KRUCIBLE METALS LTD

Mineral Discovery Company

ABN:12 118 788 846 ASX Code: KRB

QUARTERLY ACTIVITIES REPORT
For the period ended 30 June 2011
28 July 2011

About KRUCIBLE

Krucible Metals Ltd is a diversified, Australian owned minerals explorer with a proud discovery history. The main focus is western Queensland. The company has 62.6 million fully paid shares on Issue – the stock is tightly held with the top 20 holding 55.8%. The directors hold about 15.8%. All of the tenements (except one) are 100% owned by Krucible.

Drilling in Open Country at Garnet Prospect

Its Korella Phosphate & Rare Earth Inferred Resources are immediately adjacent to the fully integrated fertiliser plant at Phosphate Hill near Mt Isa Queensland.

Depending upon economic feasibility, Krucible aims to undertake trial mining then upscale production from late 2012.

Also Krucible discovered virgin Copper mineralisation by drilling conceptual targets. The next phase of drilling for 2011 will be guided by 3D geological & geophysical modelling to test for potentially large and high grade Copper orebodies.

HIGHLIGHTS

- R.C. percussion drilling at Garnet (15km South of Cannington Mine) has returned encouraging blind Copper/Gold sulphide mineralisation associated with a strong magnetic anomaly. Recent gravity survey shows overlapping mag/gravity features – prospective for massive sulphides and further drilling is planned

- Geochemical and gravity surveys at Cowie Mag (12km NW of Cannington Mine) have outlined potential IOCG targets for drill testing

- Korella Mining Lease Application for quarry style rock Phosphate operation continues to be processed by Queensland Government – it is hoped to be granted in late 2011

- Rock Phosphate prices have recently improved to \$170-\$210 per tonne. Krucible has received enquiries from both within Australia and overseas for possible joint ventures/sale on both the Phosphate and Rare Earth Inferred Resources

- R.C. percussion drilling is planned for the next Quarter at Korella. Objectives are to obtain sufficient metallurgical samples for Heavy Rare Earth test work and increase the Rare Earth JORC Code Inferred Resource (currently **4.2 million tonnes @ 0.96kg/ tonne Yttrium Oxide**). Yttrium Oxide currently sells for up to \$150 per kilo and is a vital component in high-tech production

- Krucible has been successful in securing Queensland Government Grants (total \$300,000) to assist with drilling costs at Kamaran Downs and Toomba in the Diamantina

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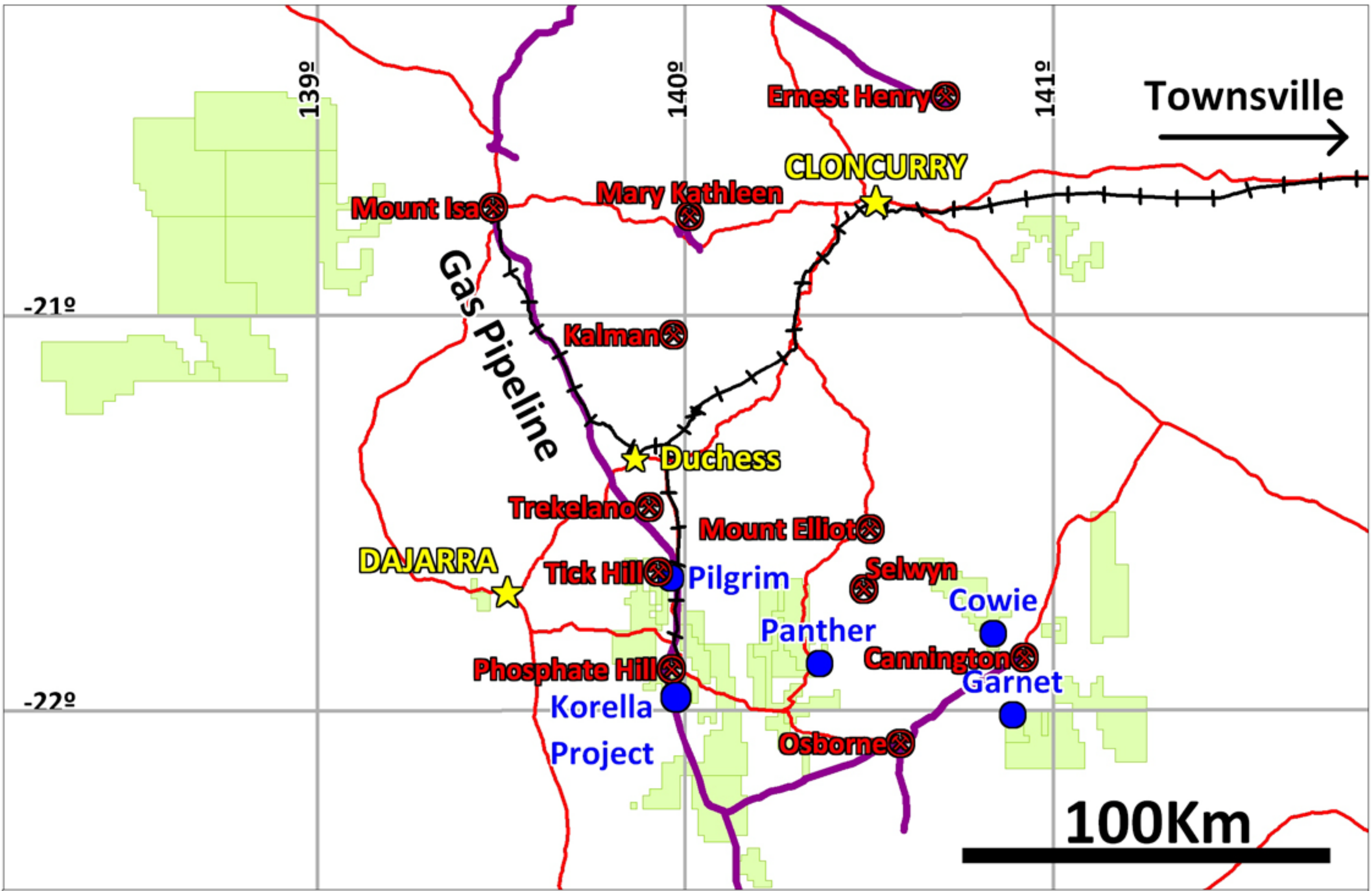
CORPORATE UPDATE

- Krucible held cash resources of $2.1 million at the end of the Quarter
- The directors of Krucible currently hold 15.7% of KRB fully paid issued shares (9,821,076). The December Quarter was 15.4% (9,681,076).
- The top 20 shareholders currently hold approximately 55.8% of KRB fully paid issued shares



Isa South Showing Mines and Infastructure
Krucible EPMs (green) Prospects (blue)

