 228 | 26 | 13 | 2.73 | 0.21 | 3.02 | 230 |
| includes | | | | | 210 | 216 | 6 | 12 | 8.21 | 0.11 | 8.39 | |
| includes | | | | | 210 | 212 | 2 | 10 | 16.53 | 0.15 | 16.74 | |
| ML223 | 360886 | 5382430 | -50 | 25 | 54 | 98 | 44 | 14 | 0.13 | 0.24 | 0.45 | 70 |
| includes | | | | | 72 | 98 | 26 | 15 | 0.15 | 0.31 | 0.54 | |
| ML224 | 360941 | 5382344 | -43 | 25 | 111 | 139 | 28 | 8 | 0.11 | 0.27 | 0.42 | 115 |
| ML225 | 361098 | 5382271 | -70 | 11 | 254 | 274 | 20 | 12 | 0.46 | 0.16 | 0.69 | 270 |
| ML226 | 361024 | 5382308 | -60 | 30 | 159 | 189 | 30 | 9 | 0.79 | 0.23 | 1.07 | 180 |
| includes | | | | | 169 | 179 | 10 | 11 | 1.93 | 0.18 | 2.17 | |
| ML227 | 360938 | 5382413 | -66 | 20 | 73 | 97 | 24 | 10 | 0.23 | 0.11 | 0.40 | 85 |
| includes | | | | | 77 | 89 | 12 | 10 | 0.40 | 0.14 | 0.60 | |
| ML228 | 361428 | 5382304 | -54 | 52 | 120 | 164 | 44 | 13 | 0.22 | 0.07 | 0.37 | 85 |
| includes | | | | | 130 | 144 | 14 | 13 | 0.37 | 0.08 | 0.53 | |
| ML230 | 361023 | 5382309 | -46 | 10 | 129 | 145 | 16 | 8 | 0.30 | 0.21 | 0.55 | 120 |
| includes | | | | | 137 | 145 | 8 | 10 | 0.25 | 0.37 | 0.67 | |
| ML231 | 360939 | 5382414 | -41 | 20 | 52 | 66 | 14 | 14 | 0.17 | 0.32 | 0.57 | 50 |
| includes | | | | | 56 | 60 | 4 | 13 | 0.11 | 0.95 | 1.09 | |
| ML233 | 360937 | 5382347 | -46 | 5 | 124 | 162 | 38 | 8 | 0.14 | 0.32 | 0.50 | 120 |
| includes | | | | | 140 | 158 | 18 | 8 | 0.16 | 0.50 | 0.69 | |

Note:

*** The mass recovery of the magnetic iron has been estimated on past results within the Main Skarn whilst awaiting Davis Tube Results ("DTR").

- The tin equivalent formula used to calculate the tin equivalent values is as follows: Tin Equivalent (%) = Sn% + (mass recovery% of magnetic Fe x 0.00667) + (WO₃% x 0.94444).
- This formula uses the 69%Fe magnetite concentrate price of US\$120/t, a tin metal price of US\$18,000/t and a minimum 65% WO₃ concentrate price of US\$170/mtu, all are as used in the ASX announcement on the Scoping Study results released on 14 May 2010.
- The metallurgical recovery for iron in the form of magnetite is 90%, for tin is 71%, and for WO₃ is 80%. The iron value was from part of the metallurgical testwork from which results were stated in the ASX announcement of 7 February 2008. The tin and WO₃ values are from metallurgical testwork results as stated in the ASX announcement of 28 April 2009.
- It is the Company's opinion that the tin, WO₃ and magnetic iron included in the metal equivalent calculations have a reasonable potential to be recovered if the Mt Lindsay Project goes into production.
- The Drill intersection intervals do not represent the true thickness of the mineralisation.

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

VENTURE MINERALS LIMITED

ABN

51 119 678 385

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (6months) \$A'000 |
|---|----------------------------|-----------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | (2,529) | (4,519) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (1,011) | (1,568) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 202 | 349 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other – R&D tax credit received | - | 331 |
| Net Operating Cash Flows | (3,338) | (5,407) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (1) | (86) |
| 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) | - | - |
| Net investing cash flows | (1) | (86) |
| 1.13 Total operating and investing cash flows (carried forward) | (3,339) | (5,493) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------------|---------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (3,339) | (5,493) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 23,223 | 23,223 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Costs of issuing shares | (990) | (991) |
| | Net financing cash flows | 22,233 | 22,232 |
| | Net increase (decrease) in cash held | 18,894 | 16,739 |
| 1.20 | Cash at beginning of quarter/year to date | 7,729 | 9,884 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 26,623 | 26,623 |

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 | 441 |
| 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 to Directors | |
| Salaries, Fees and Superannuation | 345 |
| Payments to Director related entities | |
| Allos Property Group Pty Ltd (Rent for Premises) | 37 |
| Gryphon Minerals Limited (Recharge of shared resources) | 51 |
| Mentoring Services for Business (Consulting) | 8 |

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

Nil

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

Nil

+ 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 | 3,480 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 523 |
| Total | 4,003 |

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 | 623 | 1,729 |
| 5.2 Deposits at call | 26,000 | 6,000 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 26,623 | 7,729 |

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 | Nil | | |
| 6.2 | Interests in mining tenements acquired or increased | EL45/2010 | 0% | 100% |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference securities <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 220,943,592 | 220,943,592 | | |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | 52,780,258 | 52,780,258 | 44.0 cents | 44.0 cents |
| (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> | 9,580,000 | - | <i>Exercise price</i> 50.0 cents | <i>Expiry date</i> 31 August 2011 |
| | 11,525,000 | - | 30.0 cents | 20 February 2012 |
| | 500,000 | - | 55.0 cents | 20 March 2013 |
| | 10,500,000 | - | 70.0 cents | 20 March 2013 |
| 7.8 Issued during quarter | 500,000 | - | 55.0 cents | 20 March 2013 |
| | 10,500,000 | - | 70.0 cents | 20 March 2013 |
| 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 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: Date: 31 January 2011
(Company secretary)

Print name: Brett Dunnachie

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* 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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