

**QUARTERLY REPORT  
FOR THE QUARTER  
ENDING 30 SEPTEMBER  
2010**

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**ASX: TTR**

## Highlights

### 1. PHILLIPS RIVER PROJECT

#### Definitive Feasibility Study nearing completion

##### 1.1 Trilogy

- Mine designs completed featuring both open pit and now an underground component
- Process Plant /Infrastructure layouts nearing completion
- Further testwork being undertaken to determine value of creating a precious metals concentrate from oxide ore

##### 1.2 Kundip

- Flag Resource Upgrade leads to 900,000 oz gold resource for Phillips River Project
- Design of Open Pits and underground mines completed

##### 1.3 Regional Exploration

- No Tree Hill geochemical anomaly provides excellent exploration drill target
- Acquisition of Copper Gold tenement package strengthens tenement holding in Ravensthorpe

### 2. RAV8

- No work carried out

### 3. CORPORATE

- Share Purchase Plan raises \$1.386 million
- \$1.32 million cash on hand at end of quarter

## 1. PHILLIPS RIVER PROJECT

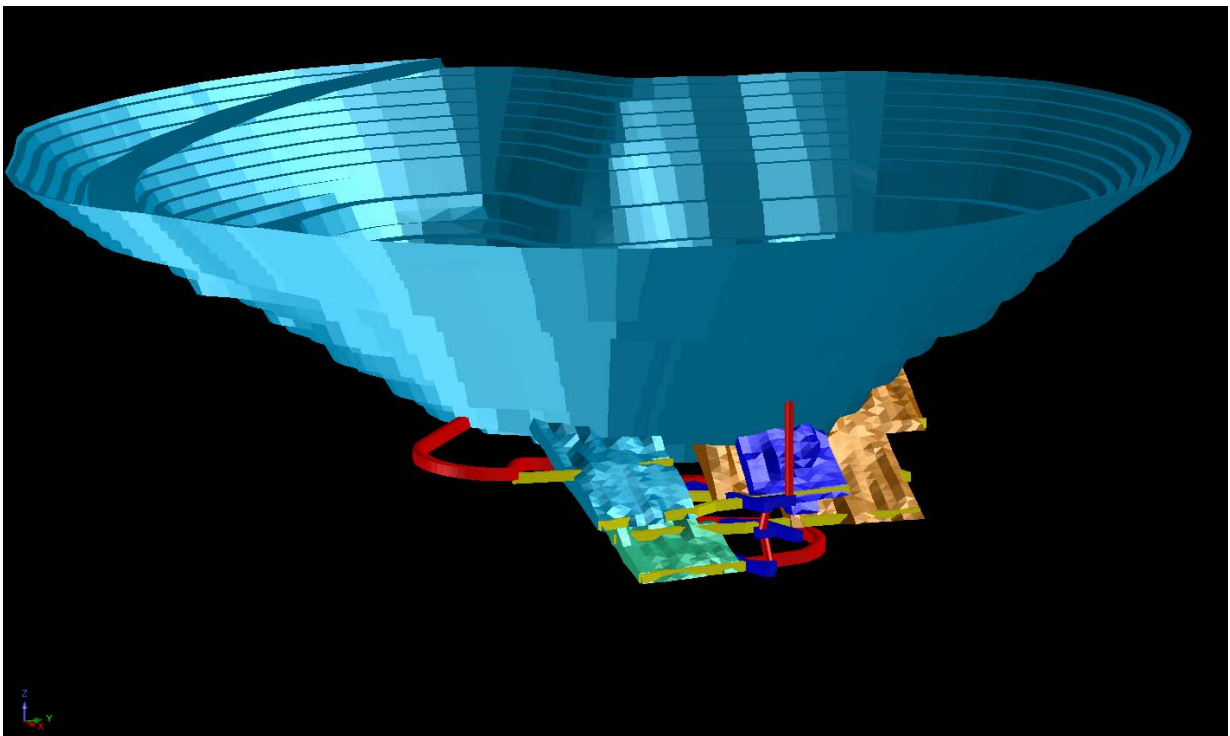
(Tectonic Resources NL 100%)

The Phillips River Project Definitive Feasibility Study (DFS) is nearing completion with the bulk of engineering design completed.

Work carried out during the quarter is summarised below:

Resource Estimation on the Kundip mineralisation has now been completed with resource upgrades announced for Kaolin (+94,000 oz gold), Harbour View (+ 31,000 oz gold) and Flag (+21,000 oz gold). These upgrades have led to an overall increase in the Phillips River Project gold resource of 146,000 oz, now surpassing 900,000 ounces.

