

ASX Release

29 January 2010

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2009

HIGHLIGHTS

- **Mt Wells re-assay programme is ongoing**
- **Further geochemical sampling was undertaken on and around Terry's Prospect**
- **A significant copper, silver and gold deposit was discovered within the Wingate's Exploration Licence (EL 10140)**
- **Geophysical interpretation commenced on the recently released Geoscience Australia airborne electromagnetic (GA AEM)**
- **New Company arrangements have resulted in a significant reduction in cash-burn.**

1. Progress Report on Mt Wells Tin And Copper Project

Assay results were received for selected RC drill samples from ALS Chemex and a preliminary statistical comparison was made with the previous Amdel results. Due to discrepancies in the reported assays from two laboratories, samples were retrieved from Mt Wells to undertake further confirmation of results. Once the reassaying of the Mt Wells drill cuttings has been completed the resource model will be finalised. In summary:

- It was noted that some drill samples previously reporting in the low range by Amdel were reported by ALS in the range of economic significance. These samples are located at the hanging and foot wall zones of the known lodes;
- The remaining drill samples were therefore retrieved from Mount Wells and transported to Darwin preparatory to further submissions to ALS;
- At this stage it is suspected that there is coarse cassiterite present in many samples which gives a "nugget effect" and indicates that a larger sample size is needed for the initial sample preparation and pulverising;
- It is possible that the results of further assaying may improve the widths and grades of some lode intersections.

2. Progress Report on Terry's Gold Prospect

The most recent field work was carried out in October 2009 with helicopter and ground vehicle support from the Daly River Caravan Park. A grid with dimensions 725m x 250m was marked out over the Terry's A Prospect and 341 soil samples were taken and sent in for gold analyses. Previous work on these exploration licences was reported on 21 September and 23 November 2009.

The main part of the Terry's A Prospect, which Carpentaria Exploration Company (CEC) had previously tested with about twelve reverse-circulation drill holes, is highlighted by a 150m long zone of over 40 parts per billion (ppb) gold with maximum value of 290ppb. This zone is not closed off on its southern and river bank side (See Fig 1.)

Although this zone appears to have a north westerly trend this may not be the case as there are at least three other trends which branch off in north north westerly, northerly and north easterly directions. These trends have values of more than 20ppb Au increasing to nearly 100ppb Au. A value of 20ppb is considered to be a significant anomaly in the depleted soils of this region.

In the central-eastern part of the grid there is a semi-dendritic pattern of lows which suggests the presence of alluvial cover. These zones will be re-sampled by a soil auger.

In the north central part of the grid there is a pattern of values above 20ppb Au with a maximum of 170ppb Au. These results suggest a zone and trends very similar to the main drill tested part of the Prospect however this particular zone was not drill tested by CEC.

In the far north western part of the grid there are several zones with values above 30ppb Au rising to a maximum of 1120ppb Au (1.12g/t Au). Again these zones were not drill tested by CEC.

In the central west part of the grid there are low zones south of the river where it would seem that the alluvial soils were not sufficiently penetrated by the auger.

