

30 July 2010

The Company Announcements Office  
ASX Limited

Via E Lodgement

**QUARTERLY OPERATIONS REPORT AND  
APPENDIX 5B FOR PERIOD ENDING  
30 JUNE 2010.**

Yours faithfully  
CAPE LAMBERT RESOURCES LIMITED

**Tony Sage**  
**Executive Chairman**

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in mining and exploration companies.

The Company continues to focus on investment in early stage resource projects and companies, primarily in iron ore, copper and gold. Its "hands on" approach is geared to add value and position assets for development and/or sale.

The Board and management exhibit a strong track record of delivering shareholder value.

**Australian Securities Exchange  
Code: CFE**

Ordinary shares  
625,759,256

**Board of Directors**

Tony Sage Executive Chairman  
Tim Turner Non-executive Director  
Brian Maher Non-executive Director  
Ross Levin Non-executive Director

Eloise von Puttkammer  
Company Secretary

**Key Projects and Interests**

Marampa Iron Ore Project  
Pinnacle Group Assets  
Sappes Gold Project  
Mayoko Iron Ore Project  
Corvette Resources Limited

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## HIGHLIGHTS

- The Company had approximately \$135.7 million cash at bank on 30 June 2010.
- Mr Ross Levin appointed to the Board of Directors as an Independent, Non-Executive Director, effective 1 April 2010.
- Sale of the Lady Annie Project completed on 31 May 2010; A\$130 million cash received at completion and a further A\$5 million is receivable upon the achievement of certain production and exploration milestones.
- Subsequent to the successful sale of the Lady Annie Project, shareholders were paid a fully franked A\$0.07 per share special dividend, which was effected on 16 July 2010.
- The off market takeover offer for DMC Mining Limited (“DMC”) closed on 8 July 2010, with the Company acquiring 92.96% of DMC’s share capital. On 12 July 2010, the Company advised it was proceeding to compulsory acquisition of the outstanding share capital.
- During the quarter, the Company acquired an additional 15 million existing ordinary shares in Pinnacle Group Assets Limited (“Pinnacle”) for A\$15 million, increasing its interest to 37.2%.
- Binding term sheet signed with African Minerals Limited formalising ownership and access rights to Marampa rail and Pepel Port (“Marampa Infrastructure”) in Sierra Leone, West Africa. Cape Lambert to have an initial minimum transport capacity of 2Mtpa and will earn a 33% equity interest by contributing US\$45 million toward Marampa’s Infrastructure refurbishment costs.
- New drill targets defined at Marampa and significant shallow widths of iron mineralisation intersected at the Gafal West prospect including:
  - MPDD026: 116m at 27.9% Fe from surface and 170m at 36.7% Fe from 162m;
  - MPDD029: 94.9m at 27.6% Fe from 19.1m, and
  - MPDD031: 112.4m at 26.4% Fe from 23.6m.

## CORPORATE

### **Strategy and Business Model**

Cape Lambert Resources Limited (“Cape Lambert” or the “Company”) (ASX: **CFE**) is an Australian domiciled, cashed-up resources and investment company, with interests in a number of resource projects and companies.

Through acquisitions in its own right and the acquisition of CopperCo Limited’s assets, and subscriptions to convertible notes, the Company has exposure to iron ore, copper, gold, uranium, phosphate, lead-silver-zinc and vanadium assets in Australia, Africa, Greece and South America (refer Figure 1).

The Company’s strategy is to acquire and invest in undervalued and distressed mineral assets and companies (“Assets”), and to add value to those Assets through a hands on approach to management, exploration and evaluation to enable the Assets to be monetised at a multiple. As Assets are monetised, the Company’s Board intends to follow a policy of distributing surplus cash to Shareholders.

### **Dividends**

Following the successful sale of the Lady Annie Project Shareholders were paid a fully franked A\$0.07 per share special dividend, which was effected on 16 July 2010.

### **Appointment of Independent, Non-Executive Director**

Mr Ross Levin was appointed to the Board of Directors as an Independent, Non-Executive Director, effective 1 April 2010.

Mr Levin holds degrees in both Law and Economics and has extensive experience with business sales and acquisitions, corporate restructuring and takeovers and is currently a senior partner in the commercial division of Rigby Cooke Lawyers, where he specialises in workplace relations in the mining, infrastructure and construction industries.

### **Acquisitions**

#### ***DMC Mining (acquiring 100% interest)***

During the quarter, Cape Lambert increased its off market takeover offer from A\$0.40 to A\$0.53 per DMC share and removed all conditions attaching to the offer. The offer subsequently closed on 8 July 2010, with Cape Lambert acquiring 92.96% of DMC’s share capital. On 12 July 2010, Cape Lambert commenced compulsory acquisition of the remaining shares in DMC.

#### ***Leichhardt Copper Project (acquiring 100% interest)***

The Leichhardt Copper Project, currently on care and maintenance, is located approximately 100km northeast of Mt Isa in the highly prospective Mt Isa Inlier.

Completion of the acquisition of the Leichhardt Copper Project, which has been delayed due to the Receiver and Manager’s non satisfaction of a number of conditions precedent, is now anticipated to occur in the September 2010 quarter.

