

**QUARTERLY REPORT
FOR THE
PERIOD ENDING
30 SEPTEMBER 2011**



MITHRIL
RESOURCES LTD

ASX Code: MTH

Issued shares: 219.6M

Unlisted options: 24.0M

Cash: \$8.3M

HIGHLIGHTS

HUCKITTA PROJECT - NT

- Higher copper grades intersected at the Peaks Zone on the Basil Prospect – **12.4m @ 1.14%Cu from 257.1m and 8m@1.20%Cu from 291.3m in LB078DD.**
- Discovery of new surface copper mineralisation at the Austin Prospect associated with extensive iron-oxide alteration system in granites 30km south of Basil.
- MMG Exploration Pty Ltd (MMG) and Mithril enter an Option and Joint Venture Agreement relating to the nickel rights only on the Company's wholly owned tenements.

EAST PILBARA PROJECT - WA

- Rock chip assay results confirm copper, gold and silver mineralisation at the >2km long new Talga East Prospect (up to 0.48%Cu, 0.31g/tAu and 22.7g/tAg).
- Further sampling at the Gorge Nickel Prospect has returned up to 0.9%Ni and 0.12g/t Au on the contact of ultramafic rock types.
- Ground EM over Talga East and Gorge prospects underway.

SANDSTONE PROJECT - WA

- Ground electromagnetic surveys underway at the Edale Bore Nickel Prospect where rock chips returned up to 0.48%Ni and 0.22%Cu.

INTRODUCTION

The extensive drilling program continued on the Company's Huckitta Project in the Northern Territory which, again, has been the focus of activity for the quarter. The results from this program have demonstrated the potential for higher grades of copper mineralisation with intersections over 1% Cu at the Peaks Zone within the 10km long Basil trend. The Peaks Zone remains open down plunge to the northwest and southeast.

Subsequent to the end of the quarter drilling was halted on the Basil trend. Assay results and geological information is being assessed and downhole electromagnetic surveys ('DHEM') will be completed on the current holes to assist with targeting the next round of drilling at Peaks. An aircore and reverse circulation ('RC') drilling program is underway across a number of regional targets at Huckitta in the current quarter.

A new copper prospect (Austin) was also discovered during the quarter at Huckitta. This copper mineralisation has been mapped over 200m of strike and is associated with widespread iron-oxide, silica, carbonate and fluorite-altered granites and a 10km long gravity anomaly. It is interpreted to be part of a previously unrecognised, extensive Iron Oxide Copper Gold (IOCG) mineralising event.

Analytical results from surface rock chip sampling continue to produce encouraging results at the East Pilbara project. Two main prospects have been identified to date being the Gorge Nickel Prospect and the Talga East Prospect. Ground EM has commenced over these targets.

Field work also continued on the Sandstone project in Western Australia with the focus on the Edale Bore Nickel Prospect.



Figure 1: Project Location Map (Mithril's project areas as blue dots).

CORPORATE

During the period under review, the Company spent \$2.49 million on exploration and administration activities on the projects described in the Exploration Activities section of this report. Cash at hand as of 30 September 2011 is \$8.3 million and the Company is well resourced to aggressively explore the targets generated on its key exploration holdings.

Investments

Mithril is the largest shareholder of Musgrave Minerals Limited (**ASX:MGV**) with 9.28 million shares and 2.5 million options. Mithril vended tenements to Musgrave Minerals as part of their successful IPO that was completed on April 29th, 2011. Musgrave Minerals is actively exploring the prospective Musgrave Province in South Australia.

EXPLORATION ACTIVITIES

NORTHERN TERRITORY

HUCKITTA PROJECT (100% Mithril and Various Joint Ventures)

*EL24194, EL24427, EL26942, EL27178, EL27662, EL27243, EL27435, EL28335, EL28336, EL28369
EL28471 & EL28501 (100% Mithril)*

HARTS RANGE JV - EL25451, EL25453 (Mithril 60%/Oklo Resources Ltd 40%)

SAMMY JV - EL25643 & EL25653 (Mithril earning 80% from Cazaly Resources Ltd)

TREASURE JV - EL25346 (Mithril earning 80% from Iron Mountain Mining and United Orogen Ltd)

Further higher copper grades of over 1% copper were returned from the newly discovered Peaks Zone on the Basil copper trend, demonstrating that Basil has the potential to deliver higher grades. Significant copper mineralisation was also discovered at the new IOCG target area associated with extensive hematite, silica, carbonate and fluorite altered granites.

Drilling at the Peaks Zone intersected significant copper mineralisation downdip and along strike from the 11.45m@1.01%Cu and 0.08%Co in LB067DD announced last quarter. Drilling 100m west of LB067DD, LB078DD has intersected 12.4m@1.14%Cu, 0.06%Co, 4.9g/tAg from 257.1m within a larger zone of mineralisation of 22.9m@0.76%Cu, 0.04%Co, 3.7g/tAg from 257.1m. A second mineralised zone in LB078DD from 291.3m returned 8m@1.2%Cu, 0.04%Co, 3.7g/tAg (Figures 2 and 3).

