

# QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2007



Manager Announcements  
Company Announcements Office  
ASX Limited  
4th Floor, 20 Bridge Street  
Sydney NSW 2000

**31 January 2007**

**By E-Lodgement**

**No. of pages: 14**

Dear Sir,

## **DETAILS OF ANNOUNCEMENT**

- Quarterly Activity Report for the period ending 31 December 2007 (8 pages)
- Appendix 5B for the period ending 31 December 2007 (5 pages)

### **For information about Alliance Resources please contact:**

Steve Johnston, Chief Executive Officer Tel +61 3 9697 9090  
Ian Pamensky, Manager Finance and Company Secretary Tel +61 3 9697 9090

Or consult Alliance's website: [www.allianceresources.com.au](http://www.allianceresources.com.au)

## HIGHLIGHTS

### URANIUM (ARKAROO LA JOINT VENTURE, AGS 25% free carried during exploration)

- **Exploration Target Range at Four Mile East** of between **30 million and 47 million lb** contained  $U_3O_8$ .
- The Exploration Target Range is in addition to the previously announced Inferred Mineral Resource for the Four Mile West deposit of 32 million lb contained  $U_3O_8$ .
- Concept Evaluation Study recommends staged development using in-situ leach (ISL) mining, subject to successful Field Leach Trial results.
- Uranium concentrate production proposed to commence in 2010, at a projected start-up capacity of 1.5 million lb per annum, potentially increasing to 4.5 million lb per annum production capacity, depending on optimisation and feasibility being successfully demonstrated.
- Plant from nearby Beverley Uranium Mine proposed to be used to process ISL solution from FLT, subject to successful negotiation between Heathgate Resources Pty Ltd and the Quasar/Alliance joint venture.
- Field Leach Trial scheduled to commence in June Quarter 2008 to assess the use of ISL at the Four Mile East project, once regulatory approvals are obtained.
- High-grade uranium intercepts continue at **Four Mile East**, including:

**3.2 m @ 0.82% pU<sub>3</sub>O<sub>8</sub>**

**2.1 m @ 1.84% pU<sub>3</sub>O<sub>8</sub>**

**3.7 m @ 1.12% pU<sub>3</sub>O<sub>8</sub>**

**1.4 m @ 2.09% pU<sub>3</sub>O<sub>8</sub>**

**2.5 m @ 1.15% pU<sub>3</sub>O<sub>8</sub>**

(GT = grade x thickness m% $U_3O_8$ , p $U_3O_8$  refers to the  $U_3O_8$  grade as estimated from PFN logging and may be subject to revision by application of calibration correction factors)

- Initial mineral resource estimate for northern area of FME commencing 2Q 2008.

### GOLD (MALDON PROJECT, AGS 100%)

- Union Hill decline advanced 225 metres during the quarter (1220 metres in total).
- Further high-grade intercepts from **Ladies Reef** include: **1.35 m grading 7.82 g/t gold**