Design of all mining areas was completed during the quarter using all the relevant inputs from various consultants. Of note is an anticipated greater portion of the Trilogy resource being able to be converted to a mining reserve from that previously contemplated. Design work now incorporates an underground component to maximize returns from the deposit. (See figure 1 below for Trilogy mine design)



*Figure 1: Trilogy Mine Design*

The processing plant base case has now been fully costed and designed to the level required for the DFS. Options for deferring capital expenditure requirements are being fully evaluated with the single aim of providing the simplest mining proposition utilizing a single component of the overall process plant configuration, thus reducing up front capital requirements

The revised operating strategy revolves around a two phase approach:

The Stage 1 strategy aims to initially mine and process the Trilogy deposit with a simplified life of mine plan and a significant reduction in the capital expenditure figure as the basis for securing bank funding.

This approach benefits numerous aspects of the Project including:

1. Capital Costs; Initial development would include a base metals concentrator, which would be fully utilised for the first 5 years of production and defers the requirement for a gold leach circuit.
2. Trilogy gold recoveries - A gravity circuit will capture around 10% of the gold/silver, with a further 30%-40% of the gold recovered in the gold-copper and bulk concentrates.
3. Testwork has determined that a precious metal concentrate can be created from both the low copper oxide material and a pre-float of the high copper oxide ore. This represents an opportunity for either sale of the concentrate or toll processing by a gold plant in the region realizing significant value early on in the stage 1 project life.
4. Initial mining of Trilogy simplifies the mining fleet requirements, reduces working capital costs and presents a singular focus of activities in the early life of the project, reducing execution risk.
5. Temporary storage of concentrate tailings. Some precious metal tailings from flotation would be stored within the tailings storage confines for later processing through a leach circuit.

Stage 2, after complete exploitation of the Trilogy Resource, involves the construction of the leaching, CCD and SART refinery to treat Kundip ore.

Adopting this strategy provides for a significant reduction in up front capital whilst providing an opportunity for the second stage of capital required for the leach circuit to be fully funded internally from cash flows resulting from Trilogy production.

### **Other Aspects**

Hatch Associates Pty Ltd (Hatch) has completed design of the hybrid wind diesel system and is currently completing the report documentation. The company is examining options for funding the capital requirements of this specific aspect of the project and has begun dialogue with potential partners for the development of the wind farm.

Environmental work remains ongoing and is well advanced with the company's environmental consultant Outback Ecology working towards submitting a non substantive variation to the current approval under the Environmental Protection Act Section 45C provisions. There are no identifiable issues that would result in project development delays as a result of the environmental approval process.

The company has engaged additional consultants to assist with the completion of the definitive feasibility study and provide commercial advice to maximise the project value. Debt advisory firm Optimum Capital will assist with the process of seeking debt funding for the project and base metals marketing expert Max Brunsden to assist with the marketing of the company's base metal concentrates

### **Regional Exploration**

Geochemical sampling carried out during the quarter, as part of the regional program has unveiled another high order target which warrants drilling. The area known as No Tree Hill lies in close proximity to the Trilogy deposit (8kms NW).

The survey area is believed to have minimal transported material overlying the bedrock. This may indicate this anomalism has its source directly within the Proterozoic bedrock. Peak values for copper (652ppm) and gold (271ppb) exceed the geochemical results in soils for both the Trilogy deposit and Railway prospects.

The shape of the copper anomalism (see Figure 2) suggests there is potential for primary mineralisation to be related to the intersection of two distinct structures. This possibility will be considered when the drill design lay-out is undertaken. No drilling has previously occurred in this area.