FIGURE 2

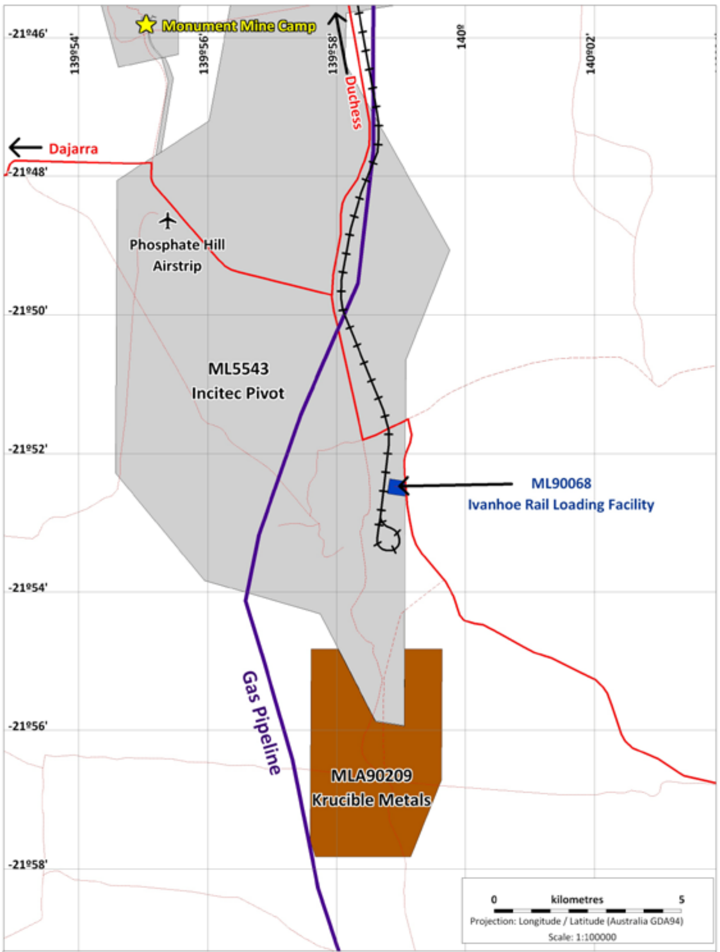
1. PHOSPHATE

1.1 KORELLA PHOSPHATE DEPOSIT (see FIGURES 2 & 3)

The approval process still continues for the Korella Mining Lease Application (MLA 90209) with the Queensland Government. Whilst no Environmental Impact Study (EIS) is required by the Queensland Department of Environment and Resource Management (DERM) for this proposed quarry style development of the Phosphate; DERM has requested a number of amendments to the Environmental Management Plan (EMP) submitted. These detailed amendments have been addressed by GHD, under the supervision of director and Project Manager Ray Koenig and have been re-submitted to DERM for approval.

Negotiations with the Traditional Owners – the Yulluna People continue and it is now expected that a Native Title Agreement will be signed in August/September 2011. It is hoped that the Mining Lease for this quarry style operation will be granted in November/December 2011.

During the last month Krucible has received a number of enquiries from potential partners who have expressed interest in developing the Korella deposit for the Phosphate and/or the heavy Rare Earths. At this stage however no MOU contracts have been entered into for supply of Phosphate or Rare Earths.



Krucible Metals Ltd Mining Lease (brown) and Associated Infastructure

FIGURE 3

1.2 KORELLA RARE EARTH DEPOSIT

As outlined in the ASX Announcements on 14 and 20 July 2011, Krucible intends to drill approximately 60 shallow RC percussion holes for 2,200 metres at Korella (see **FIGURE 4**). The objectives of this program are to obtain suitable quantities of sample for metallurgical test work and to increase the current JORC Code Inferred Resource of;

4.2 million Tonnes @ 0.96 kg per tonne Yttrium Oxide (Y_2O_3)

Increasing global demand for heavy Rare Earth Elements (REE's) continues because of their unique role in the manufacture of super alloys, conductors and magnets employed in high technology production. 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 sells for about $150/kg whilst Dysprosium sells for $1500/kg and Neodymium $400/kg.

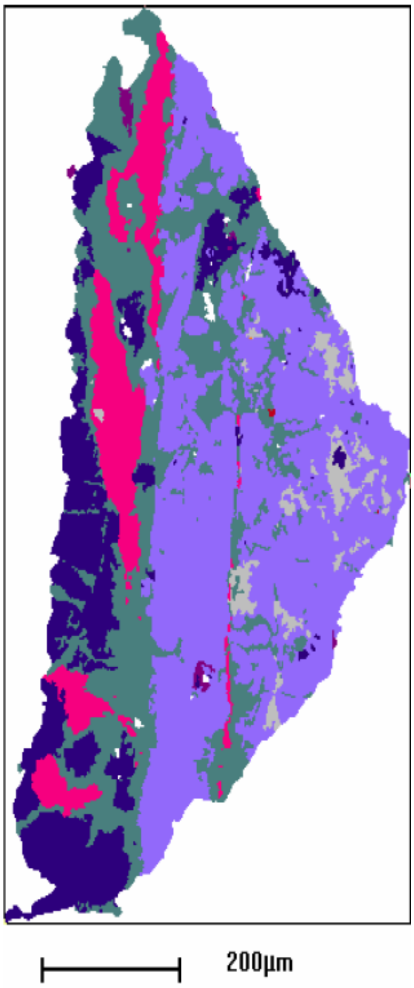
Anomalous drill intersections have also been returned for Neodymium (Nd) and Dysprosium (Dy) from previous drilling by Krucible i.e. up to **3 metres @ 0.94 kg per tonne for Neodymium and 2 metres @ 0.3 kg/tonne for Dysprosium**.

The heavy REE's at Korella mainly occur in the upper "hanging wall" contact of the basal Inca sediments, whilst the high grade Phosphate sits immediately below (the "foot wall") in the upper Beetle Creek sediments.

At this stage 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 **Xenotime** concentrate that could be transported to a REE extraction plant. Xenotime (Yttrium Phosphate) is a relatively simple Yttrium mineral that is amenable to hydro-metallurgical extraction.

PRELIMINARY METALURGICAL TEST WORK

1.3 MINERALOGY INVESTIGATION BY ALS CHEMEX



Electron micro-probe (QEMSCAN) analyses of samples of the ore have shown that the Yttrium occurs as the mineral Xenotime which is a Phosphate. The Xenotime in the samples of RC chips occurred as both free particles and unliberated particles associated with hydrated Phosphate. The composite particles of Xenotime (pink) are mainly within wavellite (mauve), quartz (grey) and variscite (dark blue).

The QEMSCAN analysis has also indicated that liberation of a large proportion of the Xenotime can be done at sizes above 53 microns.

1.4 METALLURGICAL TEST WORK (Ray Koenig/Senior Metallurgist & Project Manager)

Preliminary metallurgical tests have been undertaken at HRL testing Pty Ltd in Brisbane to test the processes most likely to be utilised to beneficiate the Rare Earth Metals. Unfortunately only small amount of REE enriched drill chips from the field were available for the test work, as the drill programs were carried out in 2008/09.

The test work carried out comprised;

- Gravity separation using heavy liquids to separate out heavier minerals including Xenotime which has an SG of 4.5. This has achieved a doubling of the Yttrium grades and further jig and tabling tests are planned.
- The two scouting reverse silica flotation tests have not been successful to date.
- Phosphate flotation has the potential to provide upgrading but is yet to be tested.

- Magnetic separation was tested because of the tendency for xenotime to occur with elevated iron values in the heavy mineral concentrates. This was not successful.

Discussions have been held with the research group ANSTO Minerals at Lucas Heights in Sydney. ANSTO has provided the expertise for the laboratory and a pilot plant testing for most of the rare earth projects in Australia and for some overseas projects. ANSTO have indicated the advantages of concentrating the rare earth prior to leaching and separation of the final products and the beneficiation stage is now the key objective of the testing program. The presence of rare earth metals in the Light and Heavy groups of metals (Neodymium and Yttrium) is likely to improve the potential for easy separation of the rare earths.

