

ASX ANNOUNCEMENT

ASX Code: MMX

27 October 2011

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

HIGHLIGHTS

Murchison

- Cash, liquid investments and undrawn debt facilities at quarter end of \$58.69 million
- \$16.6 million net loss after tax for the year ended 30 June 2011
- Strategic review ongoing
- Appeal hearing in Chameleon litigation concluded

Crosslands Resources Ltd (Murchison 50% Interest)

- 357,831 tonnes of direct shipping ("DSO") lump and fines shipped during quarter
- Jack Hills Expansion Project ("JHEP") recommended for approval by EPA
- Interim Mining Proposal to extend DSO mining submitted to WA Department of Mines and Petroleum

Oakajee Port and Rail (Murchison 50% Interest)

- Federal environmental approval for port terrestrial development
- Oakajee Rail Corridor approved by the WA Government
- EPA approval for Port Accommodation Camp and Port Quarry developments

ABOUT MURCHISON

Murchison Metals Limited ("Murchison") is an Australian ASX listed company. Murchison is included in the S&P/ASX 200 Index.

Murchison is a 50% shareholder in Crosslands Resources Ltd ("Crosslands") which is the owner of the Jack Hills iron ore project located in the mid-west region of Western Australia. The remaining 50% of Crosslands is held by Mitsubishi Development Pty Ltd ("Mitsubishi"), a subsidiary of Mitsubishi Corporation, Japan's largest general trading company.

Murchison also has a 50% economic interest in an independent infrastructure business, Oakajee Port and Rail ("OPR"). OPR was established to construct new port and rail infrastructure to provide logistics services to miners (including Crosslands) and other potential customers in the mid-west region of WA. The remaining 50% economic interest in OPR is held by Mitsubishi.

In addition to its investments in Crosslands and OPR, Murchison owns the Rocklea iron ore project located in the Pilbara.

CORPORATE

As at 30 September 2011, Murchison had cash, liquid investments and undrawn loan facilities totalling \$58.69 million¹. Interest earned on investments for the quarter amounted to \$136,000. The cash outflow for the quarter includes amounts paid to Crosslands and OPR of \$12.6 million and \$6.7 million respectively to fund ongoing project activities.

During the quarter, Murchison announced a \$16.6 million net loss after tax for the year ended 30 June 2011, compared to a net loss after tax of \$21.5 million in the previous financial year, reflecting the Company's continued focus on feasibility studies for the Oakajee infrastructure project and Jack Hills Expansion Project. The reduced full year loss reflected increased sales revenue from the Stage 1 Jack Hills mine during the year, which resulted in Crosslands Resources recording a full year net profit after tax of \$2.6 million (Murchison share: \$1.3 million), compared to a net loss after tax of \$8.6 million (Murchison share: \$4.3 million) in 2010. Stage 1 mine operating cash flow increased by \$21.3 million to \$33.6 million for the 2011 financial year, reflecting a 38% increase in sales revenue to \$228 million on the back of stronger iron ore prices. Crosslands achieved an average price of \$143 per tonne of ore sold from the Stage 1 mine at Jack Hills in 2011 (FY10: \$94/t).

RCF Facility

On 16 March 2011, Murchison executed a US\$100 million bridging facility with Resource Capital Fund V L.P. (RCF V), to fund Murchison's share of project study costs for Crosslands and OPR and for general corporate purposes. At 30 September 2011, Murchison had drawn a total US\$48.75 million against the facility, leaving remaining availability of US\$51.25 million. The first interest payment under the facility was made on 11 July 2011, and was satisfied by the issue of shares and options. As part of its ongoing capital management strategy, Murchison is in discussions to refinance the existing facility which becomes due for repayment in April 2012.

Strategic Review

Following the delivery of feasibility studies for both the Oakajee infrastructure project and Jack Hills Expansion Project ("JHEP") to Murchison and Mitsubishi on 30 June 2011 (the feasibility study outcomes were reported in Murchison's quarterly activities report for the June Quarter 2011), Murchison's primary focus during the September quarter was on progressing its strategic review.