## **Divestments**

### ***Lady Annie Project (Sold 100%)***

On 12 March 2010, the Company announced it had entered into a conditional sale agreement with Hong Kong listed company China Sci-Tech Holdings Limited (“CST”), for the sale of the Lady Annie Project for a total consideration of A\$135 million. Sale completion occurred on 31 May 2010 and the Company received the cash consideration of A\$130 million. A further A\$5 million is receivable upon the achievement of certain production and exploration milestones.

## **Convertible Notes**

On 31 May 2010, Oklo Uranium Limited (ASX:OKU) (“Oklo Uranium”) announced it was not proceeding with the acquisition of the Hoasib Uranium Project notwithstanding the potential of the project, and that it was continuing discussions with African Uranium Limited (“African Uranium”) about a possible transaction. Consequently, Cape Lambert has not converted its A\$2.4 million note into equity in African Uranium.

Separate to the convertible note, Cape Lambert maintains a 5.2% equity investment in Oklo Uranium.

## PROJECTS

### **Marampa Iron Ore Project (100% interest) (“Marampa” or “Marampa Project”)**

Marampa is a brownfields hematite iron ore project at exploration stage, located 90km north east of Freetown, Sierra Leone, West Africa (refer Figure 2). Seven drill targets prospective for hematite schist mineralisation (refer Figure 3) have been identified to date with resource definition drilling in progress at Gafal West and Matukia.

#### ***Exploration***

An extensive induced polarisation (“IP”) ground geophysical survey totalling 63 line km on 23 traverses was completed during the quarter over prospective trends identified by previous mapping and ground gravity geophysical surveys. This follows from a successful trial IP survey completed in the March 2010 quarter, which demonstrated a strong correlation between coincident conductive and chargeable IP responses and underlying drill-defined specular hematite schist mineralisation.

The IP survey has identified a new high priority hematite schist drill target (referred to as Petifu) covering a strike length of 4km located under shallow cover to the north of the Matukia prospect (refer Figure 3). In addition, the IP survey has identified strike extensions under shallow cover over more than 2km to the north and south of the Makambo prospect. The IP survey has also indicated that hematite schist mineralisation at Gafal West extends west of the current drilled area for more than 3km under shallow laterite and alluvial cover to join with the Mafuri prospect; this gives a total potential strike length of over 5km to the Gafal West – Mafuri trend (refer Figure 3).

#### ***Resource Definition***

Resource definition drilling commenced at Gafal West (refer Figure 3). This drilling program is targeting shallow specular hematite schist mineralisation up-plunge and along strike of mineralisation intersected by scout diamond drilling completed in the December 2009 quarter.

A total of 17 diamond drill holes for 4,219m have been completed over a strike length of 1.2km on 200m spaced cross sections. The target specular hematite schist mineralisation is open to the east and west where step-out drilling is planned.

Assay results for the first 11 holes from the Gafal West resource drilling have been received (for full details refer ASX announcement dated 27 July 2010) with significant intersections:

- MPDD026: 116m at 27.9% Fe from surface and 170m at 36.6% Fe from 162m;
- MPDD029: 94.9m at 27.6% Fe from 19.1m, and
- MPDD031: 112.4m at 26.4% Fe from 23.6m.

Three (3) additional drill rigs have been mobilised to accelerate resource drilling, and to test the new targets.

#### ***Scoping Study***

Bateman Engineering Pty Ltd (“Bateman”) was engaged in May 2010 to complete a scoping study for the establishment of a standalone, open pit mining operation and concentrator to produce 2-5Mtpa of concentrate, expandable to 10Mtpa.

As part of this study, Bateman has completed a site orientation visit and commenced detailed metallurgical test work on composites from the Matukia and Gafal West prospects, with the aim of determining concentrate specifications and optimising the proposed wet, high intensity magnetic separation process flowsheet.

SRK Consulting (UK) Limited (“SRK”) was engaged to commence an environmental scoping study with the objectives of defining the framework and steps required to permit the project. SRK will commence baseline studies later in 2010.

### **Rail and Port Infrastructure**

The Company recently announced that it had signed a binding term sheet with African Minerals Limited (“African Minerals”) (“Term Sheet”) for access rights and equity ownership of the Marampa railway and Pepel Port (“Marampa Infrastructure”) (refer ASX announcement dated 16 July 2010). Marampa is connected to the deep water port, stockpiling and ship loading facility located at Pepel via the 84km Marampa railway.

The Term Sheet provides for Cape Lambert to hold a 33% equity interest in the Marampa Infrastructure with rights to an initial minimum transport capacity of 2Mtpa. At the completion of refurbishment, the Marampa Infrastructure is expected to have capacity to transport 10Mtpa and the total refurbishment cost is estimated at US\$135 million. Cape Lambert will earn its equity in the Marampa Infrastructure by contributing refurbishment funding of US\$45 million. In addition, Cape Lambert has been granted an option to match any third party offer to acquire African Minerals’ interest in the Marampa Infrastructure, once it is no longer required by African Minerals.