To further advance the beneficiation tests, bulk samples will be taken using auger type/air core drilling during the planned drilling program at Korella. If the rare earth content is able to be upgraded then hydrometallurgical testing at ANSTO will be scheduled.

REGIONAL POTENTIAL

As mentioned in the previous Quarterly, Krucible has been fortunate to secure an EPM Application ("Yttro" EPM 19145) located about 12km NW of Korella (see **FIGURE 5**). Preliminary sampling of surface outcrop has returned up to **1.7 kg/tonne Y_2O_3** from Cambrian sediments that are interpreted to be at the same stratigraphic position as the Yttrium enrichment at Korella.

Further surface sampling has been carried out at "Yttro" and results are awaited with anticipation.

No drilling has been carried out for Rare Earths on this very prospective Application. The EPM should be granted in 12-18 months, after which time it is anticipated that drilling will test the prospective structures and stratigraphy with the objective of defining near surface zones of Rare Earth enrichment.

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 within the very prospective Pilgrim Fault Corridor and is close to the historic high grade Tick Hill Gold Mine (see **FIGURE 2**).

Recent geophysical and geological modelling suggests that there are shallow Tick Hill Style targets in the SW portion of the Pilgrim Prospect. Recent soil sampling has returned values up to **0.135 g/t Gold** in an area where no previous drilling has been carried out, except for "one-off" Krucible hole 10PMRC51 (see **FIGURE 6**). This hole tested a magnetic anomaly in an area of poor outcrop and returned anomalous **Copper (0.25% Cu) Gold (0.12 g/t Au) Rhenium (1.1 g/t Re) and Molybdenum (270ppm Mo)**.

Further soil sampling and geological mapping is planned to define drill targets for testing later in 2011.

Further ground work has also carried out at the **True Blue** Prospect (see **FIGURE 5**), which is located about 10km SSW of Pilgrim. Rock Chip sampling has returned up to **1.9% Copper** whilst anomalous zones of Copper and Gold have been indicated from lag sampling in the Prospect area, which is characterised by poor exposure of the prospective Proterozoic basement. RAB/Air core drilling is required to drill through the predominant Cambrian sediment thin cover and define targets for R.C. percussion testing.

The **True Blue** workings trend NNW but anomalous Copper/Gold trends outlined by the surface geochemistry indicate NE and ENE structures that have not been drill tested.

2.1.2 SQUIRREL HILLS EPM 15354

As reported in the ASX Announcement on 20 June 2011 further anomalous zones of Copper, Gold and Rare Earths were intersected from follow up R.C. percussion drilling at the **Garnet Prospect**.

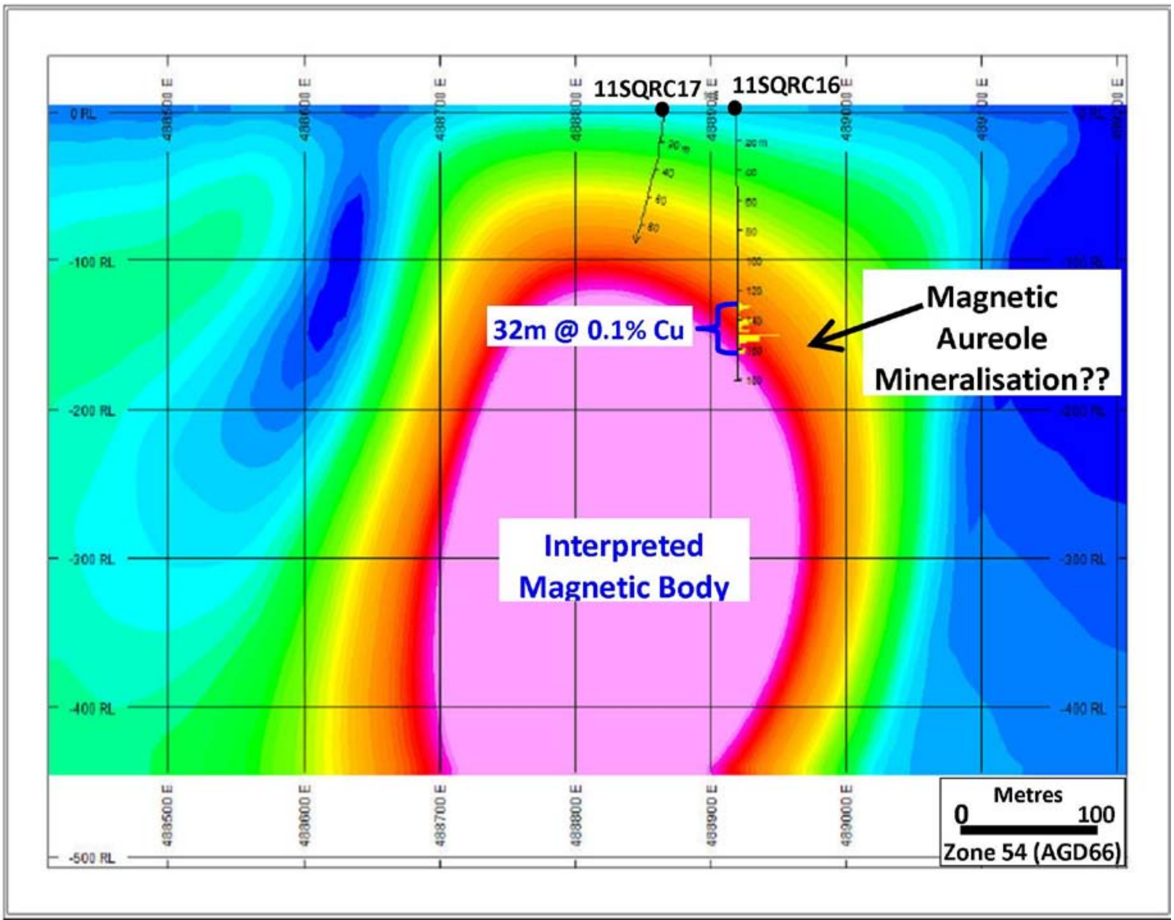
Garnet is located about 20km SSW of the **Cannington Silver, Lead Mine** (BHP-Billiton Ltd) and 35km ENE of the **Osborne Copper, Gold Mine** (Ivanhoe Australia Ltd) – see **FIGURE 7**.

The drilling was designed to test magnetic anomalies beneath 100 metres of cover. Assays from this drilling returned up to;

- *11SQRC 009 8 metres @ 115 ppm Uranium from 148m*
- *11SQRC 010 8 metres @ 0.112% Copper from 160m*
- *11SQRC 011 5 metres @ 0.113% Copper & 0.075 g/t Gold from 97m &*
  3 metres @ 0.110% Copper from 108m &
  6 metres @ 0.165% Copper from 117m &
  2 metres @ 0.353% Copper from 140m
- *11SQRC 016 4 metres @ 0.077 g/t Gold from 76m &*
  2 metres @ 0.237 g/t Gold from 141m &
  10 metres @ 0.246% Copper from 146m
  5 metres @ 0.81 kg/tonne Yttrium from 150m
  (plus 0.21 kg/t Neodymium and 0.13 kg/t Dysprosium)

(Full details shown on **TABLES 1** & **2**).