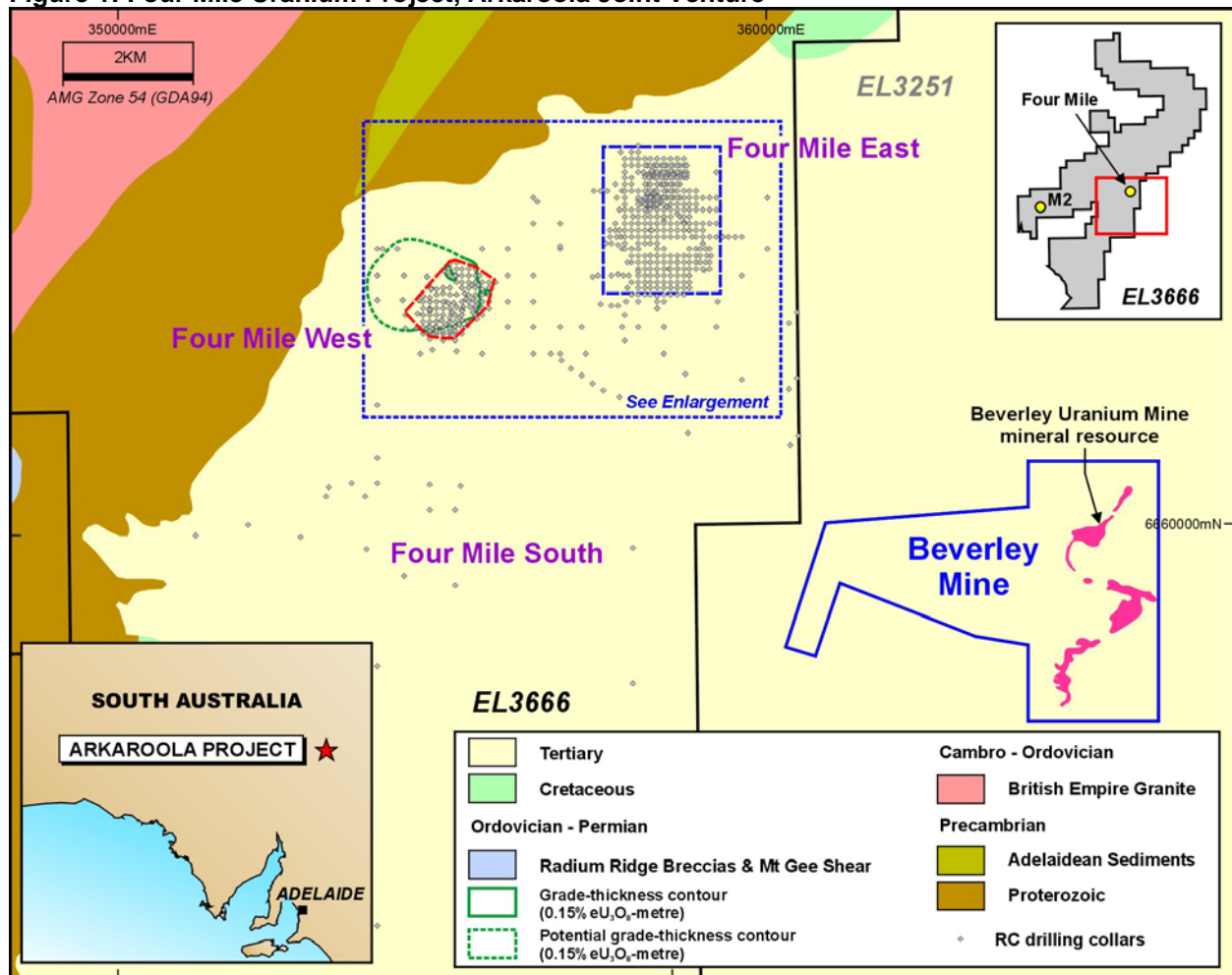
### CORPORATE

- Cash reserves of \$29.2 million at 31 December 2007.
- During the quarter, Alliance completed a \$30.1 million share placement at \$1.30, before costs, to underpin continued exploration and development activities across its portfolio of uranium, gold and copper projects in Australia.

## ARKARoola JOINT VENTURE (includes Four Mile Uranium Project)

The Arkaroola joint venture area is located 550km north of Adelaide in South Australia. Alliance has a 25% free carried interest during exploration in the project, where its 75% joint venture partner and operator, Quasar Resources Pty Ltd (“Quasar”) is exploring for uranium and copper-gold. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east of the Arkaroola Joint Venture area (Figure 1).

Figure 1: Four Mile Uranium Project, Arkaroola Joint Venture



### Summary

During the quarter, Quasar continued exploration at the Four Mile uranium project and delivered the Four Mile Uranium Project Concept Evaluation Study, which it commissioned in 2007. Subsequent to the reporting period, Alliance Resources Ltd independently reported an Exploration Target Range for the Four Mile East uranium deposit.