The transaction is subject to the fulfilment of the following conditions:

- agreement of and the entering into of formal legal documentation within 90 days relating to the access and ownership of the Marampa Infrastructure;
- receipt of all necessary regulatory consents (which may include Cape Lambert Shareholder approval); and
- the consent of the Government of Sierra Leone.

### **Pinnacle Group Assets Limited (37.2% interest and Manager) (“Pinnacle”)**

During the quarter, Cape Lambert increased its interest in Pinnacle to 37.2%<sup>1</sup> following the acquisition of 15 million existing ordinary shares for A\$15 million. Cape Lambert may consider reducing its interest in Pinnacle, to accommodate investment by larger Chinese groups.

Cape Lambert is now the Manager of Pinnacle and funds its working capital. The working capital funding is provided through a mezzanine debt structure, which at Cape Lambert’s election is either repaid or converted into equity.

Pinnacle holds interests and rights to two early stage iron ore projects and one early stage coal project covering a total concession area of 4,134km<sup>2</sup> located in West Africa (refer Figure 2).

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<sup>1</sup> Since the commencement of 2010, Pinnacle has issued additional capital to acquire assets initially diluting Cape Lambert’s equity interest to 26.2%, which was subsequently increased to 37.2% following the acquisition of the additional 15 million existing shares in the June quarter.

### **Kukuna Iron Ore Project – Sierra Leone**

The Kukuna Iron Ore Project is located 120km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68km<sup>2</sup> granted to Pinnacle in August 2009. The licence lies 70km due north of the existing Marampa railway.

The Kukuna licence straddles the eastern boundary of the Neoproterozoic Rokel-Kasila Belt and contains rocks correlated with the Marampa Group, which host the specular hematite schist iron mineralisation at Marampa.

Regional mapping at 1:20,000 scale was completed by SRK Consulting in the quarter. SRK mapped a belt of upper Marampa Group rocks from 2 – 3km wide over a strike of 12km along the entire length of the licence. Within this belt SRK mapped several occurrences of specular hematite schist occurring as outcrops, in historic pits and trenches, and as clasts in overlying laterite.

SRK identified 5 target areas for follow up based on interpretation of the mapping and airborne magnetic survey data. Trenching to confirm mineralised widths under the extensive laterite cover will be undertaken in the September quarter 2010.

### **Sandenia Iron Ore Project – Guinea**

The Sandenia Iron Ore Project is located 290km east northeast of Conakry in the central south of the Republic of Guinea and comprises two exploration permits covering 608km<sup>2</sup> granted in April 2010. Pinnacle holds an exclusive option to purchase the permits.

Historical regional mapping identified two extensive areas comprising amphibolites containing units of magnetite banded iron formation (“BIF”) and magnetite schist iron mineralisation. These areas have the potential to host large iron deposits similar to Bellzone Mining Plc’s (AIM: BZM) (“Bellzone”) 2.4bt JORC resource Kalia Iron Project located 15km to the north of the permits. Bellzone was admitted to the AIM market of the London Stock Exchange on 1 April 2010, after raising approximately US\$50 million. On 24 May 2010, Bellzone reached a Binding Memorandum of Understanding with China International Fund with regards to the financing of the infrastructure required for the Kalia Iron Project.

A high resolution, airborne magnetic survey will be flown over the permits in the September quarter 2010 to identify targets for ground follow up.

### **Bullom Lignite Project – Sierra Leone**

The Bullom Lignite Project located in west Sierra Leone comprises three exploration licences covering 3,459km<sup>2</sup> granted to Pinnacle in 2008. The licences cover a substantial proportion of the Tertiary Bullom Formation, which forms much of the coastal lowlands of Sierra Leone.

Historical work by the Geological Survey of Sierra Leone (“GSOL”) in the 1920s and 1940s located several occurrences of lignite at surface and in drill holes. Follow up work by GSOL including drilling and chemical testing was carried out at the Konta prospect, located 20km east of Freetown in 1947. Calorific values returned from testing of dry lignite samples collected from Konta ranged from 3,800 to 6,200kcal/kg with an ash content of approximately 15%.

Further work is planned to explore other known regional occurrences that have not been followed up and to define the potential for thicker brown coal seams, which could be feed stock for domestic thermal power generation.

## **Sappes Gold Project (100% interest) (“Sappes”)**

Sappes is a gold development project located in north eastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandroupoulos (refer Figure 4), on a 20.1km<sup>2</sup> mining lease granted until 2023.

The Sappes development is based around the high-grade, underground Viper deposit and an open pit nearby at the St Demetrios deposit. A feasibility study was completed in 2003 by Kvaerner Engineering and Construction UK Ltd and later updated in 2006.

The Company’s strategy is to commence the permitting of Sappes for operations to enable its sale with a significant portion of the permitting discount removed.

Work continued during the quarter on updating the feasibility study, with most consultant studies now complete. Scott Wilson was engaged during the quarter as Study Manager and is currently reviewing and updating the feasibility study.

The Company met with government officials in Athens during the quarter to discuss permitting the project.

Once the updating of the feasibility study is complete, it will then be used to update the Preliminary Environmental Impact Study (“PEIS”). Lodgement of the PEIS is targeted for the December 2010 quarter, which will mark completion of the first key step in the permitting process.

