



**ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 29 JULY 2011**

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## **JUNE 2011 QUARTERLY REPORT**

*The Board of Sierra Mining Limited (“the Company” or “Sierra”) is pleased to present its quarterly report for the period ending 30 June 2011.*

### **HIGHLIGHTS**

*Reconnaissance drilling continued at the Company’s **Taguibo** porphyry copper-gold Project on Mindanao Island in the Philippines. Hole TDH 10 was completed to 501.7 metres and Hole TDH 11 was collared but terminated short of the target at 406.9 metres due to drilling difficulties. Hole TDH 12 was collared in mid June and terminated at 345 metres subsequent to the end of the quarter.*

*Results continue to be encouraging with all holes intersecting propylitic and potassic alteration overprinted by later argillic alteration consistent with the presence of a large porphyry copper system within the tenements. Best assay results from drill core received during the quarter were:*

*TDH-10 - 2m at 14.95 g/t Au and 23.4 g/t Ag from 378 metres, and*

*-2m at 2.40 g/t Au and 7.50 g/t Ag and 1.39% Zn from 365 metres.*

*Results from the stream sediment sampling program conducted at the **Bahayan** project in the previous quarter became available. The sampling has outlined a large anomaly in the western section of the tenement block defined by gold in both pan concentrate and -80 mesh samples associated with Zn and low level Ag in -80 mesh samples. Previous mapping and rock chip sampling in this area located areas of epithermal mineralisation characterised by opaline and chalcedonic quartz associated with significant gold and silver mineralisation (up to 6.83 g/t Au at the Tondan prospect and silver of 36.5 g/t Ag at the Falcata prospect as reported in previous quarter). Follow up ridge and spur soil sampling is planned.*

*Mapping and rock chip sampling programs are ongoing at the **Mawab** Project. Results from a stream sediment sampling program conducted over the tenement block will be reported next quarter.*

**Enquiries:** Matt Syme, Managing Director, +61 8 9322 6322



## The Philippines

Sierra's Philippine projects are all located in eastern Mindanao adjacent to the Philippine Fault Zone which passes down the west edge of the Pacific Cordillera and has exerted a fundamental control on mineralisation in the region. Eastern Mindanao hosts one of the world's major regional clusters of porphyry copper – gold and related epithermal gold – silver deposits. Sierra's tenement applications have been carefully selected on the basis of extensive local knowledge of the geology and locations of both historical and current artisanal gold mining operations.



Figure 1. Philippines Tenement Locations



## **Taguibo Porphyry Copper Gold Project**

### **Tenure**

The Taguibo Project comprises two granted exploration permits (EP-01-06-XI and EP-01-10-XI) and one exploration permit application (EXPA-118) covering a combined area of 12,858 Ha. The combined block covers a section of the Philippine Fault Zone where it is intersected by a second regional structural zone known as the Kingking Trend which extends from the Company's Taguibo Project to the Kingking porphyry Cu deposit some 30 km to the north-west.

### **Geology**

Exploration to date has concentrated on the Taguibo Complex, a variably brecciated, hydrothermally altered and mineralised volcanic-intrusive complex outcropping over an area of approximately 200 ha along the western margin of the large regional Miocene-aged Carteel granodiorite batholith. The batholith contact with the Taguibo Complex is within the Mati Fault Zone, a major fault zone within the regional Philippine Fault system. The Complex is bound on the west by inter-bedded sandstones and siltstones of the Oligocene - Miocene aged Sanghay Formation.

The complex includes both intrusive and volcanic phases as well as zones of brecciation and is interpreted to overlie a buried porphyry copper-gold mineralised intrusive based on the presence of extensive "porphyry-style" alteration and mineralisation throughout the complex.

Alteration within the Taguibo Complex is characterised by pervasive propylitic and potassic alteration cut by zones of later fault controlled retro-grade argillic alteration. Sulphide mineralisation at surface (pyrite, chalcopyrite, galena and sphalerite) occurs within quartz veins, in sulphide only veins and as disseminations predominantly within argillic alteration zones and breccias. Sphalerite-galena-silver mineralisation with associated gold and copper is best developed in vein zones on the south east margin of the complex at the Palermo prospect whereas chalcopyrite, secondary copper (malachite), magnetite and gold occur more widely throughout the complex.