### Four Mile East

A total of 127 holes for 23,995 metres were drilled at the Four Mile East (FME) prospect during the quarter (Figure 2). Detailed drilling results have been reported in previous announcements and are not repeated in this report, however significant intercepts (GT>1m% U3O8), include:

# QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2007

4.0 m @ 0.43% pU<sub>3</sub>O<sub>8</sub> (AK545)  
1.4 m @ 0.97% pU<sub>3</sub>O<sub>8</sub> (AK548)  
2.9 m @ 0.49% pU<sub>3</sub>O<sub>8</sub> (AK563)  
1.8 m @ 1.09% pU<sub>3</sub>O<sub>8</sub> (AK565)  
3.2 m @ 0.82% pU<sub>3</sub>O<sub>8</sub> (AK567)  
2.1 m @ 1.84% pU<sub>3</sub>O<sub>8</sub> (AK586)  
2.2 m @ 0.46% pU<sub>3</sub>O<sub>8</sub> (AK586)  
3.9 m @ 0.57% pU<sub>3</sub>O<sub>8</sub> (AK594)  
2.3 m @ 0.60% pU<sub>3</sub>O<sub>8</sub> (AK598)  
3.7 m @ 1.12% pU<sub>3</sub>O<sub>8</sub> (AK600)  
3.2 m @ 0.37% pU<sub>3</sub>O<sub>8</sub> (AK601)  
2.8 m @ 0.57% pU<sub>3</sub>O<sub>8</sub> (AK603)  
2.5 m @ 1.00% pU<sub>3</sub>O<sub>8</sub> (AK604)  
1.3 m @ 1.14% pU<sub>3</sub>O<sub>8</sub> (AK605)  
1.4 m @ 2.09% pU<sub>3</sub>O<sub>8</sub> (AK609)  
4.2 m @ 0.41% pU<sub>3</sub>O<sub>8</sub> (AK614)  
1.9 m @ 0.60% pU<sub>3</sub>O<sub>8</sub> (AKC016)  
2.5 m @ 1.15% pU<sub>3</sub>O<sub>8</sub> (AKC018)  
0.7 m @ 2.51% pU<sub>3</sub>O<sub>8</sub> (AKC019)  
1.3 m @ 0.94% pU<sub>3</sub>O<sub>8</sub> (AKC025)

(GT = grade x thickness m%U<sub>3</sub>O<sub>8</sub>, pU<sub>3</sub>O<sub>8</sub> refers to the U<sub>3</sub>O<sub>8</sub> grade as estimated from PFN logging and may be subject to revision by application of calibration correction factors)

The northern zone has been drilled to a minimum of 100m X 100m centres, and in parts 100m X 50m centres. Drilling in the southern area of the prospect has been completed to 100m x 100m centres.

Drilling at the FME prospect in December focussed on defining a suitable area for conducting a Field Leach Trial (FLT). An area of approximately 200 metres x 200 metres has been selected in the northern region of FME for detailed assessment that includes close spaced rotary mud and core drilling. Refer to the section on Concept Evaluation Study for details.