## **Australis Exploration Limited (100% interest) (“Australis”)**

Australis holds a portfolio of mineral rights, tenements and subsidiaries (refer Figure 5), which presently comprise:

- The exclusive right to explore for and retain any value associated with rock phosphate on the tenements held by CST following the sale of Lady Annie (“Lady Annie Phosphate Rights”);
- 10 granted Exploration Licences totalling 13,899km<sup>2</sup> in the eastern Northern Territory and north west Queensland;
- 15 applications for Exploration Permits totalling 7,689km<sup>2</sup> in north west Queensland, and
- 100% of Mojo Mining Pty Ltd (“Mojo Mining”), which holds 15 granted Exploration Permits totalling 3,609km<sup>2</sup>, located 150km south of Mt Isa.

The Australis portfolio is presently being packaged for divestment by IPO or trade sale.

### **Lady Annie Phosphate Rights**

The Lady Annie Phosphate Rights cover part of the Lady Annie, Lady Jane and Galah Creek rock phosphate deposits. These deposits were discovered during the late 1960s and are hosted in the Cambrian Beetle Creek Formation, which is part of the Georgina Basin. The Lady Annie and Lady Jane deposits are located in an outlier 10km east of the present margin of the Georgina Basin. The East Galah Creek deposit lies adjacent to the D-Tree deposit, presently being explored by Legend International Holdings Inc.

Compilation of historical exploration information and assessment of the Lady Annie Phosphate Rights was completed by independent consultant SRK Consulting during the quarter. 3D modelling indicates that the tenements contain a significant amount of Beetle Creek Formation with excellent potential to host large rock phosphate deposits within 50m of surface at greater than 2m in thickness.



## **Australis Tenements**

Compilation of exploration information and target assessment of the granted tenements and applications held by Australis in Queensland and the Northern Territory was completed by independent consultants Ravensgate during the quarter. This work identified priority projects for retention for further exploration and areas of low potential for relinquishment.

Several rock phosphate targets were identified along the margin of the Georgina Basin and on a basement high, less than 50km from the Wonarah rock phosphate project (currently being developed by Minemakers Limited). Conceptual basement targets considered prospective for Mount Isa-style mineralisation have also been identified in the West Isa and Boullia areas representing coincident magnetic and gravity anomalies in zones of major regional structures.

## **Mojo Mining Tenements**

Further geophysical assessment of depth to basement was completed by the Company's geophysical consultants who recommended detailed ground geophysical surveys over several conceptual base metal targets in zones where cover is modelled to be <300-500m above basement inferred to be Mt Isa stratigraphy.

## **Cape Lambert South Project (100% interest) ("Cape Lambert South")**

Cape Lambert South comprises exploration licence E47/1493 covering 56.9km<sup>2</sup> located in the coastal Pilbara region of Western Australia. This tenement covers the southern extension of the Cape Lambert Magnetite deposit held by China Metallurgical Corporation.

### ***Competent Person:***

*The contents of this report relating to exploration and mineral resources are based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Cape Lambert and has sufficient experience relevant to the styles of mineralisation and the deposits under consideration and to the activities 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 Bischoff consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