Drillhole LB077DD intersected the mineralised horizon 100m downdip of LB067DD with 7m@0.92%Cu, 0.06%Co, 3.4g/tAg from 365.6m within a broader zone grading 14.1m@0.62%Cu, 0.05%Co, 2.4g/tAg. While LB080DD targeted the horizon below LB077DD and did not intersect significant copper mineralisation, the Peaks Zone remains open down plunge to the northwest and southeast. DHEM will be completed on the current holes to assist with targeting the next round of drilling at Peaks.

Three drillholes were completed at the Manuel Prospect during the quarter. Copper mineralisation was intersected in all drillholes over narrow intervals.

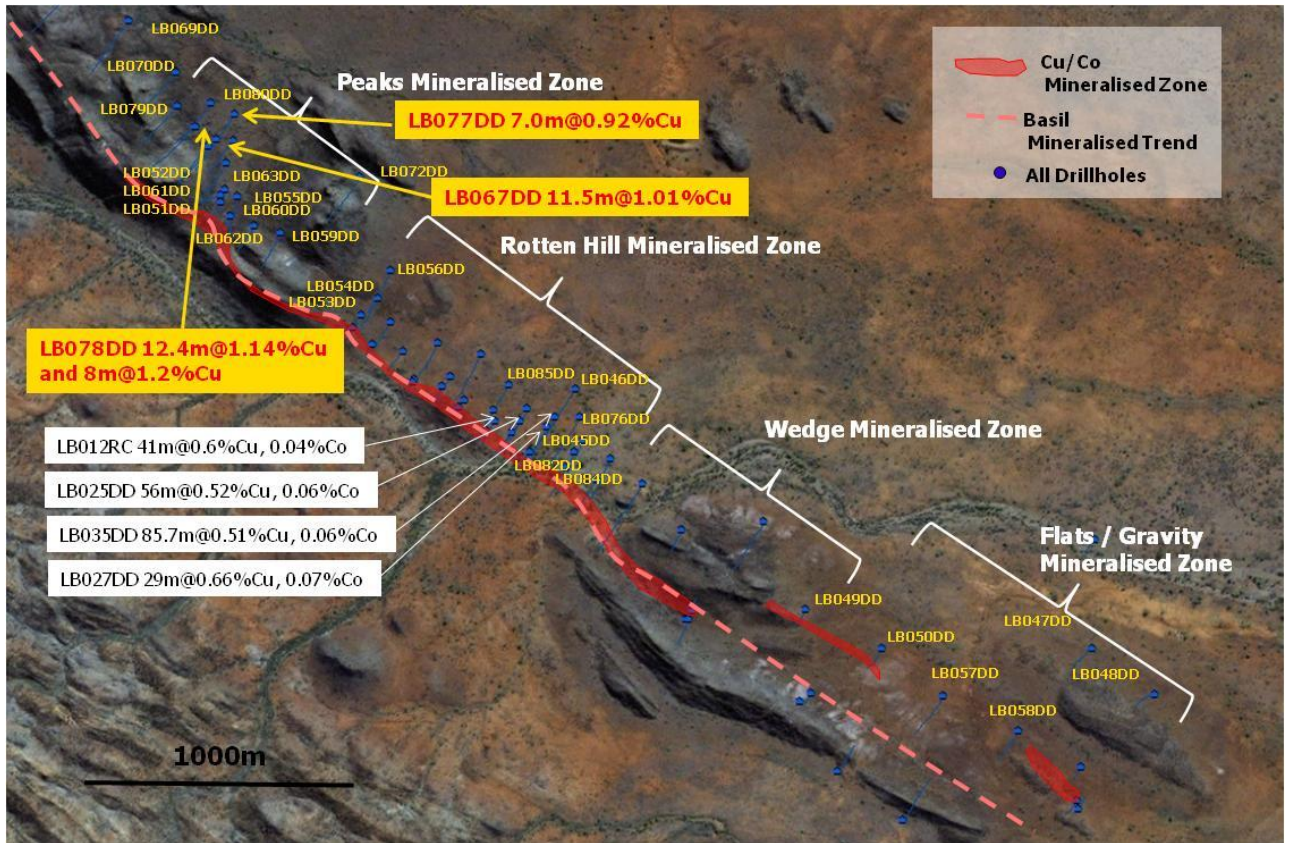


Figure 2: Drillhole locations at Basil Prospect (southern portion) on air photo image.