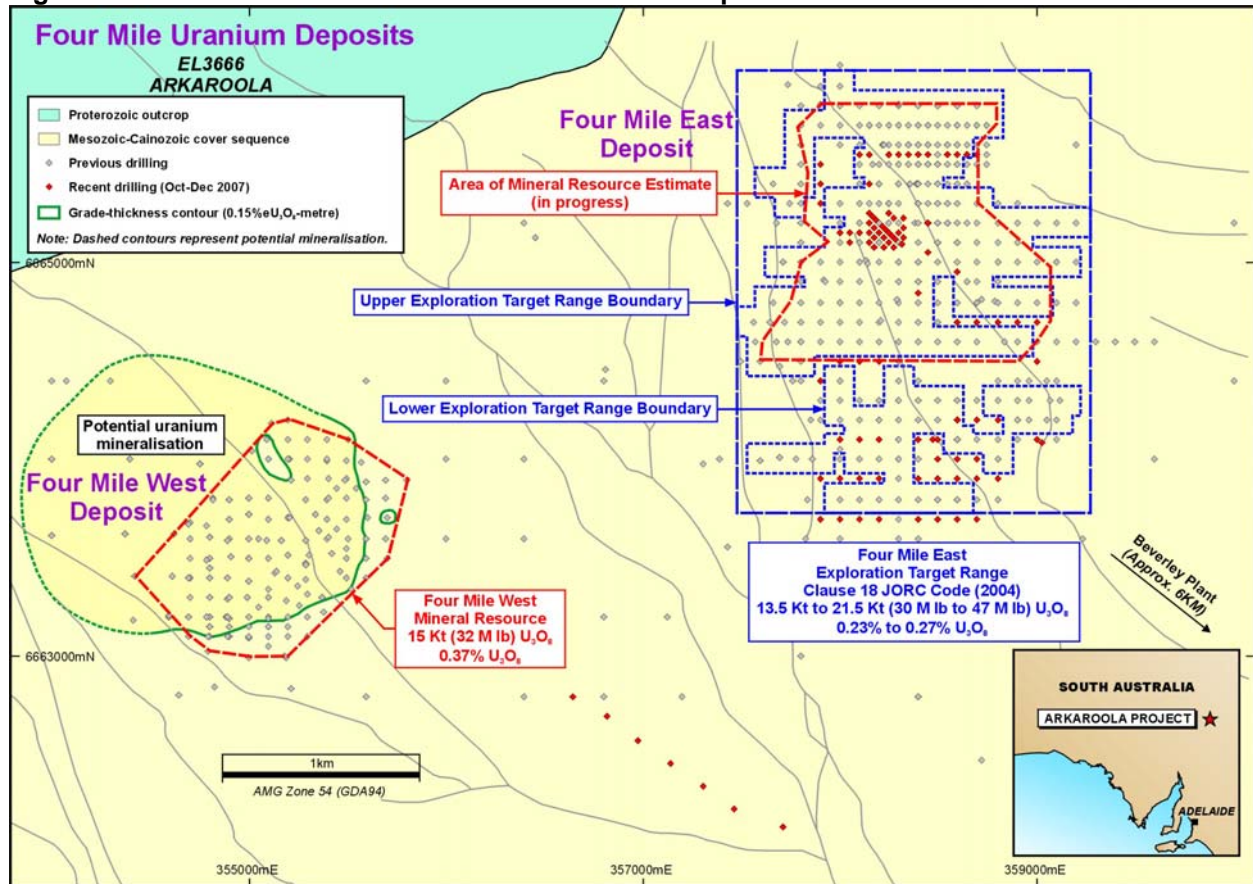
The diamond coring program continued to focus along two east-west traverses across a high-grade zone of mineralisation in the northern area of FME. The core from these holes will provide detailed geological, geochemical and metallurgical information about the FME mineralisation, necessary for the development of the FLT and improving the overall geological understanding of the FME deposit. Geological logging and sampling of currently drilled core holes has commenced and is scheduled for completion in January. Selected intervals of core will be utilised to provide geochemical assays for comparison to Prompt Fission Neutron (PFN), as well as for petrological, porosity and permeability information. Diamond core drilling is scheduled to recommence in January.

Regional drilling targeted areas to the SW and SE of Four Mile East. No significant mineralisation was intersected. The geology and mineralisation potential of these holes is currently being assessed.

## **Four Mile West**

No drilling was carried out at Four Mile West deposit during the quarter.

Figure 2: Four Mile East and Four Mile West Uranium Deposits



## Concept Evaluation Study

Subsequent to the end of the quarter, Alliance reported a Concept Evaluation Study for the Four Mile Project, commissioned by its joint venture partner Quasar.

The objectives of the Concept Study were to identify the key project options, including:

1. Suitable mining development and processing options, as well as potential synergies arising from the utilisation of the existing plant facilities and infrastructure at the nearby Beverley Uranium Mine;
2. Project staging;
3. Next stage(s) of project evaluation.

The Concept Study has recommended that, subject to more detailed option selection studies, and based on information currently available, the optimal basis for the development of Four Mile would be a staged development, initially by In Situ Leach (ISL) mining utilising the nearby Beverley Uranium Mine processing plant.

The staging proposed for further consideration in the Concept Study is subject to resource confirmation and optimization, but the initial three stages proposed are as follows:

- Stage 1 – ISL mining at Four Mile East (FME) with an envisaged uranium concentrate production capacity of 1.5 million lb per annum.