Previous work conducted by Sierra has outlined widespread zones of brecciation, silicification and hydrothermal Cu, Au and base metal mineralisation. The mineralisation was initially defined by multi-element soil and rock chip anomalies and low level geophysical (Induced Polarisation) anomalies. Recent mapping and logging of drill core indicates the presence of multiple intrusions effected by inner propylitic and pro-grade potassic alteration, massive magnetite flooding and sulphide veining. Extensive retrograde argillic alteration characterised by intensive clay alteration overprints much of the prograde propylitic and potassic alteration.

The alteration system at Taguibo is considered to be characteristic of the upper levels of a porphyry system immediately overlying the intrusion responsible for the mineralisation and hydrothermal alteration in the complex.

### **Work Undertaken During the quarter**

The reconnaissance diamond drilling program initiated in the December quarter continued throughout the June Quarter. Hole TDH 10 which was initiated in the previous quarter was completed to a depth of 501.7 metres. Hole TDH-11 was collared during the quarter but was terminated at 406.90 metres due to drilling difficulties, short of its target depth of 500 metres. TDH-12 was collared on 15<sup>th</sup> June and was terminated on the 9<sup>th</sup> of July at a depth of 345 metres. Results of all drilling will be assessed ahead of the next phase of exploration.

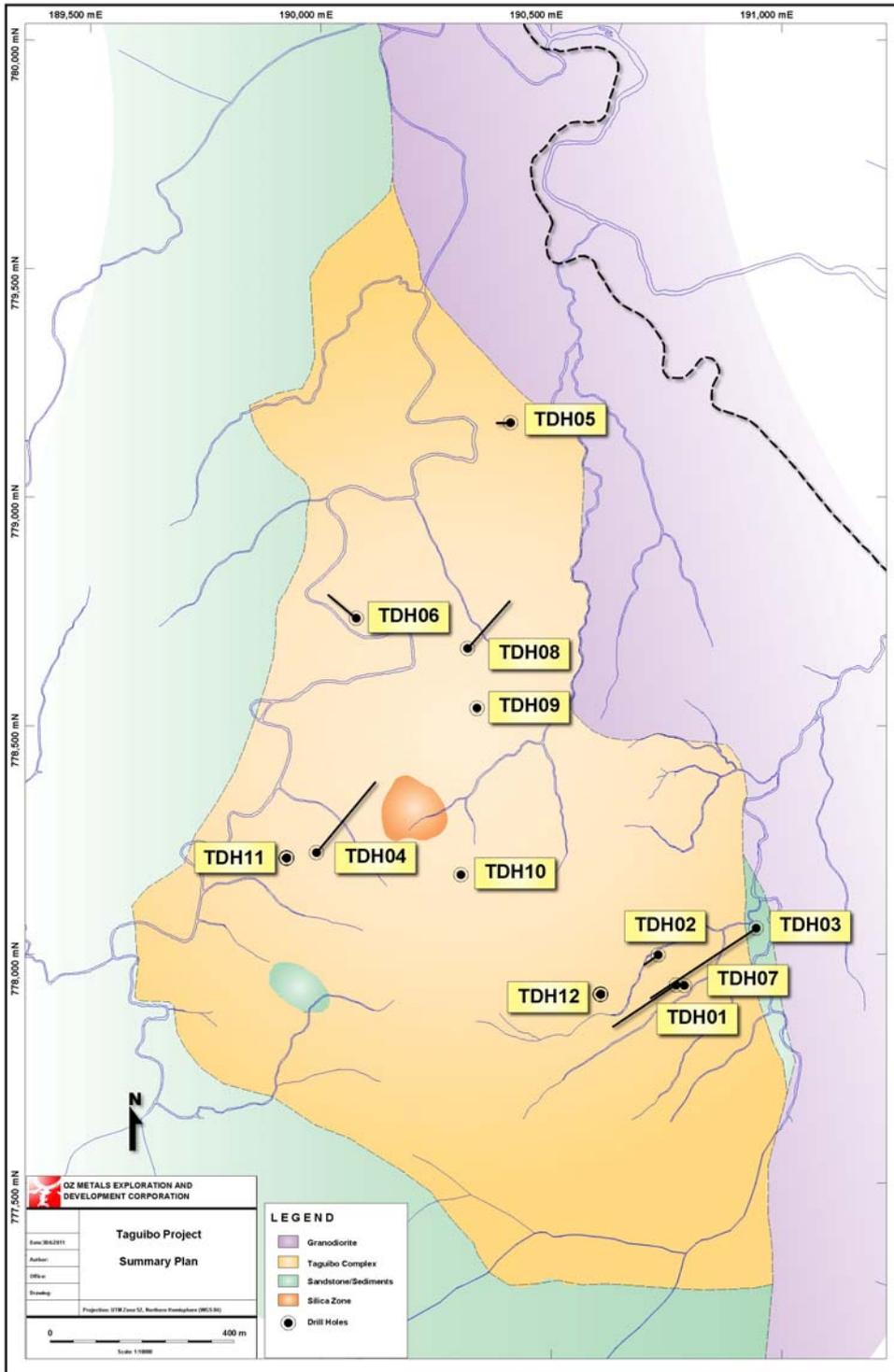


Figure 2. Drill Hole Locations at Taguibo.



The drilling has been hampered by the presence of extensive clay alteration within fault zones. This has formed wide zones characterised by hard silicified clasts in a matrix of soft clay which necessitates slow drilling rates to achieve the required high core recoveries. At this stage the drilling is exploratory in nature aimed at defining the extent and distribution of the inner propylitic and potassic alteration zones which are interpreted as being proximal to and surround the mineralized intrusives in Philippine porphyry copper systems. Defining the distribution of these alteration zones will enable targeting of the non-outcropping “blind” mineralised intrusive.