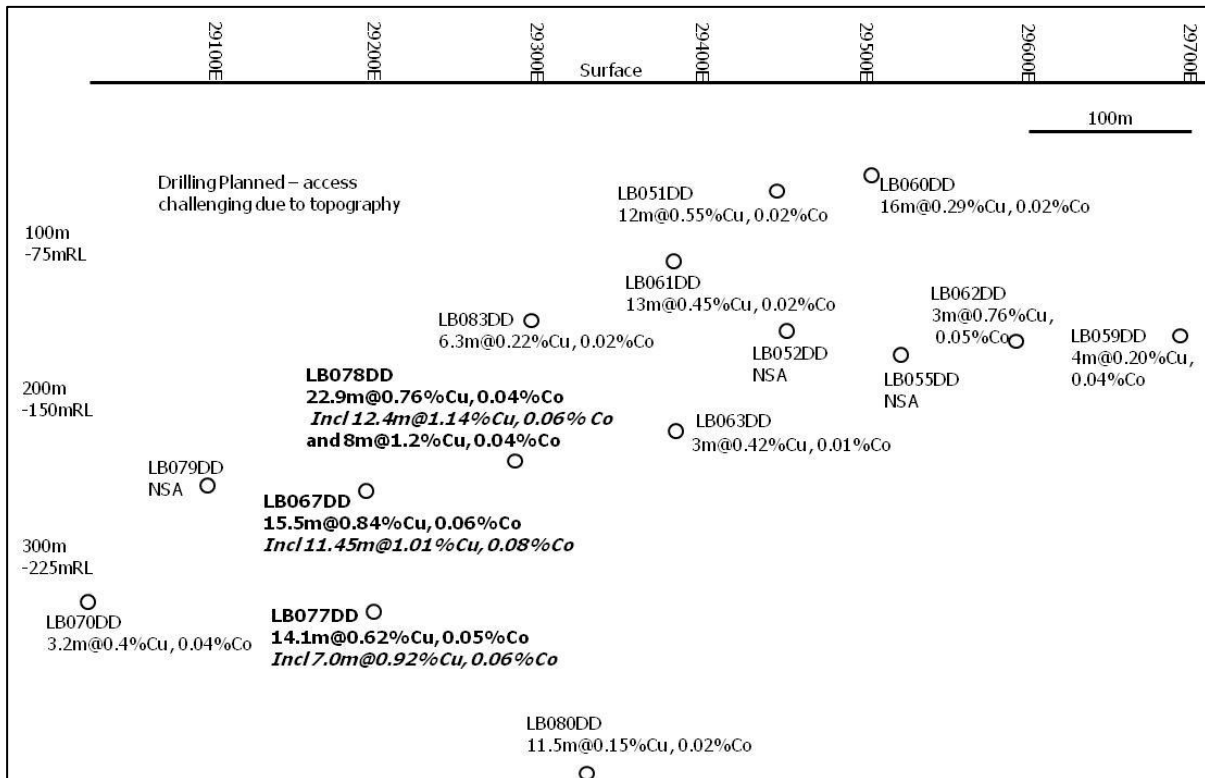


Figure 3: Long section in plane of mineralisation showing drill intercepts (approximate depth from surface is followed by "RL", NSA = No significant intercept).

To date in 2011, a total of 43 diamond drillholes have been completed at Basil and Manuel for a total of 13,589m. Assay results are yet to be received from 5 drillholes. Analytical results received during and subsequent to the quarter under review are contained in the table below:

| HOLE NUMBER | EAST (GDA94MGAz53) | NORTH (GDA94MGAz53) | DIP | AZIMUTH | EOH | INTERVAL (m) | Cu % | Co % |
|-------------|--------------------|---------------------|-----|---------|--------|--------------------------|-------------|------|
| LB062DD | 530839 | 7411568 | -60 | 210 | 234 | 106.3-111.2 (4.9m) | 0.62 | 0.05 |
| | | | | | | and 137.2-140 (2.8m) | 0.76 | 0.05 |
| LB063DD | 530740 | 7411798 | -60 | 219 | 324 | 225.5-228.9 (3.4m) | 0.42 | 0.01 |
| LB064DD | 531516 | 7411137 | -60 | 210 | 291 | 202.6-210.7 (8.1m) | 0.61 | 0.05 |
| LB065DD | 531276 | 7411136 | -60 | 210 | 120 | 59.6-72.8 (13.2m) | 0.24 | 0.03 |
| | | | | | | and 79.3-85.1 (5.8m) | 0.71 | 0.07 |
| LB066DD | 531339 | 7411215 | -60 | 210 | 210 | N/A | NSA | NSA |
| LB067DD | 530623 | 7411933 | -51 | 220 | 369 | 257.1-272.9 (15.8m) | 0.84 | 0.06 |
| | | | | | | incl 261.4-273.9 (11.5m) | 1.01 | 0.08 |
| LB068DD | 529807 | 7412676 | -60 | 220 | 182.9 | N/A | NSA | NSA |
| LB069DD | 530189 | 7412461 | -50 | 220 | 434.9 | N/A | NSA | NSA |
| LB070DD | 530554 | 7412127 | -50 | 220 | 441.1 | 324.5 - 327.7 (3.2m) | 0.40 | 0.04 |
| LB071DD | 530378 | 7412317 | -50 | 220 | 393.1 | 238.2 - 241.1 (2.9m) | 0.44 | 0.03 |
| | | | | | | and 265.3 - 273.1 (7.8m) | 0.23 | 0.02 |
| LB072DD | 531223 | 7411736 | -50 | 220 | 582 | 528.5 - 536.2 (7.7m) | 0.35 | 0.03 |
| LB073DD | 539776 | 7411006 | -60 | 145 | 294.1 | N/A | NSA | NSA |
| LB074DD | 540341 | 7411237 | -60 | 185 | 192.1 | 160.2 - 163.3 (3.1m) | 0.14 | 0.02 |
| LB075DD | 541009 | 7411080 | -70 | 160 | 126.1 | 65.0 - 69.0 (4.0m) | 0.29 | 0.02 |
| LB076DD | 532037 | 7410865 | -60 | 220 | 498 | 226.5 - 231.1 (4.6m) | 0.26 | 0.06 |
| | | | | | | and 281.0 - 283.5 (2.5m) | 0.25 | 0.01 |
| | | | | | | and 413.4 - 421.1 (7.7m) | 0.30 | 0.07 |
| LB077DD | 530686 | 7412017 | -50 | 220 | 441 | 364.5-378.6 (14.1m) | 0.62 | 0.05 |
| | | | | | | incl 365.5-372.5 (7m) | 0.92 | 0.06 |
| LB078DD | 530701 | 7411884 | -50 | 220 | 411 | 257.1-280 (22.9m) | 0.76 | 0.04 |
| | | | | | | incl 257.1-269.5 (12.4m) | 1.14 | 0.06 |
| | | | | | | and 291.3-299.3 (8m) | 1.20 | 0.04 |
| LB079DD | 530556 | 7412003 | -50 | 220 | 404.35 | N/A | NSA | NSA |
| LB080DD | 530771 | 7411974 | -60 | 215 | 516.6 | 476.5 - 488.0 (11.5m) | 0.15 | 0.02 |
| LB081DD | 533922 | 7410420 | -85 | 220 | 507.3 | N/A | NSA | NSA |
| LB082DD | 531985 | 7410686 | -60 | 210 | 239.9 | 120.5 – 168 (47.5m) | 0.38 | 0.04 |
| | | | | | | Incl 142.9 – 168 (25.1m) | 0.48 | 0.05 |
| LB083DD | 530672 | 7411861 | -53 | 210 | 371.6 | 231.0 - 237.3 (6.3m) | 0.22 | 0.02 |
| LB084DD | 532094 | 7410636 | -60 | 210 | 312.1 | Assays pending | | |
| LB085DD | 531775 | 7410985 | -60 | 210 | 345.0 | Assays pending | | |
| LB086DD | 536314 | 7410447 | -80 | 265 | 165.2 | Assays pending | | |
| LB087DD | 530762 | 7411878 | -60 | 220 | 303.2 | Assays pending | | |

Table 1: Summary of Analytical results from diamond drilling received during the quarter.

The diamond drilling at Basil was suspended on drillhole LB087DD due to a significant bushfire risk in the project area. With the high bushfire risk and extended delay anticipated, a decision was made to demobilise the drill rig from site and complete a full review of all drill results received to date to assist in targeting the next round of drilling at Peaks.

Subsequent to the end of the quarter, an aircore drill program recommenced testing regional targets. This drilling is targeting geophysical (VTEM and magnetic) anomalies under thin cover as well as a structural target at the Tibbs Gold Prospect. Further RC drilling at Tibbs and of deeper regional targets is scheduled to commence in November.

Secondary copper mineralisation (malachite) and copper sulphides (chalcopyrite) were discovered at surface over 200m of strike in intensely hematite, silica and carbonate-altered granites on EL25643 (Austin Prospect), located approximately 30km south of the Basil Prospect.

The intense alteration has been mapped at surface for over 2km and is commonly tens of metres thick with evidence of weaker alteration extending for hundreds of metres away from the main structure. The alteration and mineralisation are coincident with a large east-west trending gravity anomaly and a surface copper geochemical anomaly. This alteration and mineralisation is consistent with an IOCG mineralising system and is a priority target for the Company moving forward (Figures 4 and 5).

Geological mapping and sampling are continuing on the Austin Prospect and a surface geophysical survey utilising induced polarisation ('IP') commenced subsequent to the reporting period.

Further sampling at the Powers Prospect, where elevated copper was previously reported in hematite/fluorite-altered granites, has identified the presence of iron sulphides (pyrite) and is also associated with a surface copper geochemical anomaly similar to that at Austin (Figure 3). Further geological mapping, sampling and an IP survey have commenced at this prospect.

Mithril may earn an 80% interest in EL25643 under a joint venture with Sammy Resources Pty Ltd, a wholly owned subsidiary of ASX-listed Cazaly Resources Ltd (**ASX:CAZ**).

At the end of September the Company entered an Option and Joint Venture Agreement with MMG Exploration Pty Ltd (MMG) relating to the nickel rights on the Company's wholly owned tenements on the Huckitta Project.

Mithril will retain the rights to non-nickel minerals across Huckitta including copper and gold and, as such, will still hold a 100% interest in the Basil copper and Yoda gold prospects. The Agreement only affects wholly owned tenements and does not apply to the existing joint venture tenements in the area which host the Blackadder and Baldrick nickel prospects, the Tibbs gold prospect and the new Austin copper prospect.