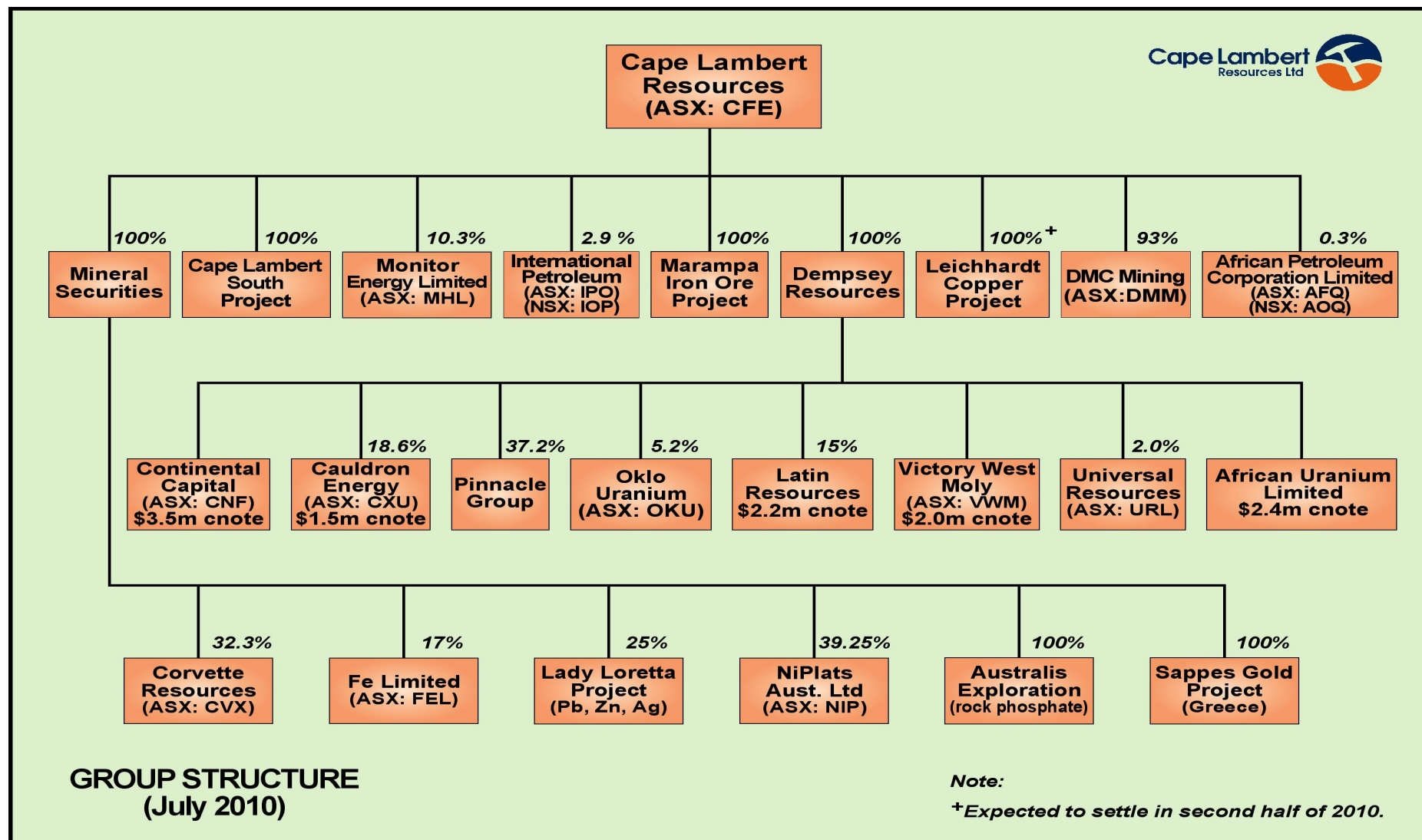


Figure 1: Group Structure

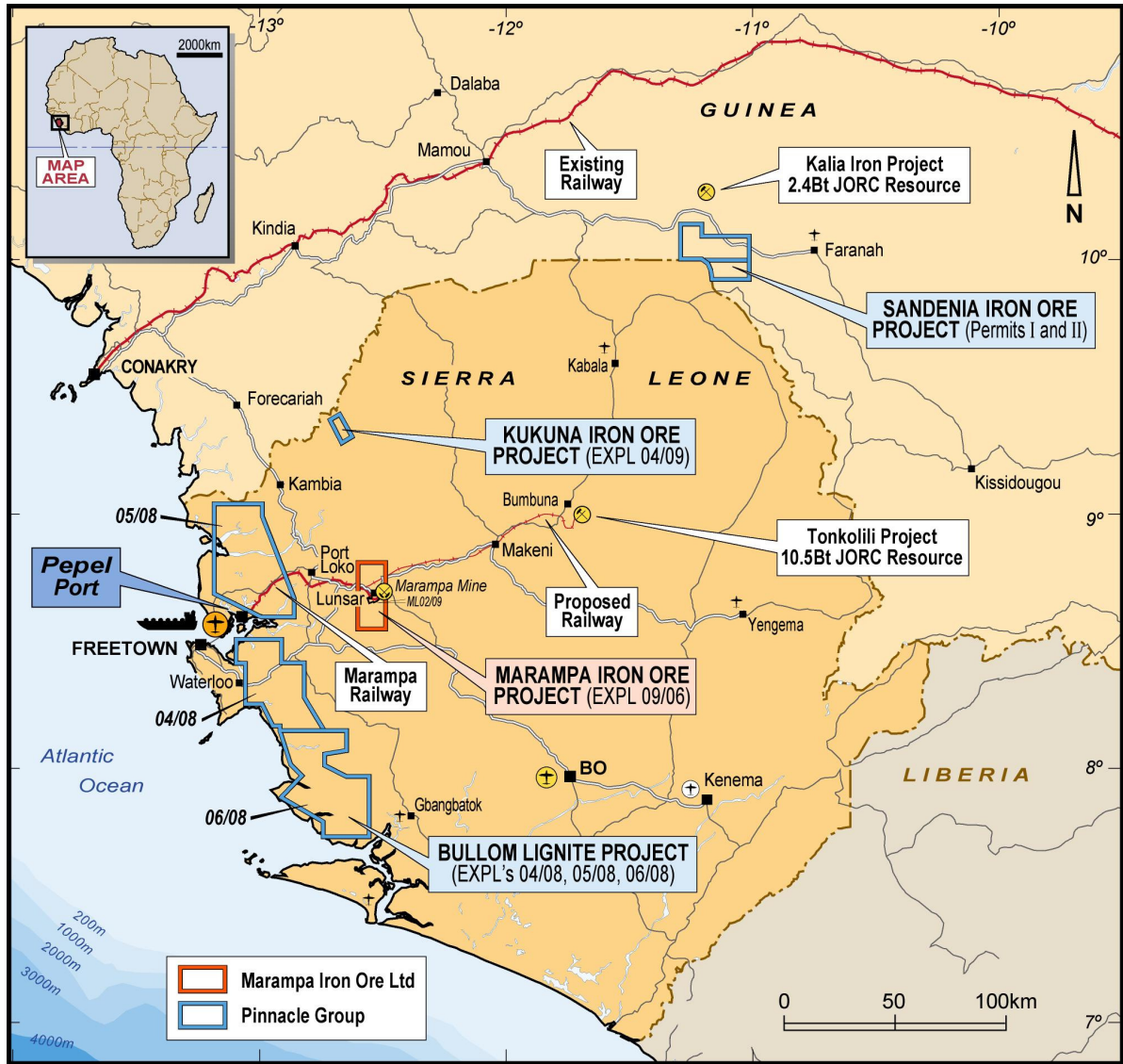


Figure 2: Guinea and Sierra Leone: Project and Infrastructure Location

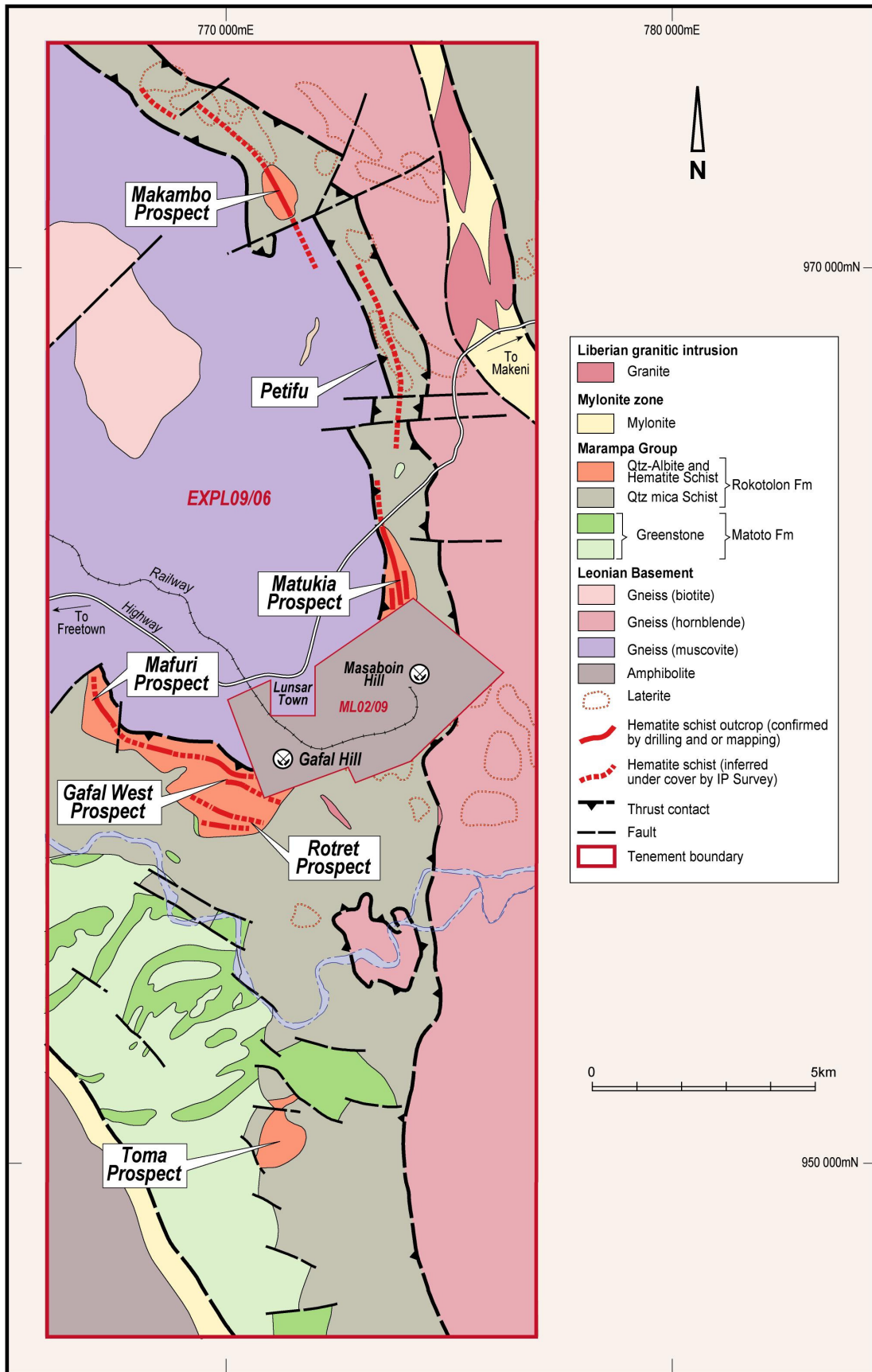


Figure 3: Marampa Project – Prospect Location



Figure 4: Sappes Gold Project - Location

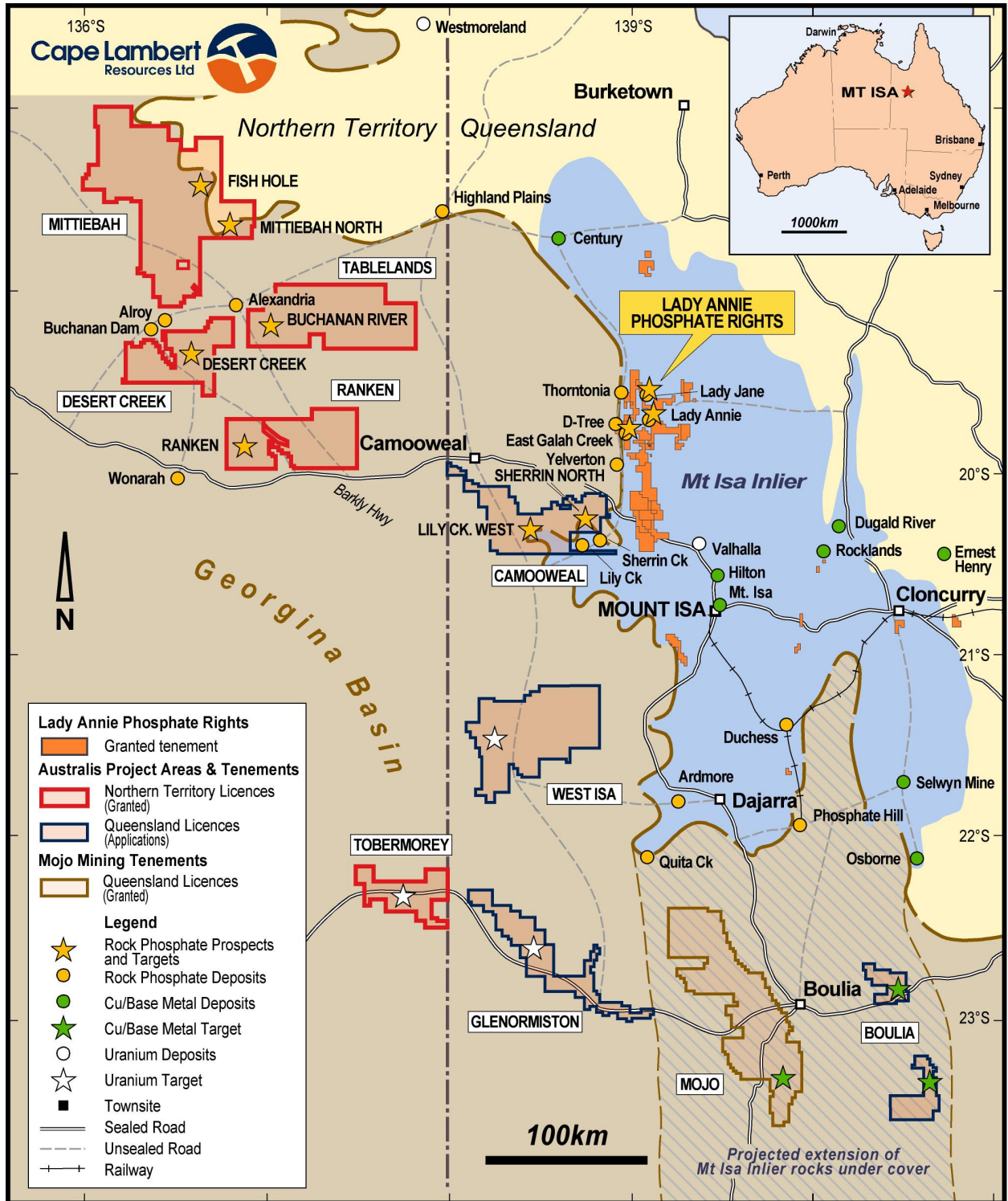


Figure 5: Australis Holdings and Interests

# 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

CAPE LAMBERT RESOURCES LTD

ABN

71 095 047 920

Quarter ended ("current quarter")

30 June 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	6,514
1.2 Payments for		
(a) exploration and evaluation	(3,583)	(12,692)
(b) development	-	-
(c) production & care & maintenance costs	(1,373)	(5,912)
(d) administration	(4,999)	(14,793)
1.3 Dividends received	-	-
1.4 Interest and similar items received	918	4,426
1.5 Interest and other costs of finance paid	(353)	(670)
1.6 Income taxes paid	(24,159)	(24,159)
1.7 Other: other income received	-	-
<b>Net Operating Cash Flows</b>	<b>(33,549)</b>	<b>(47,286)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(17,304)	(27,611)
(c) other fixed assets	(270)	(1,237)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	129,562	157,078
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	5,891	5,891

+ See chapter 19 for defined terms.