The co-ordinates (WGS84, 52N) of holes completed and initiated during the quarter are shown below.

Hole	Northing	Easting	Inclination	Azimuth	Depth [m]
TDH-10	778,184	190,317	vertical	000	501.7
TDH-11	778,211	189,928	vertical	000	406.90
TDH-12	777,912	190,610	vertical	000	345 completed on 9 <sup>th</sup> July

Results from initial sampling of hole TDH-10 were received during the quarter. Samples from TDH-11 and TDH-12 have been sent for analysis but results not yet available.

#### TDH-10

The hole was entirely within Taguibo Complex diorite which is cut by numerous 1-5 metre wide argillic altered fault breccia zones and a discrete narrow diorite porphyry dyke. The diorite is characterised by propylitic alteration (strong chlorite and moderate to strong epidote alteration) and potassic alteration in places which are cut by strongly argillic altered fault breccia zones consisting of siliceous and chlorite-epidote altered diorite clasts in a clay rich gouge or milled breccia matrix.

The bottom part of the hole (below 319 metres) is characterised by zones of strong silicification both in propylitic altered diorite and in clasts within the breccia matrix. The zones of silicification contain more intense disseminated pyrite as well as a number of thin quartz-pyrite, quartz-sphalerite-pyrite-chalcopryrite and gypsum veins.

A total of 81 samples of 1.5 – 2.0 metres split core length representing a total of 148 metres of core were selectively sampled. Significant intervals occur throughout the hole with the best results being:

- 2m at 2.40 g/t Au and 7.50 g/t Ag and 1.39% Zn and 0.07% Cu from 365 metres;
- 2m at 14.95 g/t Au and 23.4 g/t Ag from 378 metres;
- 1.5m at 0.96 g/t Au and 3.6 g/t Ag and 116 ppm Mo from 424.5 metres.

Follow up sampling will be undertaken to more precisely define the extent of the mineralised intervals located in the first round of sampling.



## TDH-11

The hole was targeted at an IP conductivity anomaly but was terminated prematurely because of drilling difficulties in intercalated hard silicified and soft clay rich rocks.