The agreement with MMG allows the company to accelerate the aggressive exploration program across the Huckitta Project and to advance the copper and gold targets while MMG focuses on the nickel exploration on the wholly owned tenements.

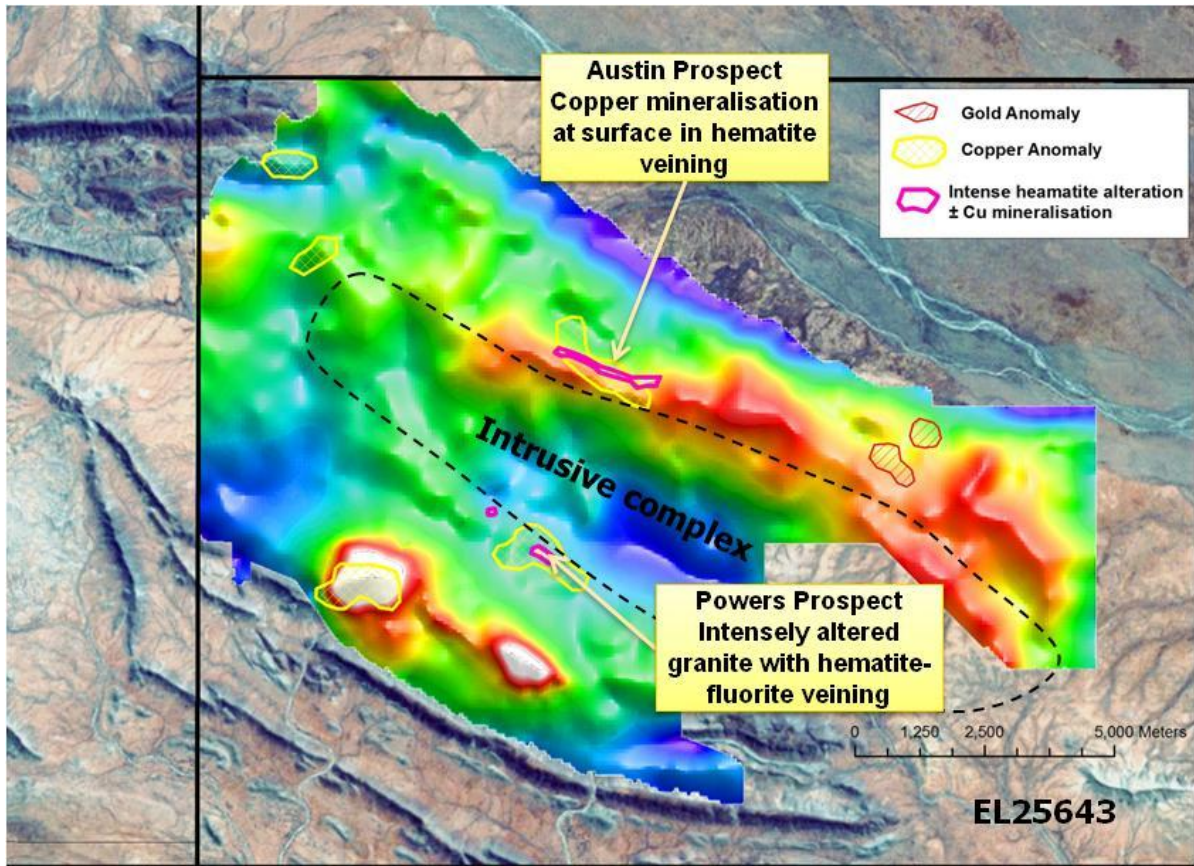


Figure 4: Gravity image on landsat showing geophysical and geochemical anomalies and areas of alteration consistent with "IOCG" mineralisation.



Figure 5: Outcropping ridge of hematite veining in altered granites looking east with an inset of malachite mineralisation (green) in hematite vein.

YAMBAH PROJECT

EL28175, EL28271 and EL28340 (100% Mithril)

A scheduled field trip to the project area was delayed due to bushfires and will now take place in late October. Verification of the reported intercept of 6.5%Zn over 6m in historic drilling and other prospects on the tenements will be a priority for field crews.

WESTERN AUSTRALIA

EAST PILBARA (Western Australia)

E45/3457, E45/3462, E45/3470, E45/3471, E45/3680 and ELA45/3756 (100% Mithril)

Rock chip results returned from the recently discovered Talga East Prospect on EL45/3457 has identified up to 0.48%Cu, 0.31g/tAu and 22.7g/tAg coincident with a 2km long high priority VTEM anomaly (Figure 6). In addition, further rock chip sampling at the Gorge Nickel Prospect on EL45/3680 has returned up to 0.9%Ni and 0.12g/tAu with elevated copper in iron rich material also coincident within an extensive area of anomalous conductivity as identified from the VTEM survey.

Further geological mapping at the Gorge Nickel Prospect has confirmed the copper and nickel mineralisation to be located on a contact between a peridotite and metasediments, a prime location for nickel sulphide mineralisation. No drilling has been completed into this contact.