Hole 16 is particularly interesting because it intersected 6 metres of massive and semi-massive sulphides from 150 metres (??) on the edge/aureole of the main magnetic anomaly (see **FIGURE 8**).



Representative W-E Cross Section (7566200N) through magnetic susceptibility model with measured core magnetic susceptibility values plotted in yellow.
Interpretations by Geodiscovery Group

FIGURE 8

Subsequent to this drilling a semi-detailed geophysical gravity program has been surveyed at Garnet at spacings of 200 x 200 metres and 100 x 100 metres (see **FIGURES 7 & 9**). Interpretation of the gravity data, in relation to magnetic data and drilling to date, is being carried out by Geodiscovery Group. However preliminary interpretation suggests that there is a partly co-incident gravity/magnetic feature, close to hole 16, that has not yet been adequately drill tested.

In addition a number of strong positive gravity anomalies have been outlined (see **FIGURE 9**) that may be due to sulphide concentrates – these have not yet been drill tested.

Further R.C. percussion (and possibly diamond drilling) of this new IOCG discovery is planned for the next Quarter after geophysical interpretation has been completed. Down hole electro-magnetic probes are also planned to be carried out prior to the next round of drilling.

2.1.3 COWIE MAG EPM 17921

This area is located about 10km NW of Cannington (see **FIGURE 7**). Cowie is considered to be particularly prospective because of intersecting NE, NW and E-W FAULT CORRIDORS in an area characterised by poor Proterozoic outcrop – this is concealed by a thin veneer of gravels and shallow sediments. Very little drilling has been carried out by previous explorers on this tenement.

Previous reconnaissance rock chip sampling by Krucible had returned up to **0.15% Copper and 0.12% Zinc** whilst up to **111 g/t Silver** had been returned from previous shallow drilling by Normandy Exploration Ltd, located about 400 metres east of the Cowie tenement boundary.

Recently Krucible has carried out a 400 x 400 metre spaced lag sampling program at Cowie as well as a 200 x 200 metre Gravity survey by Daishsat. Results have been very encouraging with a number of geochemical anomalies outlined for Molybdenum/Vanadium, Copper/Gold and Zinc (see **FIGURE 7** & **10**). These anomalies are mainly positioned on the margins of a positive gravity anomaly – it is interpreted that these anomalies may indicate concealed mineralisation on the margins of a buried mafic intrusive.

Previous shallow RAB drilling by Aberfoyle at Cowie returned up to **0.25% Copper** but none of the geochemical anomalies outlined by Krucible have been previously drill tested. Further geochemical sampling and mapping is planned as well as geophysical and structural interpretation before R.C. percussion drill testing is commenced, this is planned for later this year.

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 successful.

Krucible will be entitled to rebates of up to $150,000 in drilling costs for each of the 2 Drilling Applications. Drilling is required to be completed by September 2012. The tenements are interpreted to be prospective for Olympic Dam and Tennant Creek style IOCG mineralisation.

It is the intention to drill Kamaran Downs in 2011 if access is possible.

The **Tobermorey** Exploration Licence EL 28170 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. Helicopter reconnaissance exploration is planned for the next Quarter – particularly on prospective Gold areas.

3. OTHER TENENEMENT 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 properties 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 (15 granted and 15 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 (Krucible can elect to acquire this property 100% by issue of 1.2 million fully paid KRB shares to DYL).

Attached: **FIGURES 1, 4-7, 9 & 10**
TABLES 1-2

Tony Alston
Managing Director
Krucible Metals Ltd.

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

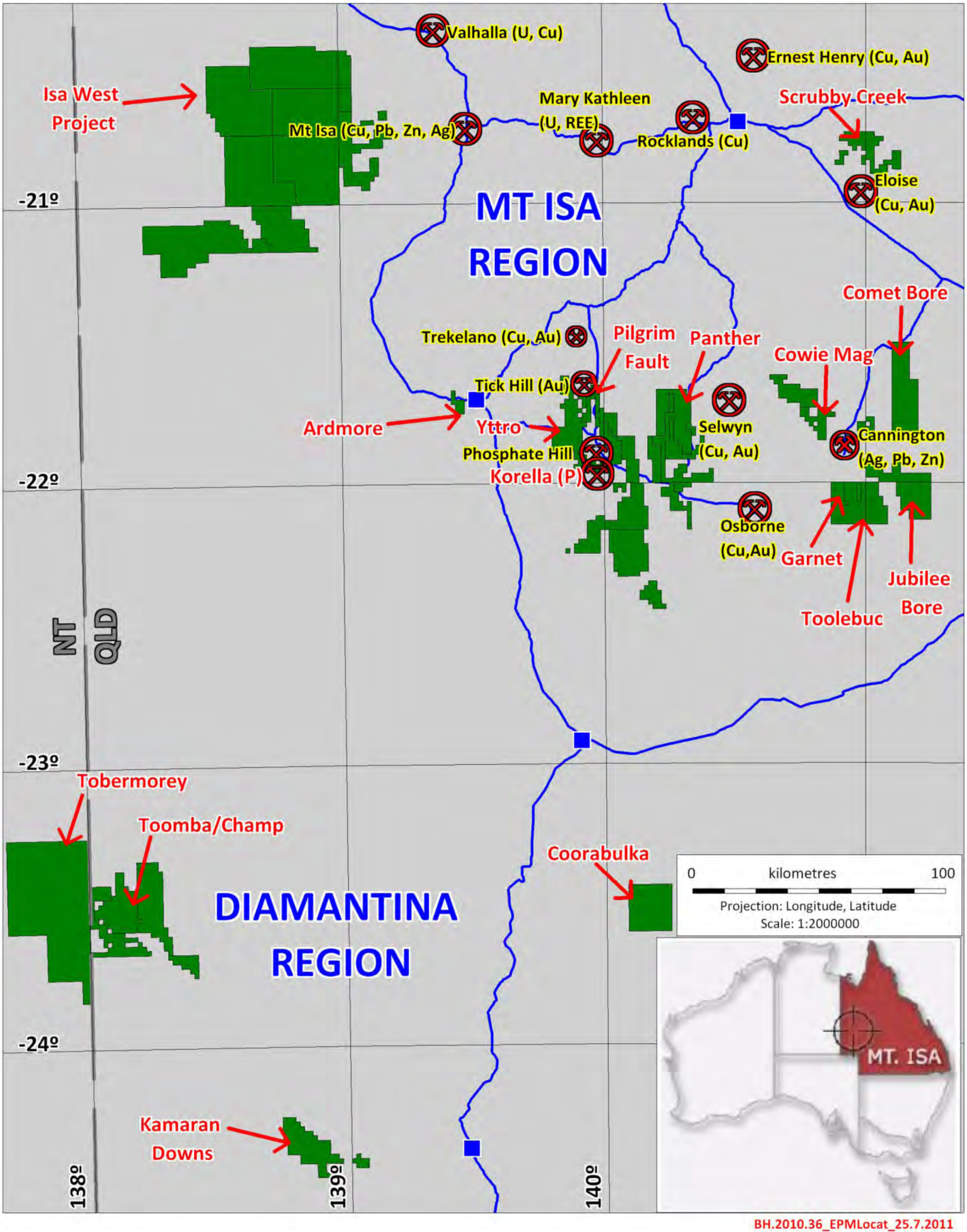
WEB SITE: www.kruciblemetals.com.au

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

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.