The hole intersected propylitic altered (chlorite-epidote) andesite and diorite cut by argillic altered fault zones to a depth of approximately 276 metres. The lower section of the hole (from 276 to 389 metres) intersected a distinct hydrothermal breccia zone characterised by intense silicification and pyritisation with silica and pyrite flooding of the breccia matrix as well as replacement of clasts. Two discrete zones (5.8 m and 1.8 m thick) of massive pyrite occur within this breccia. From 389 to 407 metres (end of hole) the hole intersected propylitic altered diorite and argillic altered fault breccias with significant silicification and pyritisation.

In general the rocks intersected in Hole 11 have a greater intensity of silicification and pyrite mineralisation. Discrete thin quartz-base metal, base metal only and magnetite veins were intersected throughout the hole.

A total of 141 predominantly 2 metre split core samples were collected and have been submitted for analysis but results are not yet available.

## TDH-12

The hole was targeted at the down dip extension of the mineralisation located in TDH-07 and intersected propylitic altered diorite and andesites cut by argillic altered breccia zones above the west dipping contact with the Cardeel granodiorite batholith which was intersected at 318 metres. A strongly altered zone characterised by inner propylitic (epidote-actinolite) and potassic alteration (secondary biotite) associated with disseminated magnetite, silicification, thin pyrite and pyrite-chalcopyrite veins and weakly disseminated pyrite and chalcopyrite was intersected between 240-276 metres.

Assay results should be available and reported in the September quarter.

## Conclusion and Proposed Work programs

Exploration at Taguibo continues to be very encouraging. Logging of the wide spaced drill holes has revealed features which are typical of the alteration halo proximal to a mineralised porphyry copper ore body. These include inner propylitic actinolite-epidote-magnetite alteration grading to potassic alteration (K feldspar and biotite) with associated magnetite and hornfelsed magnetite alteration. The retrograde argillic alteration which has been superimposed on and masks much of the prograde alteration is also typical of a large porphyry system.

The target porphyry intrusion responsible for the widespread mineralisation and alteration within the Taguibo complex is interpreted to be near surface but un-eroded and thus has potential for significant copper gold mineralisation in the immediate un-eroded overlying country rock as well as in the intrusive itself.

Analytical results from the completed drill holes are being compiled and assessed as they come to hand. Geological modeling and review of all geochemical, geophysical and petrological data will be undertaken prior to the next phase of exploration.