Ground electromagnetic surveys are currently being conducted at both the Talga East and Gorge Prospect areas. Heritage surveys at both areas are scheduled to be completed in the coming weeks with drilling of targets identified planned upon completion of these surveys.

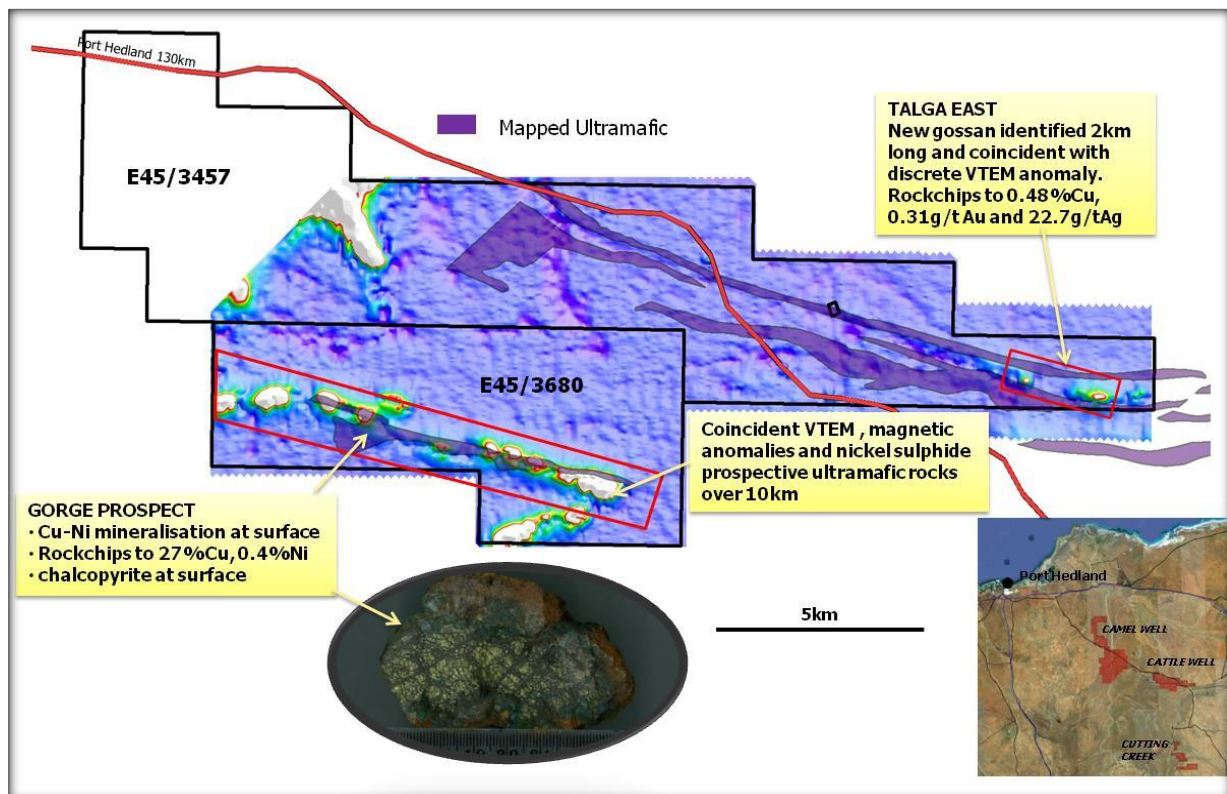


Figure 6: Prospect locations on Cattle Well tenements (E45/3457 and E45/3680) showing late time (channel 33) VTEM image and nickel prospective ultramafic rock types.

SANDSTONE

E57/826, E57/827, E57/828, E57/829, ELA57/883, ELA29/826, ELA29/827, ELA29/828, ELA29/836 (100% Mithril)

Geological mapping, geochemical sampling and ground geophysical (electromagnetic) surveys continued on the Sandstone project this quarter. The ground electromagnetic survey is underway and these data are currently being processed and interpreted. This field work is focusing on the nickel sulphide-prospective ultramafic horizon identified at Edale Bore where surface samples returned up to 0.48%Ni and 0.22%Cu over a strike of 30m (Figure 7).

Some of the surface soil geochemical samples from the Edale Bore EL have been returned and up to 60ppbAu was recorded in one sample. Further sampling has been completed centred on this sample and assay results are pending.

The ~600 regional geochemical soil samples taken on other tenements at Sandstone are also pending. Work during the next quarter will concentrate on ground follow-up of geophysical and geochemical anomalies once all results are returned.

Western Areas NL, in Joint Venture with Troy Resources NL, continues to explore on tenements adjacent to Mithril's following up significant nickel sulphides drilled in 2010.