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

1.12	Other : Payment for Convertible Notes	-	(5,900)
	Other: Purchase of interest in controlled entity	-	(1,092)
	Other: Cash balances acquired through acquisition of controlled entities	2,265	3,000
	Other: Cash balances disposed of through disposal of controlled entities	(57)	(57)
	Other: Proceeds from sale of associate interest	-	3,011
	Other: Cash backing security required for performance / other bonds & bank guarantees	(12)	(5,488)
	Other: Restricted cash balances released	12,824	16,441
	Other: Restricted cash balances disposed of through disposal of controlled entities	(698)	(698)
	Other: Payment of transaction related costs	(5,287)	(8,998)
	Other: Payment of stamp duty	(3,514)	(9,121)
	<b>Net investing cash flows</b>	<b>123,400</b>	<b>125,219</b>
<b>1.13</b>	<b>Total operating and investing cash flows (carried forward)</b>	<b>89,851</b>	<b>77,933</b>

	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	8,652	8,652
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	794
1.17	Repayment of borrowings	(193)	(15,727)
1.18	Dividends paid	-	-
1.19	Other: deferred consideration paid	(10,000)	(10,000)
	<b>Net financing cash flows</b>	<b>(1,541)</b>	<b>(16,281)</b>
	<b>Net (decrease) in cash held</b>	<b>88,310</b>	<b>61,652</b>
1.20	Cash at beginning of quarter/year to date	47,400	74,058
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>135,710</b>	<b>135,710</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**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	164
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

\$164,500 payment for executive and non-executive salaries;

**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

+ See chapter 19 for defined terms.



In November 2009, 3,976,729 shares were issued as consideration for the purchase of Mojo Minerals Limited which holds tenements in the southern block of Mt Isa, Queensland.

24,569,934 shares were issued to African Minerals Limited in December 2009 as part consideration for the acquisition of 65% of Marampa Iron Ore Limited.

32,592,789 shares were issued to African Minerals Limited in January 2010 as the final consideration for the acquisition of 100% of Marampa Iron Ore Limited. Marampa Iron Ore Limited holds the Marampa iron ore project located in Sierra Leone.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	-
4.3 Production	-
4.4 Administration	3,900
<b>Total</b>	<b>6,900</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	17,210	46,668
5.2 Deposits at call	118,500	732
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>135,710</b>	<b>47,400</b>

+ See chapter 19 for defined terms.

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

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**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 attached schedule		
6.2	Interests in mining tenements acquired or increased	Refer attached schedule		

**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> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	593,166,467	593,166,467	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	28,000,000	28,000,000	\$0.309
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			

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+ See chapter 19 for defined terms.

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

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	Nil	Nil	N/A	N/A
7.8	Issued during quarter				
7.9	Exercised during quarter	28,000,000	28,000,000	\$0.309	\$0.309
7.10	Expired during quarter	8,350,000	N/A	\$0.432	N/A
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 July 2010  
Company secretary

Print name: Eloise von Puttkammer

### 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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+ See chapter 19 for defined terms.

**Appendix for item 6.2: Interests in mining tenements acquired or increased**

Tenement reference		Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
EPMA16607	West Isa 1	Granted	-	100%
EPM7487	Mt Kelly	Disposed of *	100%	-
EPM11185	Buka 01	Disposed of *	100%	-
EPM11586	Buka 05	Disposed of *	100%	-
EPM11637	Redie Creek	Disposed of *	100%	-
EPM11649	Buka 04	Disposed of *	100%	-
EPM11660	Buka 06	Disposed of *	100%	-
EPM11661	Buka 02	Disposed of *	100%	-
EPM11669	Eastern Creek	Disposed of *	100%	-
EPM11670	Gun Creek	Disposed of *	100%	-
EPM11672	Torpedo Creek	Disposed of *	100%	-
EPM11692	Mt Birnie	Disposed of *	100%	-
EPM11919	Cameron River	Disposed of *	100%	-
EPM11920	Round Mount	Disposed of *	100%	-
EPM13176	Valparaisa	Disposed of *	100%	-
EPM13177	Toby Creek	Disposed of *	100%	-
EPM14149	Desert Creek	Disposed of *	100%	-
EPM14259	Buka 03	Disposed of *	100%	-
EPM14424	Cartridge Creek	Disposed of *	100%	-
EPM14693	Judenham Creek	Disposed of *	100%	-
EPM15126	Burt JV	Disposed of *	100%	-
EPM16243	Mt Kelly West	Disposed of *	100%	-
EPM16244	Buckley River	Disposed of *	100%	-
EPM16259	Lady Annie North	Disposed of *	100%	-
EPM17418	Cloncurry East 2	Disposed of *	100%	-
ML5426	McLeod Hill	Disposed of	100%	-
ML5435	Mt Kelly	Disposed of	100%	-
ML5446	Flying Horse No.1	Disposed of	100%	-
ML5447	Spinifex Queen	Disposed of	100%	-
ML5448	Flying Horse No.2	Disposed of	100%	-
ML5474	Suzie No.6	Disposed of	100%	-
ML5476	Suzie No.12	Disposed of	100%	-
ML5478	Suzie No.14	Disposed of	100%	-
ML90168	Mt Clarke	Disposed of	100%	-

+ See chapter 19 for defined terms.

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

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ML90169	Mt Kelly West	Disposed of	100%	-
ML90170	Mt Kelly Extended	Disposed of	100%	-
ML90178	Mt Kelly	Disposed of	100%	-
ML90179	Lady Annie	Disposed of	100%	-
ML90184	Mt Kelly	Disposed of	100%	-

\* phosphate rights have been retained for these tenements by Australis Exploration Limited.