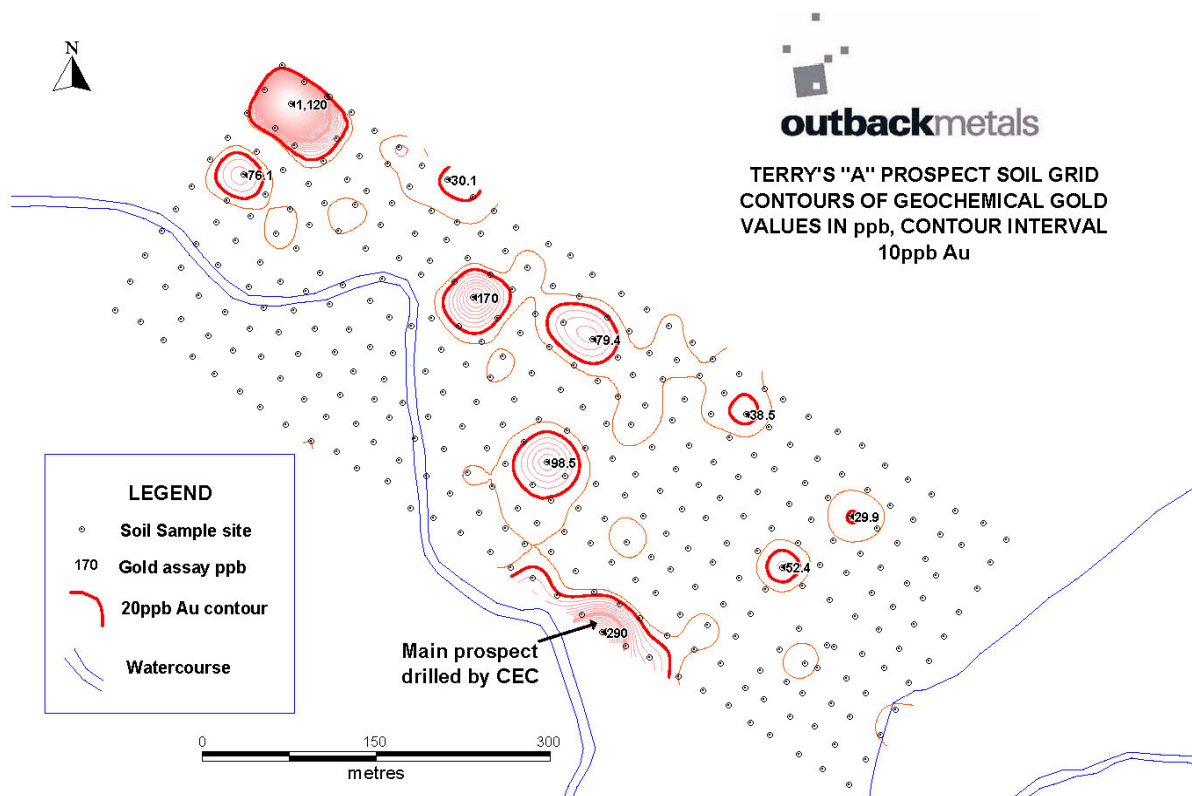


Figure 1 Terry's soil-grid and gold values.

The main part of Terry's A Prospect is also highlighted by strong arsenic values to 581 parts per million (ppm) As. In the central part of the grid there is an anomalous zone to 57ppm As which is coincident with a gold trend. This trend may be a primary feature of the mineralisation. In the far northern part of the grid there are several zones of between 50ppm As to 135ppm As which comprise a west north westerly trend which is mostly coincident with anomalous gold zone.

Mr Fraser advised that the strongly anomalous gold results, which in many instances are supported by arsenic and lead, suggests the presence of a very large mineralised stockwork which is probably hosted by granophyre-porphyry rock and possibly acid volcanics. The predominant south south west (210° magnetic) direction of the CEC drill holes, except in a few rare instances, was probably ineffective in testing this stockwork.

The present soil grid will be extended by up to at least 150m in all directions. This will involve the collection of around 750 samples which will be taken by soil auger to maximum possible depth. This work will be done with helicopter support as soon as access conditions permit after the current wet season.

The aerial magnetic and radiometrics which were previously flown over this area tend to support the geochemistry (see fig 2) and it is proposed to fly this area again at a 50 meter line spacing to improve the resolution.