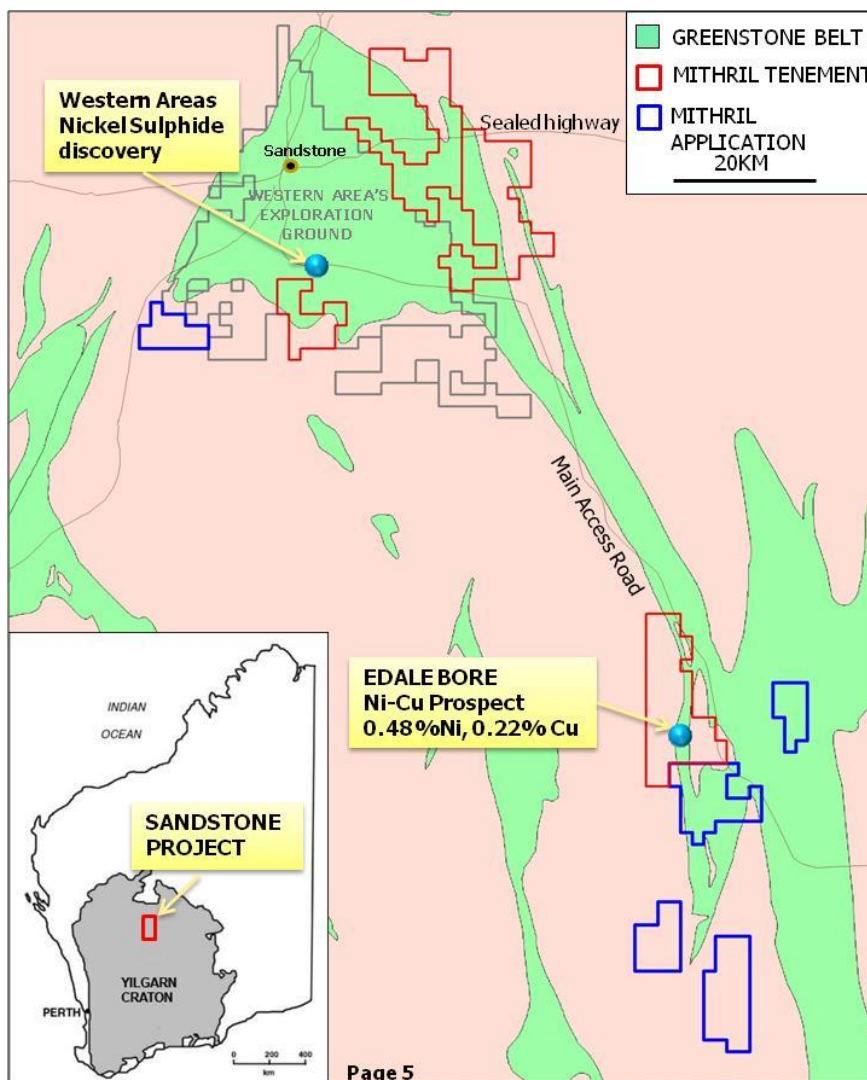


Figure 7: Mithril tenements (granted and applications) on regional geology at Sandstone.

WEST PILBARA

ELA47/2158 and E47/2258 (100% Mithril)

E47/2258 was granted subsequent to the end of the quarter. This highly prospective tenement is located approximately 9km east-southeast of the Radio Hill nickel mining operation and hosts the North Whundo nickel-copper prospect where drilling in 1972 intersected 4m @ 0.78%Cu and 0.26%Ni from 18.2m (Figure 8).

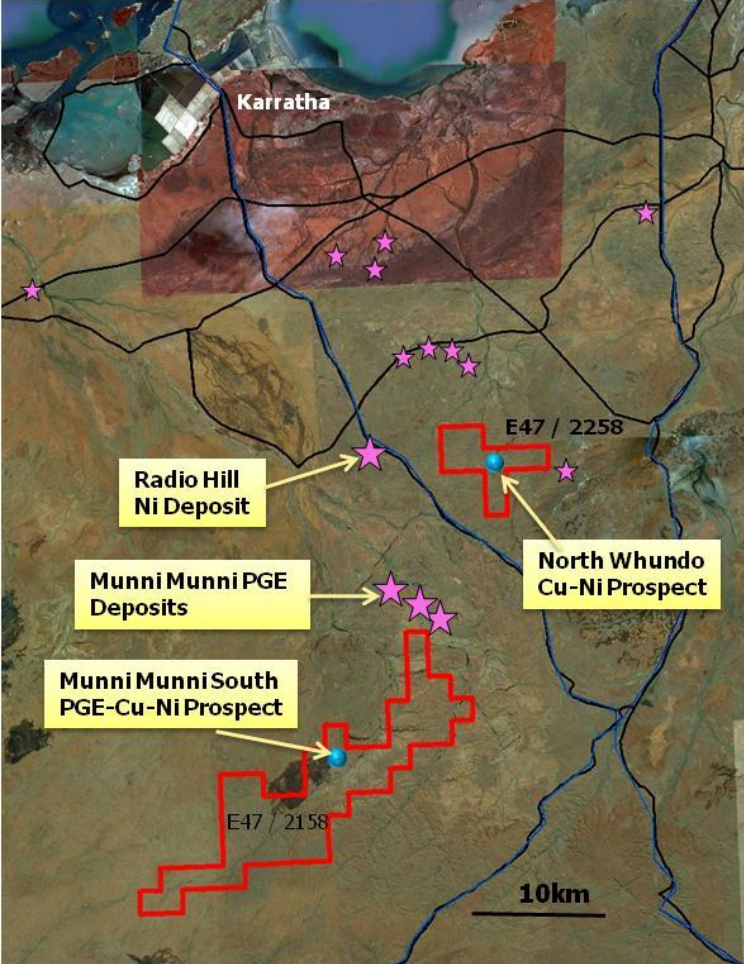


Figure 8: Mithril tenements (granted and applications) on regional geology at West Pilbara.