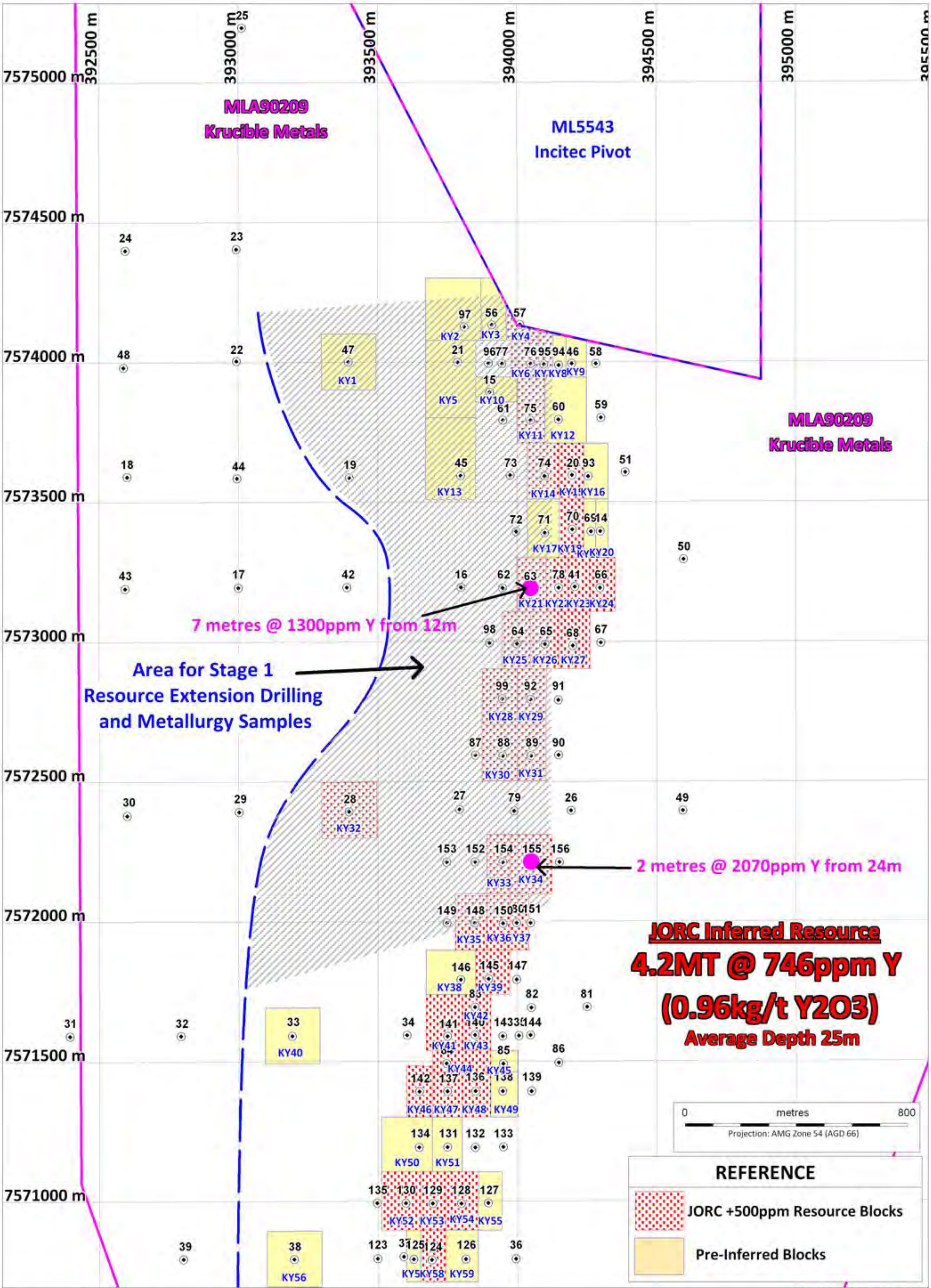
This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations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