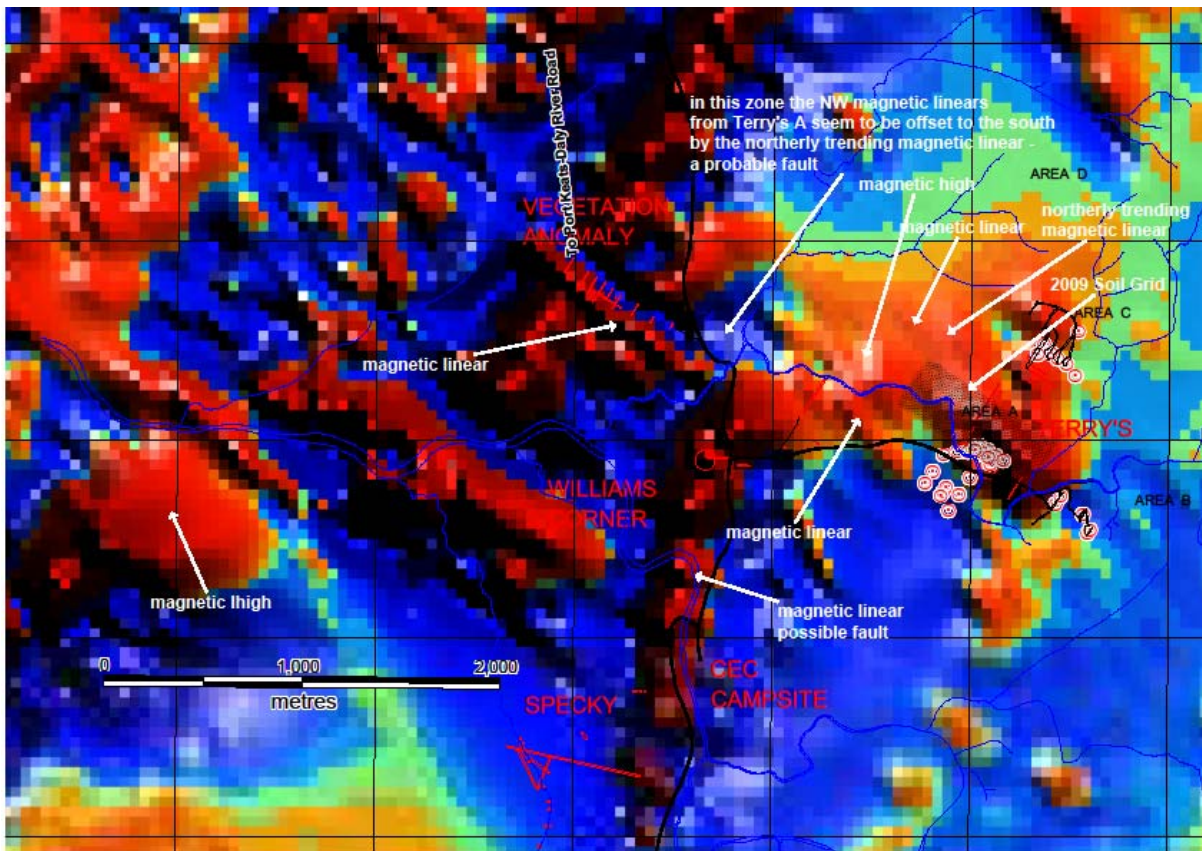


Fig 2 Magnetic image over the Terry's gold prospect

3. Significant New Silver Discovery

The Silver Strike Prospect is located in the south western part of OUM EL 10140 near the Wingate Mountains about 220 Km SSW of Darwin. This site is at an average elevation of 85m ASL. It is at the base of a steep wooded escarpment flanking a strongly dissected SW trending ridge system which rises to more than 225m ASL

The ridge system and escarpment immediately to the north of the prospect comprises shattered and quartz intruded quartzites of the Paleoproterozoic Chilling Sandstone with intrusions of mafic volcanics. These rocks are transected by splinter faults off the Giants Reef Fault Zone which offsets the Rum Jungle Embayment about 145km distance to the NE. Talus slides comprising large boulders of quartzites and other rubble shed from the escarpment cover a very large part of the prospect area.

In the immediate prospect vicinity there some folded subcrops of acid volcanic rocks and some clastic sediments which are interpreted to be the Paleoproterozoic Berinka Volcanics. Two separate lodes were identified, the eastern lode is about 60m in length and comprises vein quartz and gossan with apparent widths ranging from 5m to 15m. At about the midpoint of the lode a dip of 45⁰ to the south was estimated. Silver is the dominant element with values in the range 26g/t to 175g/t Ag. Some traces of gold to 0.17g/t Au were recorded. There is some minor lead to 0.87% Pb and copper to 0.4% Cu. Accompanying anomalous elements include arsenic to 1735ppm As, bismuth to 1920ppm Bi, antimony to 0.21% Sb and tellurium to 22.6g/t Te. The Outcrop/subcrop at both ends of the lode is covered by talus slides.