As part of the review, Murchison is evaluating a range of options to advance the development of the Oakajee infrastructure project and JHEP, including the potential for transactions at the asset and/or corporate level.

¹ All dollar values are expressed in Australian dollars, unless stated otherwise

A data room was established during the quarter, and Murchison remains in confidential and incomplete discussions with a number of parties. There can be no assurances that a transaction will emerge which is either capable of being recommended to shareholders or otherwise enacted by the Company.

As advised previously, Murchison considers that the project schedule is largely dependent on the resolution of commercial arrangements between OPR and its targeted foundation customers. As of the end of the quarter, agreement on these commercial arrangements had not been achieved, such that the project development schedule remains uncertain.

Murchison believes that restructuring the ownership of OPR represents the best means of achieving a commercial outcome that meets the needs of all parties and would enable the projects to proceed.

Consequently, Murchison is actively engaging, or seeking to engage, with all stakeholders and parties with an interest in the development of the projects, including the WA Government, to achieve such an outcome.

Murchison welcomes and supports the active involvement of WA Premier Colin Barnett in this process, including his initiatives to facilitate Chinese participation in the Oakajee project. In this regard, the Premier travelled to China in September and discussed potential Chinese participation in the Oakajee project with the National Development and Reform Committee ("NDRC"), which plays a key role in overseeing China's overseas investments.

Given these initiatives, and the significant project planning, evaluation and engineering undertaken since late 2007 to achieve the currently advanced state of project design and regulatory approvals in areas such as environment and heritage, Murchison believes that OPR remains the most appropriate vehicle for the project's development, regardless of whether OPR retains its exclusive rights to develop the port and northern rail infrastructure beyond the end of 2011.

Murchison considers that the progress made by OPR to date cannot be easily or quickly replicated and that any commercial outcome that would enable the project to be developed so as to provide the foundation customers with a route to market in the shortest possible timeframe would naturally take advantage of this pre-existing body of work and approvals.

Further details of activities relating to the JHEP and Oakajee infrastructure project during the September quarter are provided in the Crosslands and OPR sections of this report.

Chameleon Litigation

Chameleon Mining NL ("Chameleon") is claiming an interest in the Jack Hills and Weld Range projects and/or Murchison's shares in Crosslands, in relation to dealings in 2004, by the Company's then management. On 20 October 2010, the Court dismissed Chameleon's claim that it was entitled to an interest in either the Jack Hills iron ore project and/or Murchison's shares in Crosslands. In addition, the Court made orders to the effect that:

1. Murchison is liable to pay Chameleon a portion of the profit it received as a consequence of the investment of \$277,840 in Crosslands from 24 July 2004 to 20 October 2010. Murchison notes that it has not been paid any dividends as a consequence of its investment in Crosslands. As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$277,840 from Murchison plus interest at commercial rates on a compounding basis.
2. Crosslands is liable to pay Chameleon the profit obtained by it from the use of \$152,750 on the same basis as Murchison. Murchison notes that the project operated at a loss over the relevant period. As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$152,750 from Crosslands plus interest at commercial rates on a compounding basis. It should be noted that Murchison indemnified both Crosslands and Mitsubishi from any loss relating or attributable to, or arising from the claim by Chameleon under the Share Subscription Agreement entered into among the parties in September 2007.

On 4 February 2011, Chameleon was granted leave to appeal against Justice Jacobson's decision and Murchison and Crosslands were granted leave to cross appeal in respect of certain findings and orders. The Federal Court hearing of the appeals concluded on 17 August 2011. The Court reserved its decision, which Murchison expects will be handed down in the March Quarter 2012.

Annual General Meeting

The Annual General Meeting of Shareholders for the year ended 30 June 2011 is scheduled for 24 November 2011. The Notice of Meeting and Annual Report for the 2011 financial year can be viewed on the Company's website: www.mml.net.au.