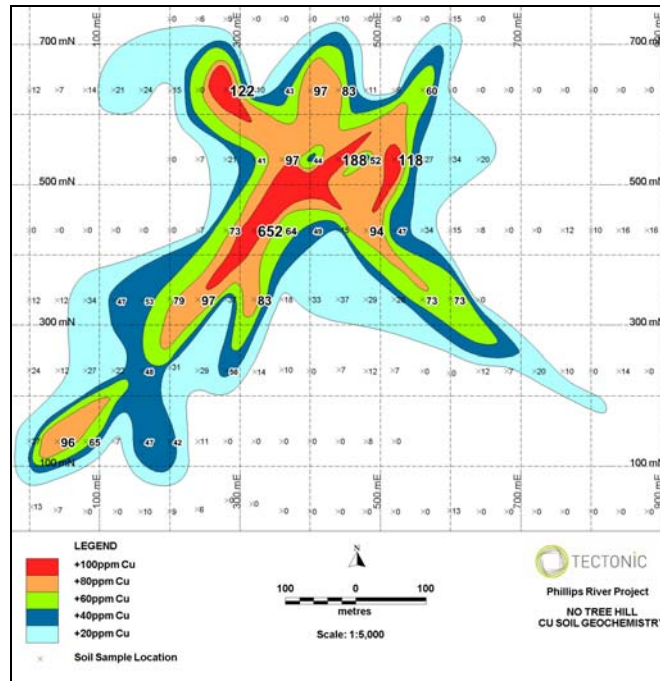


Figure 2: Copper in soil anomaly, peak value 652ppm Cu, extends 800m by 150m

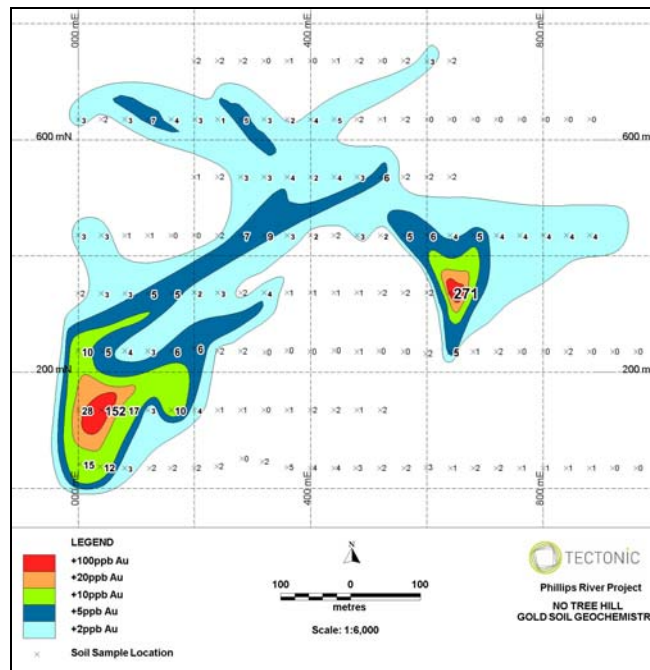


Figure 3: Coincidental gold in soil anomaly, peak value 271ppb & 152ppb.

## ELVERDTON TENEMENT PACKAGE ACQUISITION

The company announced on the 23<sup>rd</sup> of July the acquisition of a strategic package of 172 sq.km of tenements highly prospective for gold and copper adjacent to its existing portfolio of ground in the Ravensthorpe region of Western Australia. (See Figure 5 at rear for complete Tectonic tenement package).

The transaction with Pioneer Resources involves, the issue to Pioneer of 500,000 two year options in Tectonic at a 10% premium to the 30 day VWAP and grant a 1.5% NSR royalty for all commodities other than iron ore and manganese. Pioneer retains the rights to iron ore and manganese which is subject to a separate agreement with Mineral Resources Ltd. In the event Mineral Resources Ltd elect to withdraw these rights will revert to Tectonic in return for a NSR royalty of 3.5% on iron ore or manganese, payable to Pioneer on any production from these commodities.

The newly acquired tenements represent the northern continuation of the highly prospective Achaean greenstone belt, locally known as the Annabelle Volcanics along strike from Tectonic's Kundip mineral resource (738,000 oz gold and 24,400 copper tonnes). The company now controls the majority of the 560 historical mining operations within the Ravensthorpe district

Initial work currently underway includes interrogation of the historical dataset and evaluation of the potential of the most advanced target in Mt Desmond (See fig 4) , a historic copper mine believed to have a significant remnant resource remaining and potential to expand. The other various prospects are to be fully evaluated and prioritized for future work programs.