- Stage 2 – additional wellfields at FME, and potentially at Four Mile West (FMW), with an envisaged uranium concentrate production capacity of 3 million lb per annum;
- Stage 3 - additional wellfields at FME and FMW, with an envisaged uranium concentrate production capacity of 4.5 million lb per annum.

A key step in the development of Four Mile is the ability to conduct a successful Field Leach Trial (FLT) to assess the suitability of the use of ISL for the Four Mile deposits.

Subject to regulatory approvals, the FLT is proposed to commence in the June quarter of 2008.

It is emphasised that, while certain potential synergies have been identified in the Concept Study from the use of the Beverley plant to process ore from Four Mile, the realization of those synergies will be subject to the satisfactory resolution of a number of operational, technical, environmental, legal and regulatory matters associated with pumping liquors to and from Beverley, and using and processing that liquor through a plant that is designed, permitted and currently operating to process liquor from Beverley.

The Beverley plant is owned and operated by Heathgate Resources Pty Ltd. Use of the Beverley plant for the Four Mile Project would also require agreement between Heathgate Resources Pty Ltd and the Quasar/Alliance joint venture.

In addition to a successful FLT, continued drilling, mineral resource estimation, hydrological and hydro-geological studies, baseline studies, environmental and metallurgical testing would need to occur before project optimisation can be undertaken, and feasibility can be satisfactorily demonstrated. State and Commonwealth permitting would also need to be undertaken. These studies, tests and trials are likely to be undertaken over the next 18 months.

### **Four Mile East - Exploration Target Range**

Subsequent to the end of the quarter, Alliance reported, in accordance with Clause 18 of the JORC Code (2004), an Exploration Target Range for the Four Mile East (FME) deposit at the Four Mile Uranium Project of <sup>(1)</sup>13,500 to 21,500 contained tonnes (<sup>(2)</sup>30 million to 47 million lb) U<sub>3</sub>O<sub>8</sub> at average grades between 0.23% and 0.27% U<sub>3</sub>O<sub>8</sub> using a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub>.

(1) Rounded to nearest 500 tonnes. (2) Rounded to nearest 1 million lbs

This evaluation was undertaken by Alliance, in order to provide the market with an assessment of the potential scale of the FME deposit while current intensive in-fill drilling programs are completed. Alliance emphasizes that this Exploration Target is not a resource statement but is a conceptual target range expectation based on statistical and geostatistical analysis of the exploration results available to end September 2007. Drilling at Four Mile East is ongoing, the results from which may significantly impact the ranges for tonnes and grade of U<sub>3</sub>O<sub>8</sub> presented in this announcement.

This analysis takes no account of geological complexity, possible mining method or metallurgical recovery factors. It is acknowledged that the currently available data is insufficient spatially in terms of the density of drill holes, and in quality, in terms of Alliance's final audit of procedures for down hole data acquisition and processing, for the results of this analysis to be classified as a resource statement under the JORC Code. The analysis undertaken has been essentially statistical and geostatistical with minimal reference to geology, although it is clear that stratigraphy, lithology and structure have a major impact on the continuity and grade of uranium mineralisation at Four Mile East.

A nominal SG value of 1.8g/cm<sup>3</sup> has been used for the conversion of volume to tonnes.

---

# QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2007

## MALDON PROJECT (AGS 100%)

The Maldon Gold Project is located 30km southwest of Bendigo in central Victoria.

### Union Hill Decline

The Union Hill decline advanced 225 metres during the quarter, bringing the total advance since commencement to 1220 metres.

The single heading decline is advancing parallel the Eaglehawk Reef the main producing reef at Maldon in order to access the Alliance South mineralisation for trial processing through the Company's gold treatment plant. The decline is being used as a platform for underground drilling of other targets to the west as well for possible remnant mineralisation within the Eaglehawk reef to the east.

There remains a further 640 metres of decline development to be completed prior to accessing the Alliance South lode. Variable ground conditions have been encountered during development, along with higher than anticipated water inflows. During November, Alliance began pumping groundwater from the decline to the local community facilitated by a water re-use agreement.