EXPLORATION

Rocklea Project (Murchison 100% interest)

Murchison's Rocklea Project is located in the Pilbara region between the towns of Tom Price and Paraburadoo and is situated near existing and planned rail infrastructure.

Murchison is considering a number of strategic alternatives for the project.

CROSSLANDS RESOURCES LTD (MURCHISON 50% INTEREST)

Crosslands is employing a two-stage strategy to develop its Jack Hills Project.

Stage 1 operations utilise contract mining, crushing and screening. Iron ore is transported to Geraldton by contract road haulage to ore storage and transfer facilities at the Port of Geraldton, ahead of shipment to customers.

The Jack Hills Expansion Project ("JHEP") is targeting a substantial expansion of annual production capacity aimed at producing premium quality magnetite and hematite iron concentrates. Crosslands intends to utilise new port and rail infrastructure which Oakajee Port and Rail ("OPR") plans to develop in the mid-west region of Western Australia that will enable ore from the mine to be transported by rail for shipment from the new Oakajee port. To date more than \$208 million has been expended by Crosslands on the JHEP mine exploration and mine feasibility activities.

STAGE 1 OPERATIONS

Production Summary

Stage 1 operations were steady during the September quarter.

In August, a geotechnical failure on the west wall of the mine temporarily sterilised a considerable volume of ore on the pit floor. Previous survey work had indicated the likelihood of the slip, and there was no danger to staff at the time.

As a result, the mine plan and mine forecast have been readjusted with mining likely to extend to the end of February 2012. Under the five year Stage 1 mine plan, mining is currently scheduled to end in December 2011.

The average total operating cash cost, including haulage, shipping and royalties for the September Quarter was \$135 per tonne of ore shipped, compared to \$127 per tonne in the previous quarter.

A comparative summary of operations statistics for the quarter is presented in Table 1:

Production Summary		Dec 10 Qtr	Mar 11 Qtr	Jun 11 Qtr	Sept 11 Qtr	Project to Date
Volume Waste	BCM	14,453	611,291	722,222	627,802	9,401,996
Volume Ore	BCM	57,644	6,676	62,498	91,500	1,790,784
Ore Mined	Tonnes	254,232	28,841	269,992	395,279	6,984,916
Ore Crushed	Tonnes	288,605	72,968	285,016	408,425	7,199,096
Ore Hauled to Port	Tonnes	396,636	270,615	413,648	401,673	6,860,783
Ore Shipped – lump	Tonnes	120,479	177,822	242,014	236,887	4,583,888
Ore Shipped – fines	Tonnes	247,562	121,956	187,342	120,944	2,217,058
Grade – lump	%Fe	62.4%	62.2%	62.2%	62.0%	64.1%
Grade - fines	%Fe	61.1%	62.1%	61.8%	63.6%	62.2%

Table 1

Mining and Processing

Ore mined for the September quarter was 395,279 tonnes or 91,500 bcm. The total mined volume for the quarter was 719,302 bcm. The strip ratio was 6.9, compared with 11.6 in the previous quarter.

A total of 408,425 tonnes were crushed compared to 285,014 tonnes in the June quarter. The lump / fines crushed ratio for the quarter was 67:33.

Haulage

Crosslands hauled 401,673 tonnes of ore to Geraldton port during the September quarter, a slight decrease on the 413,648 tonnes hauled in the June quarter. Crosslands was forced to cancel haulage to the port for almost a fortnight in August due to shipping delays and the storage facility at the port reaching capacity.

Shipping

Shipping for the quarter consisted of seven vessels totalling 357,831 tonnes of which 236,887 tonnes were DSO lump and 120,944 tonnes were DSO fines.