The western lode is located about 180m to the WSW of the East Lode across a small incised creek. The lode which is about 75m in length comprises vein quartz with visible malachite and gossan with apparent widths ranging from sub metre to 3-4m. For the most part it appears to be moderately dipping to the south but near the midpoint of the subcrop a dip to the south of 35⁰ was estimated. Copper is the dominant element with values ranging up to 3.65% Cu. There is some minor silver up to 13.2 grams per tonne (g/t) Ag. Gold is anomalous with a maximum value of 0.75g/t Au. Other anomalous elements include arsenic to 2930ppm As, bismuth to 968ppm Bi and some tellurium to 4.6g/t. The outcrop/subcrop at the eastern end is covered by alluvium and by a talus slide at the western end.

Altogether twenty five composite samples were taken across the lodes. There was no evidence of any previous work at the site and OUM staff have not conducted detailed mapping or investigation of the surrounding areas. (Fig 3) Exposure by excavator trenching and drilling is needed to gauge the true width and extent of the mineralisation but at this stage there is no reason to doubt that the strike is significantly much more in length than reported here.

OUM Exploration Manager, Mr Bill Fraser, has suggested that the East and West Lodes could be:

- Continuous under the separating drainage alluvium, or are
- Offset by a strike slip fault, or are
- Separate lodes of a significant VMS style deposit.

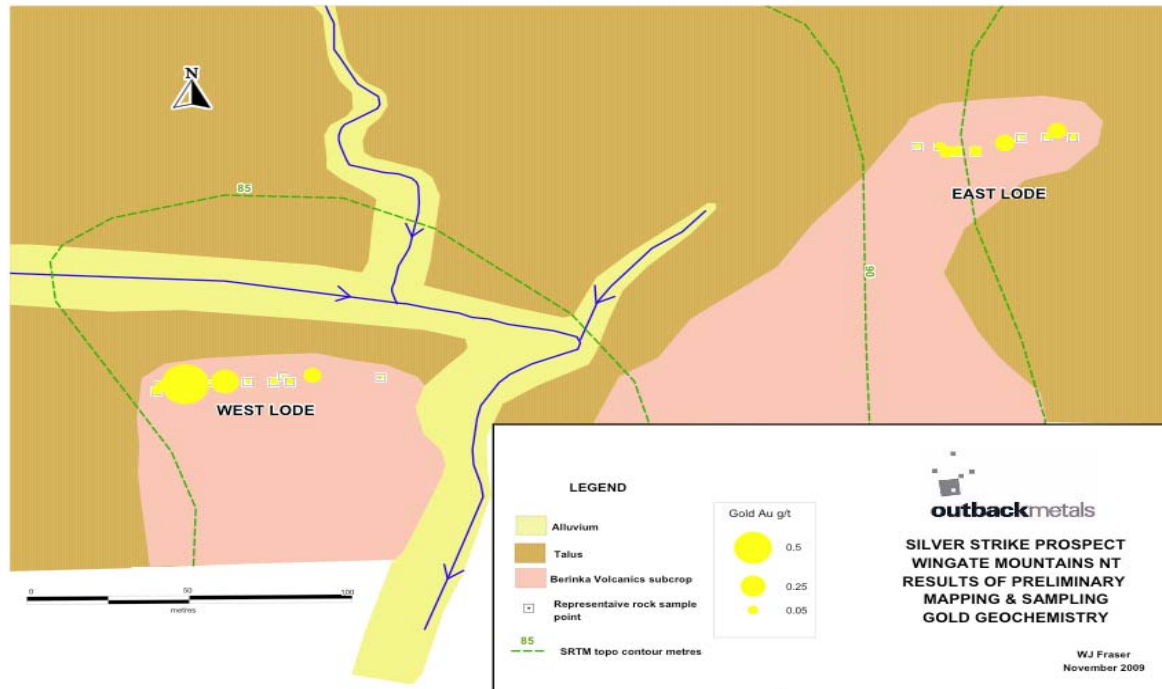


Fig 3 Preliminary mapping of Silver Strike Prospect

4. Geophysical Interpretation Commenced on the Recently Released Geoscience Australia Airborne Electromagnetic survey data (GA AEM).