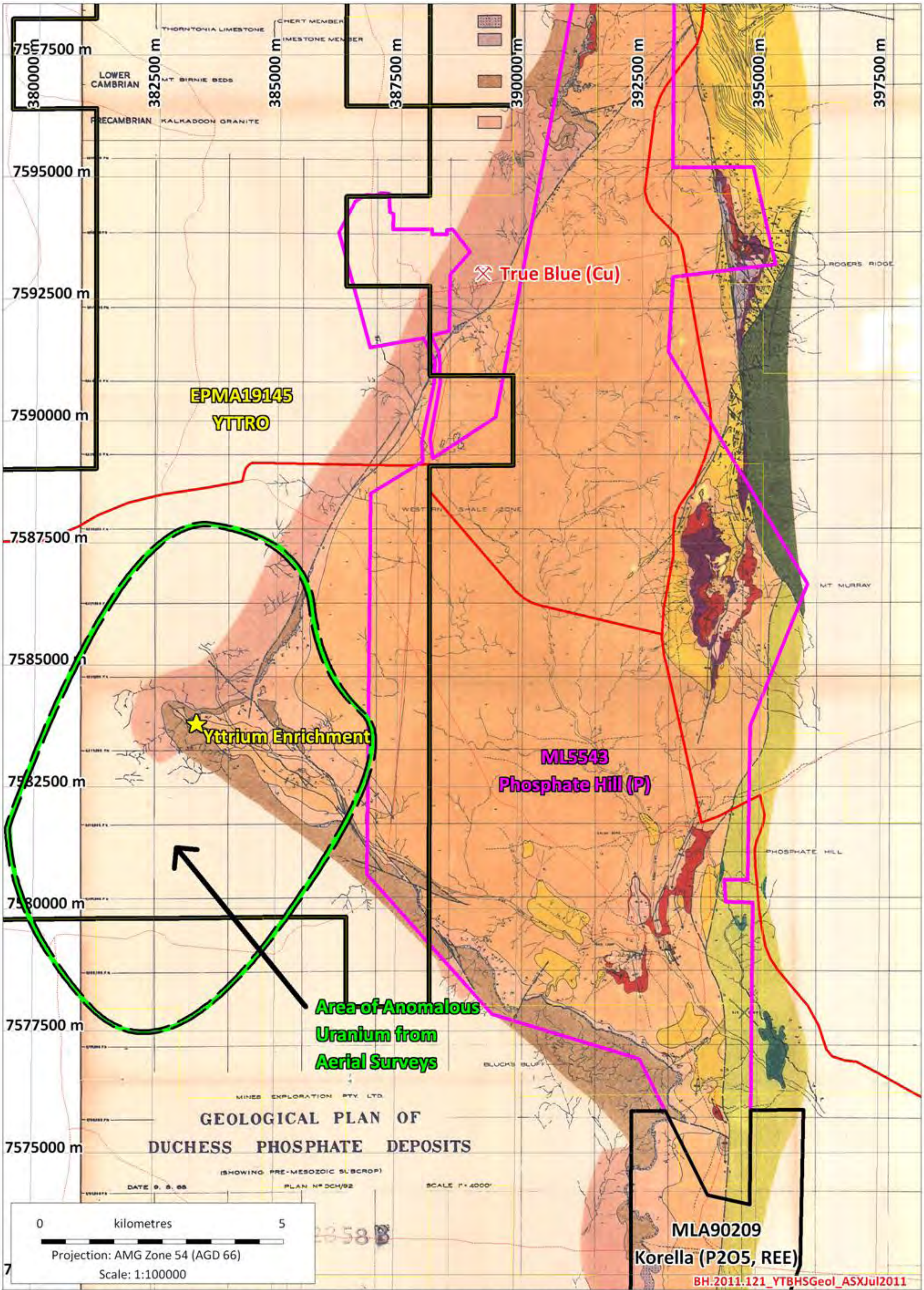
LOCATION PLAN SHOWING KRUCIBLE TENEMENTS

FIGURE 1



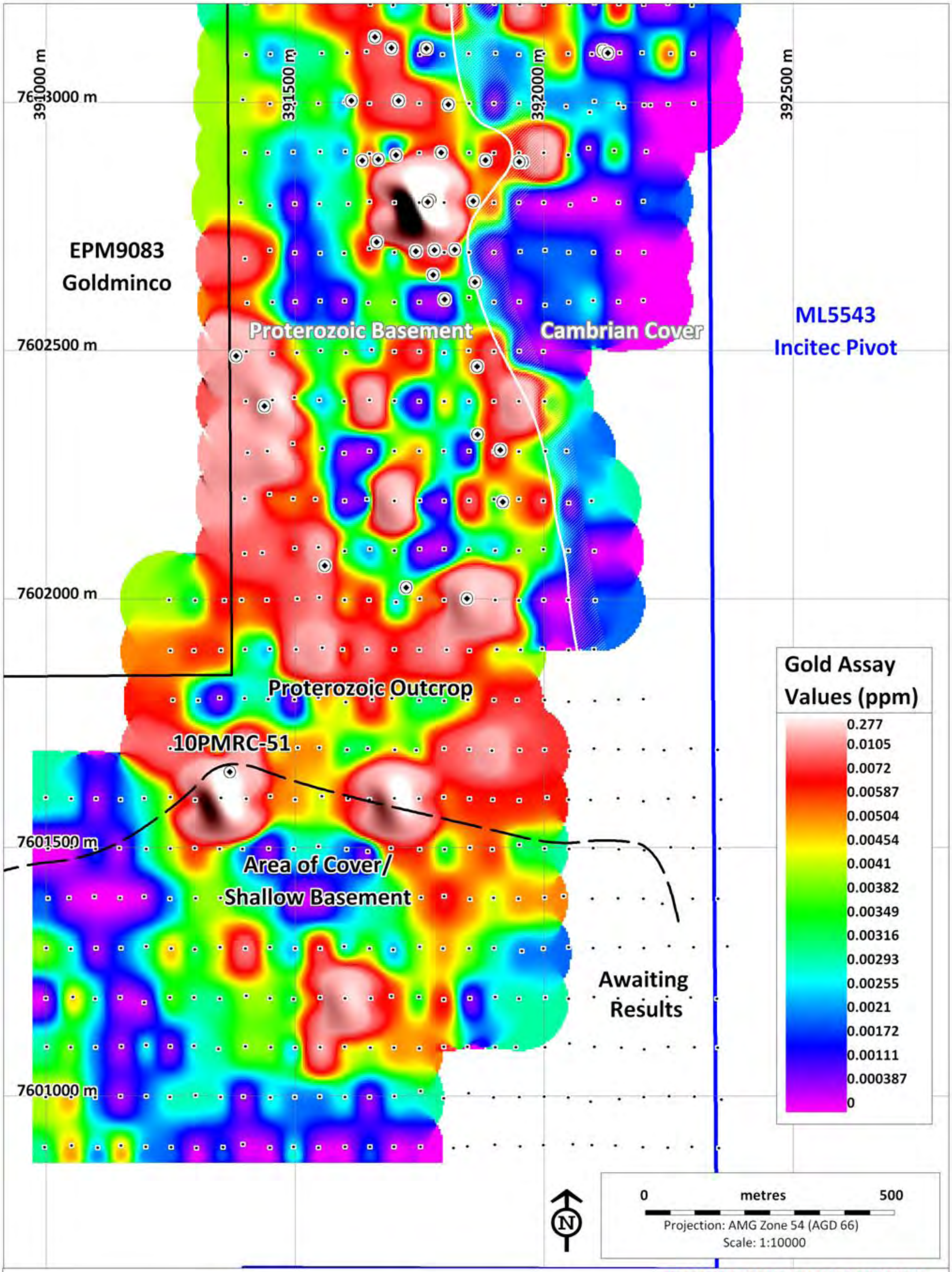
Korella Project Yttrium Resource Blocks

FIGURE 4



Mines Exploration (1968) Mapped Geology Showing Yttro EPM Application 19145

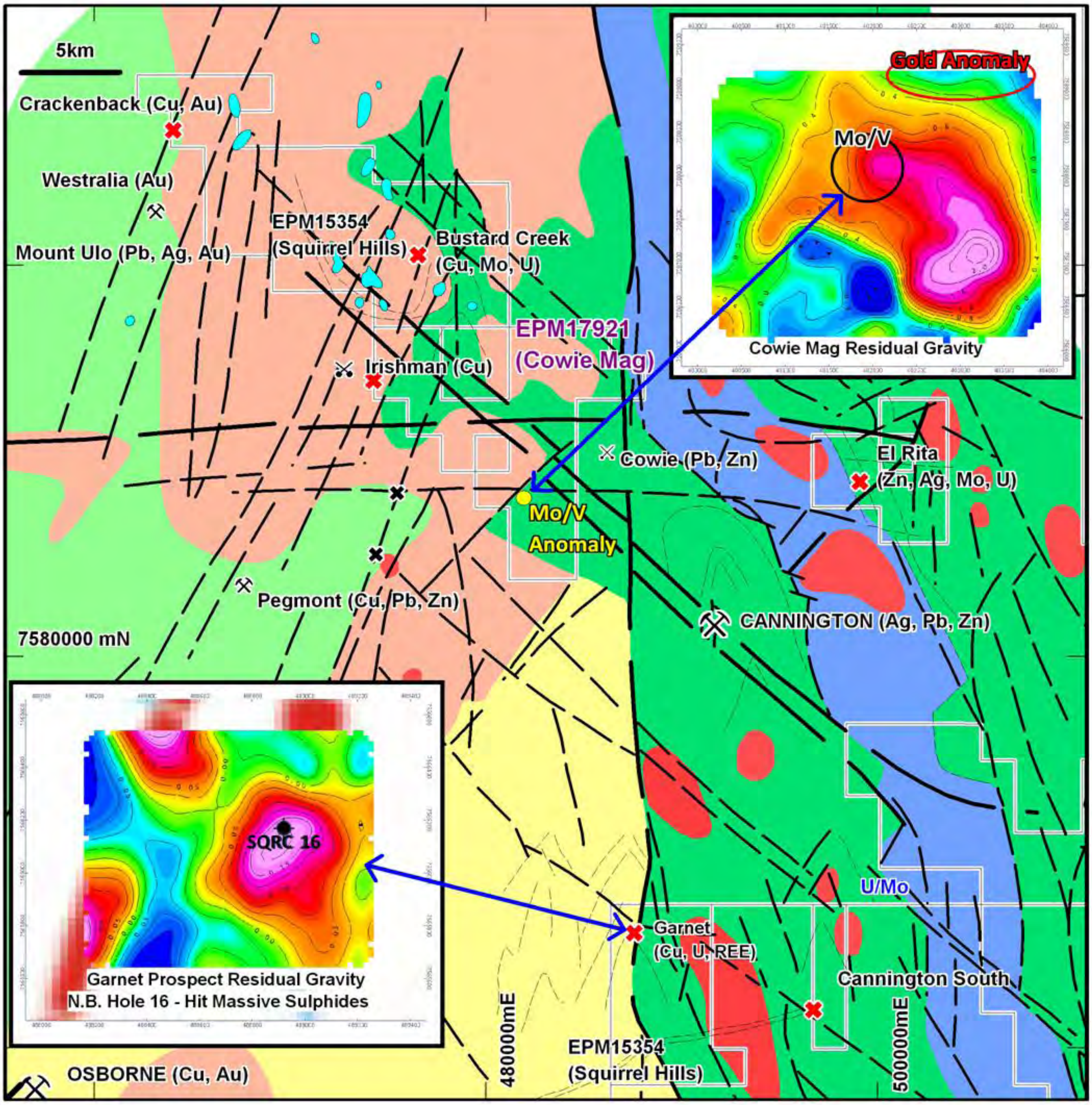
FIGURE 5



BH.2010.47_PMAuSoils61564_QYASXJul2011