During the quarter a diamond drill hole was completed from a cuddy to the west of the decline to provide geotechnical information on the ground ahead of the decline face. This hole was drilled to 240 metres in length and provided information on a cross-course fault likely to be intersected in the decline during February 2008.

### Ladies Reef

As previously reported, diamond drilling identified the southern and deeper extension of the historic Ladies Reef, located 300 metres north of the current drilling. The Ladies Reef prospect is situated 140 metres to the west of the current decline and records indicate it was mined to a depth of 30 metres. A program of follow up drilling was undertaken following the initial discovery hole of 2.7 metres at 22.10g/t gold (previously reported). Drilling details are summarised in the following table:

**Table 1:** Summary of drilling into the Ladies Reef prospect

| DDH | North (Grid) | East (Grid) | Azimuth (Grid °) | Dip (°) | Total Depth (m) | Completed    |
|-----|--------------|-------------|------------------|---------|-----------------|--------------|
| 136 | 5902713      | 239185      | 265.0            | -15.0   | 378.4           | June Quarter |
| 138 | 5902715      | 239185      | 265.0            | -22.0   | 181.8           | Sept Quarter |
| 139 | 5902715      | 239185      | 265.0            | -7.5    | 164.4           | Sept Quarter |
| 140 | 5902715      | 239185      | 283.5            | -15.0   | 201.2           | Sept Quarter |
| 141 | 5902715      | 239185      | 250.0            | -15.0   | 169.8           | Sept Quarter |
| 142 | 5902715      | 239185      | 250.0            | -7.5    | 183             | Sept Quarter |
| 144 | 5902715      | 239185      | 250.0            | -24.0   | 189.6           | Dec Quarter  |
| 145 | 5902715      | 239185      | 250.0            | -32.0   | 207.9           | Dec Quarter  |
| 146 | 5902715      | 239185      | 265.0            | -29.0   | 198.1           | Dec Quarter  |
| 147 | 5902715      | 239185      | 236.0            | -15.0   | 189.6           | Dec Quarter  |

All drilling relating to the Ladies Reef has now been completed, and all assays received from the laboratory. Assay results are highly variable, as expected within the nuggetty gold environment at Maldon. It is emphasised that whilst gold assays provide an indication of the gold mineralization, other factors such as geological structure and presence of certain sulphide assemblages are also important in determining the whether a mineralised structure warrants

# QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2007

further investigation by drilling and or trial mining. A summary of the drill indicated grades are as follows:

**Table 2:** Highlighting significant assays into the Ladies Reef prospect.

| HOLE ID | FROM   | TO     | INTERVAL | Au GRADE (g/t) | DETAILS  |
|---------|--------|--------|----------|----------------|--|
| DDH136  | 144.20 | 145.40 | 1.20     | 28.10          | Laminated and brecciated qtz veining, common to abundant sulphides |
| DDH136  | 145.40 | 146.15 | 0.75     | 11.85          |  |
| DDH136  | 146.15 | 146.95 | 0.80     | 22.70          |  |
| DDH139  | 139.55 | 140.25 | 0.70     | 1.12           | Laminated quartz with common to abundant sulphides                 |
| DDH139  | 147.20 | 148.15 | 0.95     | 1.34           | Seamy to laminated quartz veining with common sulphides present    |
| DDH139  | 148.15 | 149.15 | 1.00     | 2.12           |  |
| DDH139  | 151.15 | 152.20 | 1.05     | 1.76           |  |
| DDH140  | 167.00 | 168.40 | 1.40     | 0.98           | Minimal qtz, altered sediments., common sulphides                  |
| DDH142  | 145.30 | 146.10 | 0.80     | 0.92           | Semi-laminated quartz, common sulphides                            |
| DDH142  | 154.60 | 156.10 | 1.50     | 2.24           | Fault zone   |
| DDH145  | 198.45 | 199.80 | 1.35     | 7.82           | Minor quartz veining, with common sulphides                        |

## Eaglehawk Reef

During the quarter, exploration diamond drilling commenced to test for remnant mineralisation in the Eaglehawk Reef, close to the existing decline. A total of 582.9 metres were drilled on one section, with all holes intersecting the reef in its predicted position. Hole DDH150 intersected the 750' level of the historical Alliance Mine, records of which indicate minimal stoping was undertaken. All drill holes encountered significant sulphide mineralisation, with the reef in DDH148 containing visible sphalerite and bismuth, both of which are known to be indicators of gold mineralisation at Maldon.