Marketing and Sales

The average realised price per tonne of ore shipped by Crosslands during the September quarter was \$159/tonne, compared to \$149/tonne in the preceding quarter. The average prices for lump and fines achieved by Crosslands during the quarter were \$160/tonne and \$157/tonne respectively, compared to \$159/tonne for lump and \$136/tonne for fines in the previous quarter. The movement in realised prices, and reduced gap between lump and fines prices, reflected the increased grade of fines shipped by Crosslands and a general market reduction in the margin for lump ore during the quarter.

Crosslands commenced a technical marketing campaign during the September quarter with meetings held with potential JHEP customers in Japan, Korea and China. Draft base case sales contracts were provided to steel mills. Crosslands is aiming to complete sales agreements in the first half of 2012. Pellet feed samples have now been provided to potential customers with sinter feed samples expected to be provided in January 2012. Customer feedback on the pellet feed samples will be the trigger for the commencement of the last stage of negotiation of sales agreements, subject to the resolution of transport infrastructure issues.

JACK HILLS EXPANSION PROJECT

During the September quarter, Crosslands continued to progress its revision of the JHEP feasibility study which was delivered in the previous quarter. The study has undergone extensive independent and internal review and Crosslands is continuing additional study work as part of the feasibility study revision. Expenditure on feasibility study-related activities during the June quarter totalled \$13.8 million.

Optimisation and study-related activities undertaken during the quarter included:

- Mine planning and pit re-optimisation with a new draft mining schedule produced late in the quarter. A review of the rail allocation capacity, mining rate, pre-strip quantities and the continued sale of DSO during the project's construction phase is underway to identify the parameters that deliver the best value.
- Metallurgical testwork continued to validate the selected flowsheet, confirm product quality and provide samples for JHEP customers.
- A review of the processing plant, product stockyard and project layout.
- Detailed technical and commercial work continued to identify the best power supply option for the project. While the base case remains a gas-fired power station on site fed via a gas lateral to the Dampier-Bunbury natural gas pipeline, an alternative option of a high-voltage direct current connection to the South West Interconnected System has also been developed with a final decision targeted for the December quarter.
- Wells have been established at five locations along the Murchison River to allow for baseline monitoring prior to the operation of the borefield for construction water supply.

Geology

During the quarter, resource definition RC drilling advanced 3,026 metres for a total of 22 drill holes. Metallurgical diamond drilling and Mt Hale geotechnical drilling totalled 356.9 metres and 799.85 metres respectively.

Drilling activity was significantly reduced at Jack Hills during the September quarter and there is no further resource drilling forecast for the remainder of the 2011/12 financial year.

Crosslands has undertaken field exploration reviews in two regional tenements, Stewart Bore (E20/1990) and Weld Range North (E20/1991) with gravity surveys required to determine the full extent of mineralisation.

Material Approvals

Crosslands made significant progress with its regulatory licences and approvals during the quarter, including:

- The Environmental Protection Authority's report on the JHEP recommended conditional approval with a decision by the WA Minister for the Environment expected during the December quarter. Crosslands is currently negotiating an offsets package with the EPA and other State Government agencies.
- Following the anticipated Part IV approval by the Minister for Environment, the Department of Water is expected to issue Letters of Undertaking in the December quarter confirming that approval to extract water from the Murchison and Byro borefields will be granted subject to Crosslands obtaining land tenure.
- An interim Mining Proposal to extend DSO mining prior to and during JHEP construction was submitted to the Department of Mines and Petroleum with a decision expected in the December quarter. Murchison and Mitsubishi are yet to approve the proposed extension of DSO mining.

Management

There were two significant changes to the Crosslands executive team during the September quarter with Brett Suann appointed Vice President Sales and Marketing and Ron Hardie appointed Acting Project Director for the JHEP. Mr Suann, an international commodities marketing and business development professional, has replaced Ernest Dempsey, who returned to Canada in April, while Mr Hardie replaced Steve Cowley, who left Crosslands in September for a project management position in Queensland.