Pilgrim Fault EPm15072 Soil Sampling Gold Assay Results

FIGURE 6



REFERENCE

- Interpreted Granitic Intrusives
- Doherty Formation
- Kuridala Formation
- KRB prospect
- Williams Granite
- Soldiers Cap Group
- Elevated Uranium Response

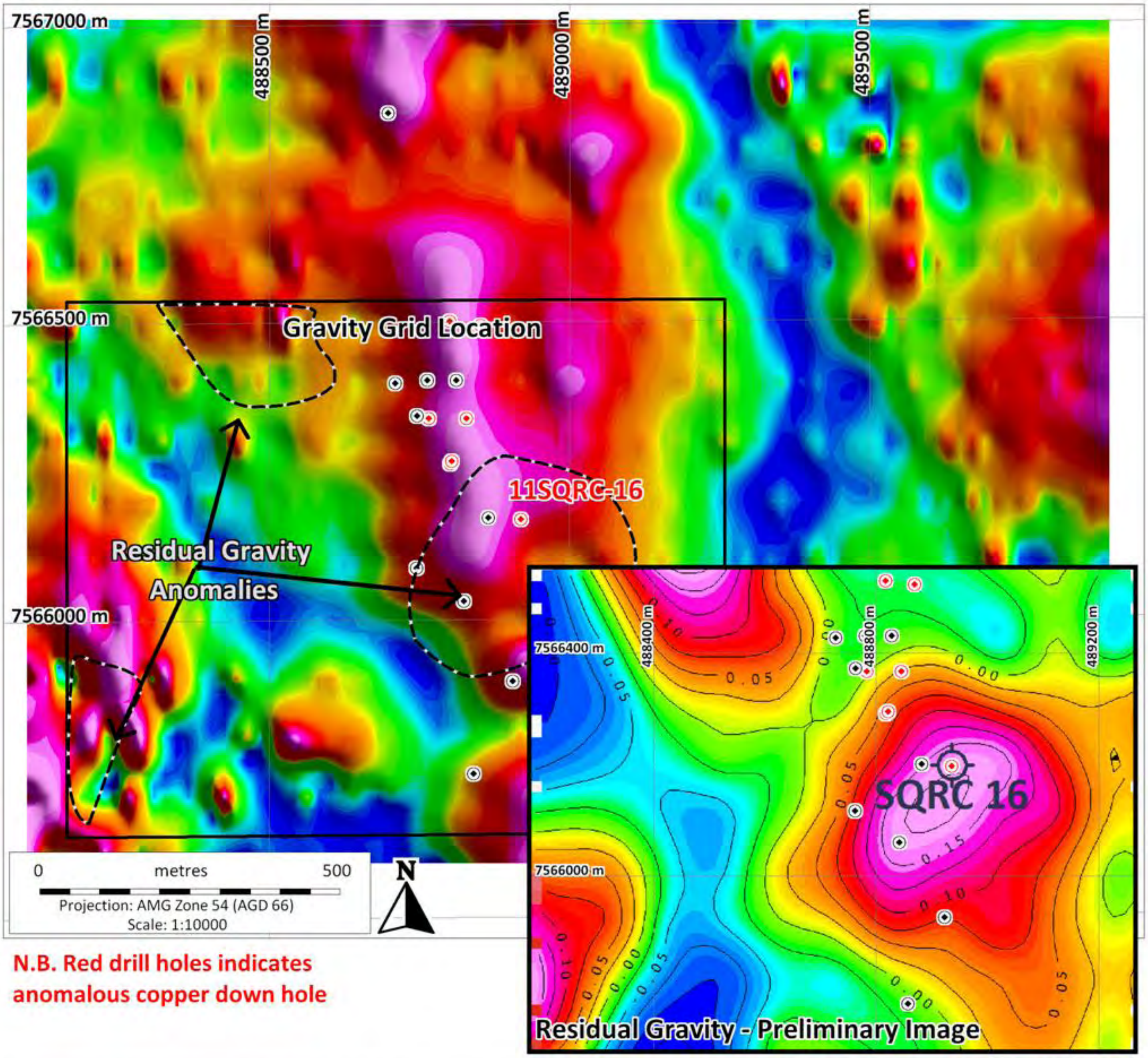
CANNINGTON MINE(BHPB)
44 M.T. @ 380g/t Ag, 8.9% Pb & 4.2% Zn

