

ACN 123 920 990

Quarterly Activities Report For the guarter ending

30 JUNE 2011

HIGHLIGHTS

- Drilling commences at McArthur River Project
- Drilling expected to commence at Pine Creek Project in the 3rd quarter.

Projects

McArthur River (EL25839)

During the 3rd quarter of 2010 a gradient array induced polarization (IP) / resistivity survey was undertaken over the T1 target, with eight 800m long east west lines on 100m line spacing completed across the target zone. The gradient array survey defined a broad heart shaped chargeable zone (peak response 15mV/V in a 2mV/V background) with a coincident less well defined moderately conductive zone (resistivity low of 50 ohm-metres in a background of 100 ohm-metres) (see Figure 1).

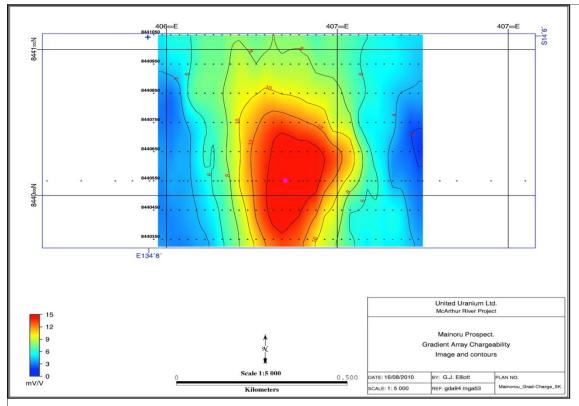


Figure 1: T1 Target – Gradient Array Chargeability Image

A dipole – dipole induced polarization (IP) / resistivity traverse was completed on an east – west orientation across the anomalous zone using a combination of 50m and 100m dipoles to define the depth and thickness of the source. This work clearly identified a chargeable zone at about 100m depth with a thickness of about 30m (see Figure 2).

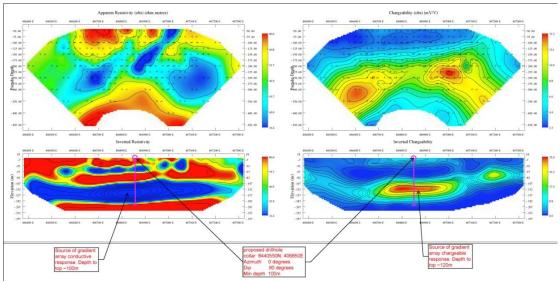


Figure 2: T1 Target – Dipole-Dipole Traverse Image

Interpretation of the data by consultant geophysicist Graham J. Elliott defined the target zone at T1 as a flat lying semi-circular body about 100m below surface, 30m thick and at least 300m long by 300m wide. The strongly chargeable and moderately conductive response suggests a

disseminated sulphide or graphitic body. There is also a magnetic response of a similar geometry immediately to the north west of the chargeable / conductive zone.

An initial drilling program consisting of up to four vertical RC holes designed to test the T1 chargeable / conductive zone and associated magnetic response, commenced the week beginning 18 July 2011 and was completed on 22 July 2011, with the samples currently with North Australian Laboratories in Pine Creek, NT for assaying.

Subject to the outcome of the initial drilling program at T1 it is proposed to conduct ground based electrical geophysical surveys across the T4 target and potentially two other lower order airborne EM anomalies.

Pine Creek (EL24815)

All necessary drilling approvals have been received, however, the availability of a suitable drill rig to date, due to a shortage of supply, has hindered the Company's ability to commence its drilling program at Pine Creek. The Company is hopeful it will be able to secure a drill rig shortly.

Dunmarra (EL25838) and Wiso (EL25835)

No work was carried out during the quarter.

Applications (ELA25836 and EL25840)

The Company continues to work with the Central Land Council in getting ELA25836 and ELA25840 granted. A meeting with the traditional land owners has been scheduled for 10 & 11 August 2011.

- ENDS -

For more information please contact:

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The review of exploration activities contained in this report is based on information compiled by Ian Prentice, a Director of independent consultants Zephyr Consulting Group Pty Ltd, and a member of the Australian Institute of Mining and Metallurgists. He has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Ian Prentice has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.