OTHER PROJECTS

There was no significant expenditure or exploration activity to report on the following projects during the quarter:

JUNCTION JV (Northern Territory)

EL24253 (Mega Uranium Limited earning 80%)

YILGARN, EAST DUKETON (Western Australia)

E38/2431 (100% Mithril)

For further information please contact:

Graham Ascough

admin@mithrilresources.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr G L Ascough, who is Managing Director and a full time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr G L Ascough has more than 5 years' experience which is relevant to the styles of mineralisation and types 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 G L Ascough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MITHRIL RESOURCES LTD

ABN

30 099 883 922

Quarter ended ("current quarter")

30 SEPTEMBER 2011

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | (2,271) | (2,271) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (219) | (219) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 158 | 158 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | 66 | 66 |
| Net Operating Cash Flows | (2,266) | (2,266) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 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 | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (2,266) | (2,266) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|----------------|----------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,266) | (2,266) |
| | 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 | (16) | (16) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (share issue costs) | - | - |
| | Net financing cash flows | (16) | (16) |
| | Net increase (decrease) in cash held | (2,282) | (2,282) |
| 1.20 | Cash at beginning of quarter/year to date | 10,628 | 10,628 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 8,346 | 8,346 |

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 | 132 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, wages and superannuation for 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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | 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 | 1,595 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 205 |
| Total | 1,800 |

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 | 1,546 | 873 |
| 5.2 Deposits at call | 6,800 | 9,755 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 8,346 | 10,628 |

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 | | Refer Appendix 1 | | |
| 6.2 Interests in mining tenements acquired or increased | | Refer Appendix 1 | | |

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | 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 | 219,615,500 | 219,615,500 | Fully Paid | Fully Paid |
| 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> | | | <i>Exercise price (Each)</i> | <i>Expiry date</i> |
| | 750,000 | - | \$0.305 | 09/10/2011 |
| | 750,000 | - | \$0.28 | 09/10/2012 |
| | 50,000 | - | \$0.44 | 22/01/2012 |
| | 500,000 | - | \$0.198 | 17/03/2013 |
| | 175,000 | - | \$0.15 | 11/12/2013 |
| | 1,822,250 | - | \$0.12 | 30/03/2012 |
| | 6,005,250 | - | \$0.12 | 30/03/2012 |
| | 400,000 | - | \$0.20 | 24/06/2014 |
| | 2,300,000 | - | \$0.30 | 24/06/2014 |
| | 250,000 | - | \$0.18 | 22/09/2015 |

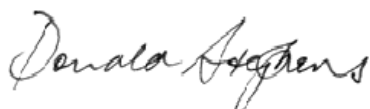
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | | | |
|------|--------------------------------------|------------|------------|--------|------------|
| | | 2,235,000 | - | \$0.25 | 16/12/2015 |
| | | 50,000 | - | \$0.20 | 24/03/2013 |
| | | 8,000,000 | - | \$0.30 | 16/12/2015 |
| | | 750,000 | - | \$0.20 | 22/05/2016 |
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | 24,949,973 | 24,949,973 | \$0.12 | 28/09/2011 |
| 7.11 | Debentures (totals only) | - | - | | |
| 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 27 October 2011

Print name: Donald Stephens.....

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.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 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: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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APPENDIX 1

Changes in Interests in Mining Tenements For Quarter Ended 30 September 2011

| | Tenement Reference | Nature of Interest | Interest at the beginning of Quarter | Interest at the end of Quarter |
|-----|---|--|---|---------------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements acquired or increased | | | |
| | EL28335 | Exploration Licence granted on 4 July 2011 (Huckitta, Albarta Bore). | 0 | 100 |
| | EL28336 | Exploration Licence granted on 4 July 2011 (Huckitta, Inkamulla). | 0 | 100 |
| | EL28369 | Exploration Licence granted on 4 July 2011 (Huckitta, Brumby Dam). | 0 | 100 |
| | EL28340 | Exploration Licence granted on 4 July 2011 (Yambah, Bushy Park). | 0 | 100 |
| | EL28471 | Exploration Licence granted on 27 July 2011 (Huckitta, Coggan Bore). | 0 | 100 |
| | EL28501 | Exploration Licence granted on 16 August 2011 (Huckitta, Mt Lionel) | 0 | 100 |
| | E45/3973 | Exploration Licence application on 23 September 2011 (East Pilbara, Duvall Well) | 0 | 0 |