OSBORNE MINE (Ivanhoe)
5.9 M.T @ 2.2% Cu & 0.8 g/t Au

BH.2011.139_CMSQHGeol_Jul2011

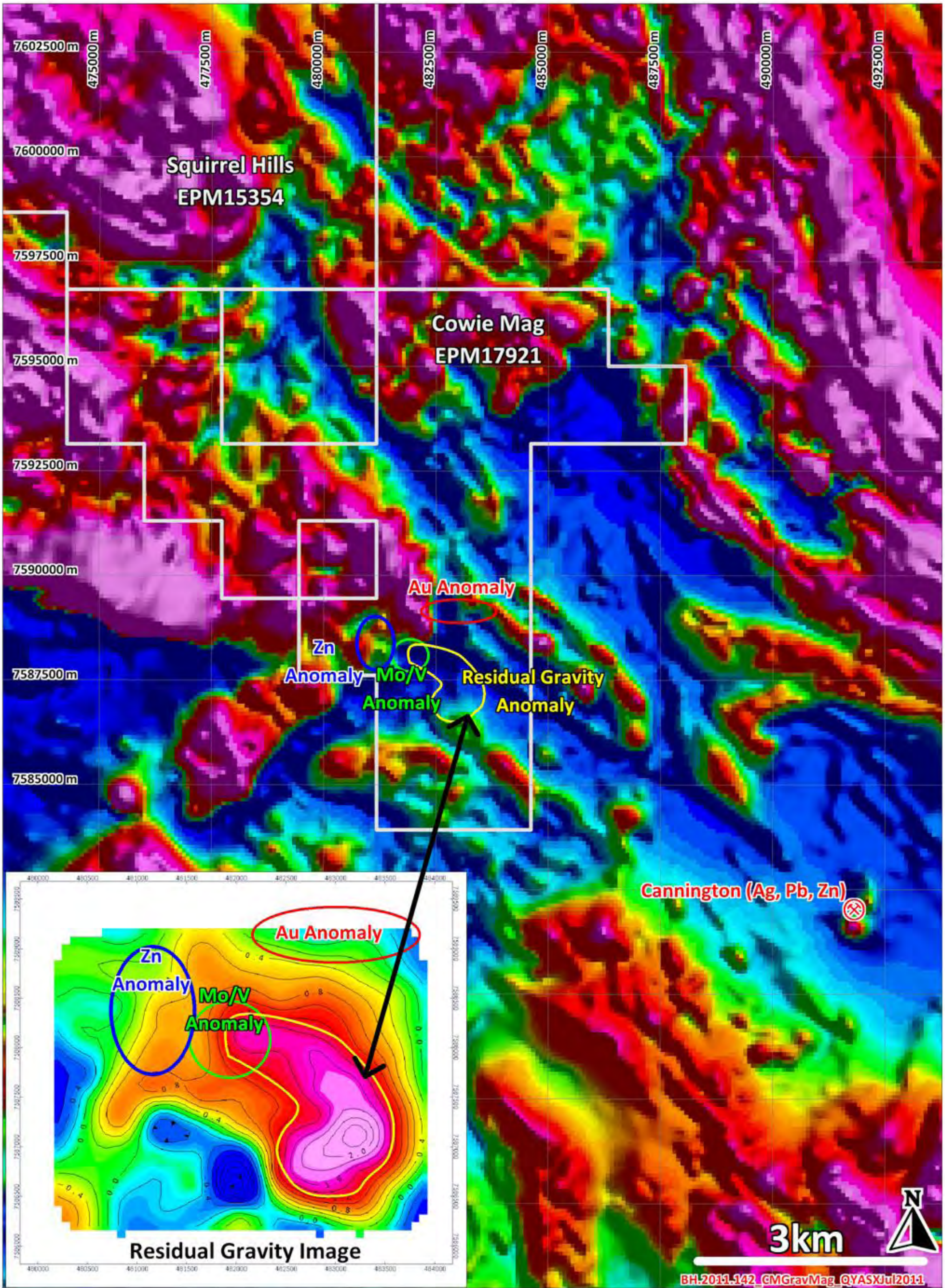
Squirrel Hills and Cowie Tenements - Interpreted geology & mineralisation (Showing Garnet and Cowie Gravity Anomalies)

FIGURE 7



Squirrel Hills EPM15354 Garnet Prospect Tilt Magnetics with Residual Gravity Anomalies and Krucible Drilling

FIGURE 9



Cowie Mag EPM17921 Government Magnetics with Gravity Survey

FIGURE 10

TABLE 1

SQUIRREL HILLS / GARNET PROSPECT
SURVEY DRILL INFORMATION
(HOLES SQRC 001 - 018)

Hole Number	AMG Co-Ord. (AGD66)		Depth (metres)	Collar Details		Date	Comments
	Easting	Northing		Azimuth (magnetic)	Inclination		
10SQRC 001	488745	7566089	159		-90°	Oct-10	
10SQRC 002	488840	7565743	171		-90°	Oct-10	
10SQRC 003	488766	7566340	171		-90°	Oct-10	
10SQRC 004	488852	7566496	180		-90°	Oct-10	
10SQRC 005	488801	7566264	171		-90°	Oct-10	
10SQRC 006	488710	7566400	157	60°	60°	Apr-11	Hole abandoned before target reached (collapsed)
11SQRC 007	488763	7566404	155	260°	70°	May-11	
11SQRC 008	488811	7566404	158		-90°	May-11	
11SQRC 009	488800	7566503	157	260°	-70°	May-11	
11SQRC 010	488804	7566268	175	160°	-70°	May-11	
11SQRC 011	488828	7566340	175	260°	70°	May-11	
11SQRC 012	488824	7566033	169	030°	70°	May-11	
11SQRC 013	488906	7565898	145		90°	May-11	
11SQRC 014	489031	7565298	169		90°	May-11	
11SQRC 015	488746	7566345	175	260°	70°	May-11	
11SQRC 016	488919	7566170	181		90°	May-11	
11SQRC 017	488865	7566173	175	220°	70°	May-11	
11SQRC 018	488698	7566854	181		90°	May-11	

TABLE 2

SQUIRREL HILLS RC DRILLING / ANOMALOUS RESULTS TO DATE
GARNET PROSPECT

Hole Number	AMG Co-Ord. (AGD66)		Interval		Length (metres)	Analytical Results (ppm unless shown as %)			Comments
	Easting	Northing	From	To		Copper	Gold	Uranium	
10SQRC 03	488766	7566340	98	108	10	0.18%	0.065	55	Reported previously to ASX (December 2010 Quarterly Report)
			136	139	3	0.71%	-	120	
			136	137	1	1.30%	0.044	190	
10SQRC 04	488852	7566496	150	152	2	-	-	110	
			159	161	2	0.10%	0.040	-	
10SQRC 05	488801	7566264	98	100	2	0.12%	-	75	
11SQRC 09	488800	7566503	148	156	8	-	-	115	
			108	112	4	0.06%			
11SQRC 10	488804	7566268	124	128	4	0.105%	-	-	
			160	168	8	0.112%			
10SQRC 11	488828	7566340	97	102	5	0.113%	0.075		
			108	111	3	0.110%			
			117	123	6	0.165%			
			140	142	2	0.353%			
11SQRC 16	488919	7566170	76	80	4		0.077		NB: 8m @ 550ppm Yttrium & 184ppm Neodymium from 148m - associated with strong sulphides
			141	143	2		0.237		
			146	156	10	0.246%			
11SQRC 17	488865	7566173	171	173	2	0.096%			NB: 2m @ 840ppm Vanadium from 171m - associated with strong magnetite

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Krucible Metals Ltd

ABN	Quarter ended ("current quarter")
12 118 788 846	30th June 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	(321)	(1,851)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(87)	(440)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	32	192
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(376)	(2,099)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	1	(26)
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)	(1)	0
	Net investing cash flows	0	(26)
1.13	Total operating and investing cash flows (carried forward)	(376)	(2,125)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(376)	(2,125)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	63	183
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 (provide details if material)		
	Net financing cash flows	63	183
	Net increase (decrease) in cash held	(313)	(1,942)
1.20	Cash at beginning of quarter/year to date	2,331	3,960
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,018	2,018

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	88
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

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

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
	Total	**600**

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	129	18
5.2	Deposits at call	1,889	2,313
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,018	2,331

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				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	62,589,100	62,589,100		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	200,000	200,000	25 cents	25 cents
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	2,020,000 50,000 1,100,000 50,000 150,000		*Exercise price* *25 cents* *45 cents* *50 cents* *45 cents* 38 cents	*Expiry date* *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	200,000		25 cents	15/11/2011
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*		

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.

D J Lovell
Sign here: .... Date: 15th July 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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