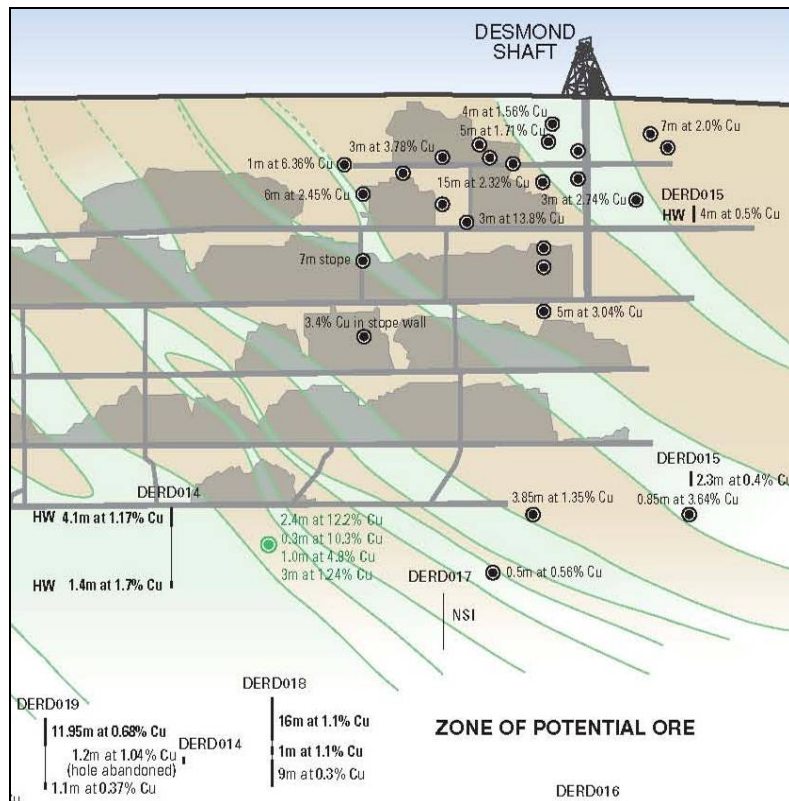


Figure 4: Mt Desmond Long Section

**2. RAV 8 NICKEL PROJECT**

**(Tectonic Resources NL 100%,)**

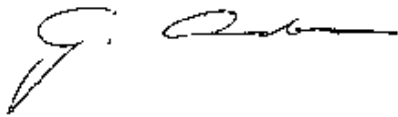
No work was carried out on this project during the quarter.

**3. CORPORATE**

The company maintained a cash balance as at the end of the quarter of \$1.32 million after raising \$1.386 million from a share purchase plan to existing shareholders.

The company presented at the Excellence in Mining Conference in Sydney on the 20<sup>th</sup> of September 2010.

**Yours faithfully**

A handwritten signature in black ink, appearing to read 'G. Anderson', with a long horizontal flourish extending to the right.

**Graham Anderson  
Company Secretary**

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TECTONIC RESOURCES GLOBAL RESOURCE TABLE: SEPTEMBER 2010 GOLD AND COPPER RESOURCE TABLE: KUNDIP PROJECT AND OTHERS*						
CATEGORY	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
MEASURED	0.00	0.00	0.0	0.0		
INDICATED	4.97	3.10	2.3	0.3		
INFERRED	3.08	2.53	2.1	0.5		
<b>SUB TOTAL</b>	<b>8.05</b>	<b>2.88</b>	<b>2.2</b>	<b>0.4</b>		
BASE METAL RESOURCE TABLE: TRILOGY PROJECT**						
MEASURED	0.31	2.4	41	0.3	0.1	0.0
INDICATED	5.75	0.7	48	1.1	2.1	1.3
INFERRED	0.18	0.6	12	0.8	0.2	0.2
<b>SUB TOTAL</b>	<b>6.24</b>	<b>0.82</b>	<b>47</b>	<b>1.0</b>	<b>2.0</b>	<b>1.2</b>
GLOBAL RESOURCE TABLE: GRADE						
MEASURED	0.31	2.4	41.2	0.3	0.1	0.0
INDICATED	10.72	1.8	26.8	0.7	1.1	0.7
INFERRED	3.26	2.4	2.6	0.5	0.0	0.0
<b>GRAND TOTAL</b>	<b>14.29</b>	<b>1.98</b>	<b>21.6</b>	<b>0.7</b>	<b>0.9</b>	<b>0.5</b>
GLOBAL RESOURCE TABLE: CONTAINED METAL						
	Mt	M Oz	M Oz	t (000)	t (000)	t (000)
MEASURED	0.31	0.02	0.41	0.9	0.4	0.0
INDICATED	10.72	0.63	9.23	78.9	122.5	73.9
INFERRED	3.26	0.25	0.28	16.1	0.3	0.3
<b>GRAND TOTAL</b>	<b>14.29</b>	<b>0.91</b>	<b>9.92</b>	<b>95.9</b>	<b>123.3</b>	<b>74.3</b>

\*- Based on wire-framing to drill holes on a 1.0g/t Au cut-off for shallow resource, and 3.0g/t Au. for deeper mineralisation, and reporting to a 1g/t Au or 1g/t Au equivalent cut-off based on:  $Au\ eq = Au\ ppm + (Cu\ ppm * 0.0001420827408)$

\*\* - Based on wire-framing to drill holes on a 0.5% Cu equivalent cut-off and reporting to a 1% Cu equivalent cut-off. Oxide Cu eq. =  $(Au\ ppm * 9775) + (Ag\ ppm * 150.4) + (Cu\ ppm)$ ; Sulphide Cu eq. =  $(Au\ ppm * 4720) + (Ag\ ppm * 75.5) + (Cu\ ppm) + (Pb\ ppm * 0.2384) + (Zn\ ppm * 0.1925)$

### Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bruce Armstrong who is a Member of the Australasian Institute of Geoscientists. Mr Armstrong is a full time employee of Tectonic, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Armstrong has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears. Information that relates to exploration targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Figure 5: TTR Tenement holding showing new acquisition