Assays for the Eaglehawk Reef drilling had not been received by the end of the quarter.

**Table 3:** Summary of drilling into Eaglehawk Reef

| DDH | North (Grid) | East (Grid) | Azimuth (Grid °) | Dip (°) | Total Depth (m) | Completed   |
|-----|--------------|-------------|------------------|---------|-----------------|-------------|
| 148 | 5902254.6    | 239309.5    | 61.0             | -6.5    | 111.30          | Dec Quarter |
| 149 | 5902254.6    | 239309.5    | 61.0             | -30.5   | 117.50          | Dec Quarter |
| 150 | 5902254.6    | 239309.5    | 61.0             | -47.5   | 147.00          | Dec Quarter |
| 151 | 5902254.6    | 239309.5    | 61.0             | -57.0   | 207.10          | Dec Quarter |

---

## **WARRINA PROJECT (AGS 100%)**

The Warrina copper-gold project is located 60 km northeast of Coober Pedy in the Gawler province of South Australia. The project is prospective for Olympic Dam style breccia-hosted iron-oxide copper-gold mineralisation.

No further work has been undertaken since October 2007 (previously reported). It is intended to re-drill the Big Northeast magnetic target when a suitable drilling contractor can be engaged.

---

## **EAST FROME PROJECT (AGS 100%)**

Exploration licence number 6836 (formerly ELA2937) was granted on 19 July 2007 for Group 1 (metallic minerals) to the northwest of Broken Hill, New South Wales.

No work was undertaken on this project during the quarter.



# QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2007

## CORPORATE

During the quarter, Alliance completed a \$30.1 million share placement at \$1.30 before costs, to underpin continued exploration and development activities across its portfolio of uranium, gold and copper projects in Australia, including plans by the Company and its joint venture partner, Quasar Resources Pty Ltd, to move to a decision to mine at the Four Mile Project in 2008.

Alliance has cash reserves of \$29.2 million and 272.7 million shares on issue at 31 December 2007.



Steve Johnston  
Chief Executive Officer

### For information about Alliance please contact:

Ian Pamensky, Financial Controller & Company Secretary, Tel +61 3 9697 9090

Or consult Alliance's website: [www.allianceresources.com.au](http://www.allianceresources.com.au)

### Compliance Statements:

The information in this report that relates to Uranium Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. Mr Andrew Bowden is employed by GeoDec Consulting. Mr Bowden 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 Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Copper and Gold Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Johnston who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Johnston is a full-time employee of the Company. Mr Johnston 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 Johnston 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 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**ALLIANCE RESOURCES LIMITED**

**ABN**

**38 063 293 336**

Quarter ended ("current quarter")

**31 December 2007**

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(6 Months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             | -                          | -                                     |
| 1.2 Payments for (a) exploration and evaluation                 | (369)                      | (641)                                 |
| (b) development   | (1,752)                    | (3,549)                               |
| (c) production  | (215)                      | (406)                                 |
| (d) administration  | (480)                      | (1,047)                               |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 185                        | 262                                   |
| 1.5 Interest and other costs of finance paid                    | (2)                        | (2)                                   |
| 1.6 Income taxes paid   | -                          | -                                     |
| 1.7 Other (GST paid/recouped)                                   | 255                        | 538                                   |
| <b>Net Operating Cash Flows</b>                                 | <b>(2,378)</b>             | <b>(4,845)</b>                        |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of: (a) prospects                     | -                          | -                                     |
| (b) equity investments  | -                          | -                                     |
| (c) other fixed assets  | (89)                       | (107)                                 |
| 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 (Transfer to deposit)                                | -                          | (173)                                 |
| <b>Net investing cash flows</b>                                 | <b>(89)</b>                | <b>(280)</b>                          |
| 1.13 Total operating and investing cash flows (carried forward) | (2,467)                    | (5,125)                               |

+ See chapter 19 for defined terms.