OAKAJEE PORT & RAIL (MURCHISON 50% ECONOMIC INTEREST)

In March 2009 OPR signed a State Development Agreement ("SDA") with the Western Australian Government ("the State") granting OPR the exclusive right to develop the Oakajee port and associated northern rail infrastructure. As at 30 September 2011, Murchison and Mitsubishi have invested in excess of \$265 million in feasibility studies for the project.

Project Activities

Following delivery of OPR's updated feasibility study to Murchison and Mitsubishi on 30 June 2011, OPR's primary focus has been on advancing government approvals. Given the advanced state of the project from a planning, engineering and regulatory approvals perspective, short term work programs and expenditure have been scaled back while a commercial solution is sought with OPR's targeted foundation customers and other parties that would enable the project to progress.

Key developments during the September Quarter 2011 included:

- EPA approval of the Port Accommodation Camp and Port Quarry proposals.
- The Commonwealth Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) approved OPR's Port Terrestrial proposal under the Environment Protection and Biodiversity Conservation Act 1999 ("EPBC Act"), following on from Federal Government approvals of the Port Marine and Rail environmental proposals in the June quarter.
- The WA Government formally approved OPR's proposed rail corridor and reached in-principle agreement on the form of the Special Act, which is expected to be introduced to the WA Parliament in the near future to enable construction inside the rail corridor.
- In light of the reduction in the level of project works referred to above and implemented in August, engineering (other than some Port Marine activities), and some Native Title and heritage works were wound back, and environmental survey works were postponed.

Port Marine

Port marine studies were substantively complete by quarter end. Final reports are expected early in the December quarter 2011. Work during the quarter included assessment of an alternative breakwater design following a request by the WA Government. Initial reports indicate the alternative design is viable and has the potential to marginally reduce the capital cost.

Port Landside

A dust mitigation study and peer review of the study were completed in August. Other works undertaken included completion of the port security risk assessment workshop, completion of the constructability review of the North West Coastal Highway ("NWCH"), commencement of a traffic impact assessment on the NWCH and completion of the final technical review of the draft port specification document issued to OPR by the Department of Transport.

Rail Engineering and Design

As advised previously, engineering activity was scaled back during the quarter as part of the revised work program. Work during the quarter related to the preparation of rail earthworks packages, consultation with shires regarding road crossings and realignments, and liaison with the CSIRO regarding rail signals and communications systems relevant to the proposed Square Kilometre Array (SKA) radio astronomy project.

Native Title and Heritage

As part of the revised work program, Native Title negotiations were deferred in July and heritage activities were curtailed. No significant sites were located during heritage surveys of the port area during the quarter, with limited additional survey works expected to resume in the December Quarter 2011.

Environment

Over the past quarter a number of significant environmental approval milestones have been achieved for the project.

The EPA assessed OPR's referrals of the proposed Port Quarry and Port Accommodation Camp developments under Part IV of the Environmental Protection Act 1986, determining the proposals did not require further assessment. Native Vegetation Clearing Permits have been obtained for both the Port Quarry and Port Accommodation developments. Part V works approval applications for these developments have progressed and approval is anticipated in the December Quarter 2011.

At the Federal level, SEWPaC issued OPR approval under the EPBC Act to implement the Port Terrestrial proposal. The conditions of this approval are in line with OPR's commitments for managing and avoiding impacts to matters of national environmental significance. SEWPaC approved the Port Marine and Rail developments in June 2011.

Government

During the quarter, OPR obtained the State's formal agreement to its proposed rail corridor and reached agreement in principle of the form of the Special Act which is expected to be introduced to the WA Parliament to enable the construction of the rail corridor and the port area. The WA Government's approval of the *Oakajee Corridor Nomination Report (Revision 18)* represents formal endorsement of the 570 kilometre rail route nominated by OPR for heavy haul rail access to the proposed port at Oakajee. The corridor extends east from the Oakajee port site through the Moresby Range to a junction north-west of Mullewa that enables a link to the existing State freight rail network. From the junction, it extends north-east to Weld Range and then north to Jack Hills.