A brief helicopter reconnaissance on EL 25713 was done in conjunction with work on adjoining EL 10140 during the reporting period. Further work on EL 25713 was delayed until the results of the Geoscience Australia (GA) Airborne Electromagnetic (AEM) survey became available in September. A total of 25 of OUM titles were traversed by this survey and this data is currently being reviewed. Mr Fraser advised that a preliminary interpretation of the GA AEM data indicates the presence of a possible sedimentary basin in the eastern portion of EL 25713 and this may have potential for sandstone hosted uranium mineralisation.

In the first instance the interpretation of the AEM data needs to be completed and the sedimentary basin model verified. Following that a detailed airborne geophysical survey with ground follow-up will be carried out and potential targets investigated by drilling.

However in speculating on the significance of the possible sedimentary basin in the eastern portion of EL 25713 there may be potential for sandstone hosted “roll front” uranium mineralisation, the uranium source being the Ti Tree Granophyre. In the helicopter and ground recovery of airborne radiometric anomalies on adjoining EL 10140 OUM recognised that the Ti Tree Granophyre is

enriched in uranium and furthermore a uranium prospect discovered by Mobil Energy Minerals is located just beyond the interpreted basin margin. While the basal coarser sands and conglomerates of the outcropping Cretaceous sediments may be a potential uranium host older underlying sediments especially if they are Cambrian-Ordovician are thought to have greater potential.

5. Corporate

At the end of the quarter Outback's monthly cash burn rate has been significantly reduced through the implementation of cost cutting measures. During the quarter Chief Executive Officer Christopher Jordinson and Company Secretary James Cooper-Jones have resigned from the Company to pursue new career opportunities. Tony McGill replaced Mr Jordinson as Chief Executive Officer. Sophie Karzis from Corporate Consulting Partners replaced Mr Cooper-Jones as Company Secretary.

For further information, please contact:

Tony Mc Gill
Chief Executive Officer
Outback Metals Limited
Tel: 0401 119 457

Sophie Karzis
Company Secretary
Outback Metals Limited
Tel: 03 9665 0460

About Outback Metals Limited

Outback Metals Limited holds 25 granted Exploration Licences totalling over 1,600km² and 9 applications for Exploration Licences totalling over 2,250km². The company also has 43 Mining Leases and Mining Claims and 3 mining lease applications, where previous miners have mined and produced saleable metal in the form of concentrate. The total area of Mining Leases and Claims is more than 700ha.

For more information please visit the website at: www.outbackmetals.com

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. William Fraser, who is a Fellow of The Australasian Institute of Mining and Metallurgy and is certified as a Chartered Professional (Geology). Mr. William Fraser is employed by W J Fraser and Associates Pty Ltd. Mr. Fraser has sufficient experience which is relevant to the style of mineralization 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 "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Fraser 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

OUTBACK METALS LIMITED

ABN

74 126 797 573

Quarter ended ("current quarter")

31 DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	2	2
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(110) - - (415)	(207) - - (630)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Release of Bank Guarantee)	-	-
	(520)	(830)
Net Operating Cash Flows		
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 (Costs related to Take Over Bid)	-	(29)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(520)	(859)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(520)	(859)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	28
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other Costs to issue share	-	-
	Net financing cash flows	-	28
	Net increase (decrease) in cash held	(520)	(831)
1.20	Cash at beginning of quarter/year to date	826	1,137
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	306	306

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	44
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

1.23 Director's fees	\$43,888
----------------------	----------

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

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$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	80
4.2 Development	Nil
Total	80

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	29	126
5.2 Deposits at call	277	700
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	306	826

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest in blocks at beginning of quarter	Interest in blocks at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

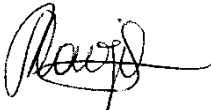
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	166,377,883	48,565,608		
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>	11,146,750 7,000,000	11,146,750 -	<i>Exercise price</i> \$0.30 \$0.30	<i>Expiry date</i> 17/12/2010 27/08/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

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



Sophie Karzis
Company Secretary
29 January 2010

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.

== == == == ==