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

|             |   |                |                |
|-------------|---|----------------|----------------|
| <b>1.13</b> | <b>Total operating and investing cash flows (brought forward)</b> | <b>(2,467)</b> | <b>(5,125)</b> |
|             | <b>Cash flows related to financing activities</b>                 |                |                |
| 1.14        | Proceeds from issues of shares, options, etc.                     | 30,100         | 30,400         |
| 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 (Cost of Capital Raising/Prospectus)                        | (1,241)        | (1,241)        |
|             | <b>Net financing cash flows</b>                                   | <b>28,859</b>  | <b>29,159</b>  |
|             | <b>Net (decrease) increase in cash held</b>                       | <b>26,392</b>  | <b>24,034</b>  |
| 1.20        | Cash at beginning of quarter/year to date                         | <b>2,808</b>   | <b>5,166</b>   |
| 1.21        | Exchange rate adjustments to item 1.20                            | -              | -              |
| 1.22        | <b>Cash at end of quarter</b>                                     | <b>29,200</b>  | <b>29,200</b>  |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |  | <b>Current quarter</b> |
|------|--|------------------------|
|      |  | <b>\$A'000</b>         |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 179                    |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | NIL                    |

1.25 Explanation necessary for an understanding of the transactions

*All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursments of expenses and payments in terms of a management service agreement with a Director related entity.*

**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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | NIL                         | NIL                    |
| 3.2 Credit standby arrangements | NIL                         | NIL                    |

### Estimated cash outflows for next quarter

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 600          |
| 4.2 Development                | 3,300        |
| <b>Total</b>                   | <b>3,900</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 86                         | 118                         |
| 5.2 Deposits at call                             | 11,614                     | 2,690                       |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details) – Term Deposit       | 17,500                     | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>29,200</b>              | <b>2,808</b>                |

### Changes in interests in mining tenements

|     | Tenement<br>reference | Nature of interest<br>(Note (2)) | Interest at<br>beginning<br>of quarter | Interest<br>at end of<br>quarter |
|-----|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 |                       |                                  |  |                                  |
| 6.2 |                       |                                  |  |                                  |

---

+ See chapter 19 for defined terms.

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

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

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

|  | Total number          | Number quoted         | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|-----------------------|-----------------------|---|--|
| 7.1 <b>Preference securities</b><br>(description)  |                       |                       |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                       |                       |   |  |
| 7.3 <b>*Ordinary securities</b>  | 272,726,285           | 272,726,285           |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br><br>(b) Decreases through returns of capital, buy-backs          | 125,000<br>23,077,000 | 125,000<br>23,077,000 | \$0.80<br>\$1.30                              | Fully Paid<br>Fully Paid                         |
| 7.5 <b>*Convertible debt securities</b><br>(description)   |                       |                       |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                       |                       |   |  |
| 7.7 <b>Options</b><br>(description and conversion factor)  | (Unlisted Options)    |                       | <b>Exercise price</b>                         | <b>Expiry date</b>                               |
|  | 1,000,000             | Unlisted              | \$0.20  | 31 Oct 2008                                      |
|  | 450,000               | Unlisted              | \$0.80  | 31 Oct 2009                                      |
|  | 3,400,000             | Unlisted              | \$1.60  | 31 Oct 2010                                      |
|  | 3,000,000             | Unlisted              | \$1.60  | 31 Oct 2010                                      |
| 7.8 Issued during quarter  | 3,400,000             | Unlisted              | \$1.60  | 31 Oct 2010                                      |
|  | 3,000,000             | Unlisted              | \$1.60  | 31 Oct 2010                                      |
| 7.9 Exercised during quarter   |                       |                       |   |  |
| 7.10 Expired during quarter  |                       |                       |   |  |

**Note:**

+ See chapter 19 for defined terms.

|      |   |  |  |  |  |
|------|---|--|--|--|--|
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>   |  |  |  |  |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i> |  |  |  |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not\*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:   
**Company Secretary**

Date: 31 January 2008

Print name: **IAN PAMENSKY**

## 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 precedents, 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.

== == == == ==

---

+ See chapter 19 for defined terms.