OPR also continued to progress with the State and relevant authorities the numerous agreements, tenure arrangements, port planning issues for rail and road routes and approvals required for the project. As part of this process, OPR has provided additional material to the State to assist with its due diligence exercise and has briefed the State on its proposed contracting and procurement strategies, processes and documentation.

During the quarter, OPR and affected mid-west miners continued their discussions with State and Federal Government agencies and regulators to ensure the effective implementation of the Memorandum of Understanding and Management Framework which was agreed between the State and Federal Governments during the previous quarter, which (once implemented) should facilitate co-existence between mid-west mining interests and the proposed SKA Project.

Customer and Operational Development

As announced previously, OPR has to date been unable to reach agreement with its targeted foundation customers on the commercial arrangements for the Oakajee infrastructure project. Consequently, a number of options are being evaluated, ranging from a broad restructure of OPR to revised tariff models.

Murchison believes that restructuring the ownership of OPR now represents the best means of achieving a commercial outcome that meets the needs of all parties and would enable the project to advance.

Given the incomplete status of this process, little progress was made regarding supply chain agreements with targeted foundation customers in the quarter.

For further information, please contact:

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Chief Operating Officer

Murchison Metals Ltd

Telephone: (08) 9492 2600

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10

Name of entity

Murchison Metals Limited

ABN

38 078 257 799

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(6,720)	(6,720)
(b) development	-	-
(c) production	-	-
(d) administration	(9,376)	(9,376)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	136	136
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(15,960)	(15,960)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(12,600)	(12,600)
(c) other fixed assets	(1)	(1)
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	-	-
Net investing cash flows	(12,601)	(12,601)
1.13 Total operating and investing cash flows (carried forward)	(28,561)	(28,561)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(28,561)	(28,561)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	22,451	22,451
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
Net financing cash flows		22,451	22,451
Net increase (decrease) in cash held		(6,110)	(6,110)
1.20	Cash at beginning of quarter/year to date	12,400	12,400
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,290	6,290

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	1,358
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions
 Payments for services received by the company from the directors.

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 \$'000	Amount used \$'000
3.1 Loan facilities	US\$100,000	US\$48,750
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	-
4.3 Production	-
4.4 Administration	6,000
Total	7,600

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	2,109	1,765
5.2 Deposits at call	4,181	10,635
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6,290	12,400

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	E47/2044 E47/2274	Registered Holder Registered Applicant	100% 100%	0% 0%
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	437,354,555	437,354,555		
7.4 Changes during quarter (a) Increases through issues: - upon exercise of options - payment of fees for bridge finance facility (b) Decreases through returns of capital, buy-backs	45,000 1,425,287	45,000 1,425,287		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>		<i>Exercise price</i>	<i>Expiry date</i>
		21,000	81c	Oct 11
		1,554,200	156c	Jun 12
		100,000	68c	Jun 12
		2,250,000	200c	Nov 12
		712,000	0c	Dec 13
		125,000	126c	Dec 13
		4,200,000	173c	Mar 14
		752,291	116c	Jul 14
		196,152	104c	Jul 14
		180,155	108c	Jul 14
		5,765	67c	Jul 14
		690,000	0c	Sep 14
		60,000	0c	Dec 14
		4,587,000	0c	Sep 16
7.8	Issued during quarter	752,291	116c	Jul 14
		196,152	104c	Jul 14
		180,155	108c	Jul 14
		5,765	67c	Jul 14
		690,000	0c	Sep 14
		4,587,000	0c	Sep 16
7.9	Exercised during quarter	45,000	0c	Dec 13
7.10	Expired / Cancelled during quarter	968,000	234c	Aug 11
		47,000	94c	Aug 11
		2,250,000	200c	Nov 12
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 27 October 2011

Print name:

Chris Foley

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 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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