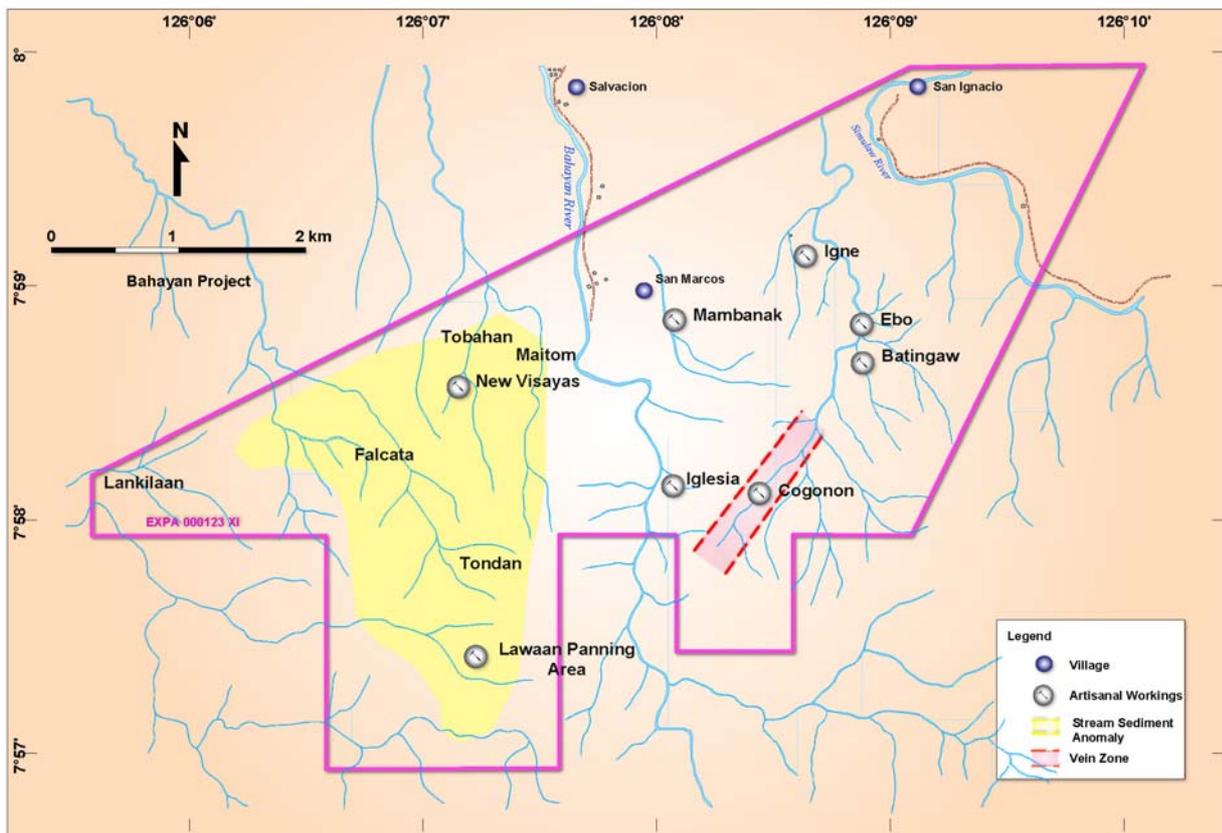


## **Bahayan Project**

The Bahayan application (EXPA-123) comprises two blocks located to the NW of the famous Diwalwal gold rush area where artisanal gold production from epithermal veins is reputed to amount to 20 million ounces. Sierra's northern block is approximately 20 km NNW of Diwalwal and 30 km SSE of the Co-O mine and the Company's Bunawan Project.

Consultations continued with the indigenous people and NCIP authorities for obtaining the Free Prior Informed Consent, which is the last consent required for the grant of the licence.

The Company has conducted reconnaissance mapping, rock chip and stream sediment sampling on the northern block which is expected to be granted separately ahead of the southern block. The block covers an area of 21km<sup>2</sup> of variably altered andesites and a number of artisanal gold mining areas including the Cogonon vein zone in Batingaw Creek which is reputed to be the largest artisanal mining zone between the Co-O and Diwalwal mining zones.



**Figure 3. Bahayan Project North Block with location of alteration zones and artisanal workings.**

Initial work conducted by the Company focused on the Cogonon artisanal mining zone. Subsequent mapping and rock chip sampling located a number of new areas of alteration and artisanal mining to the north and west of Cogonon. The most significant of these is the Falcata-Tondan-Lawaan zone where epithermal mineralisation characterised by chalcedonic and opaline quartz veins associated with anomalous Au-Ag-As geochemistry was recognised. Selected quartz rock chip samples returned gold values up to 6.83 g/t Au at Tondan and silver values of 36.5 g/t Ag at Falcata as reported in the previous quarter.



Results of a stream sediment sampling program (including both -80 mesh and pan concentrate sampling) conducted in the previous quarter were received during the quarter. The results outline a large anomaly to the west of the Bahayan River which bisects the block as shown in Figure 3. The anomaly is defined by greater than 0.10 ppm Au in both -80 mesh and pan concentrate samples, low level Ag (all samples above the 0.5 ppm detection level lie within it) and anomalous Zn and As. Gold silver and zinc values in streams to the east of the Bahayan stream were subdued while anomalous Cu and Pb in streams is more widespread to the east of the river and best developed downstream of the Cogonon workings.

The results in conjunction with the evidence of epithermal mineralisation located in rock chip sampling and mapping noted above are considered highly encouraging and the western section of the block will be the immediate focus of ongoing exploration.

### **Mawab Project**

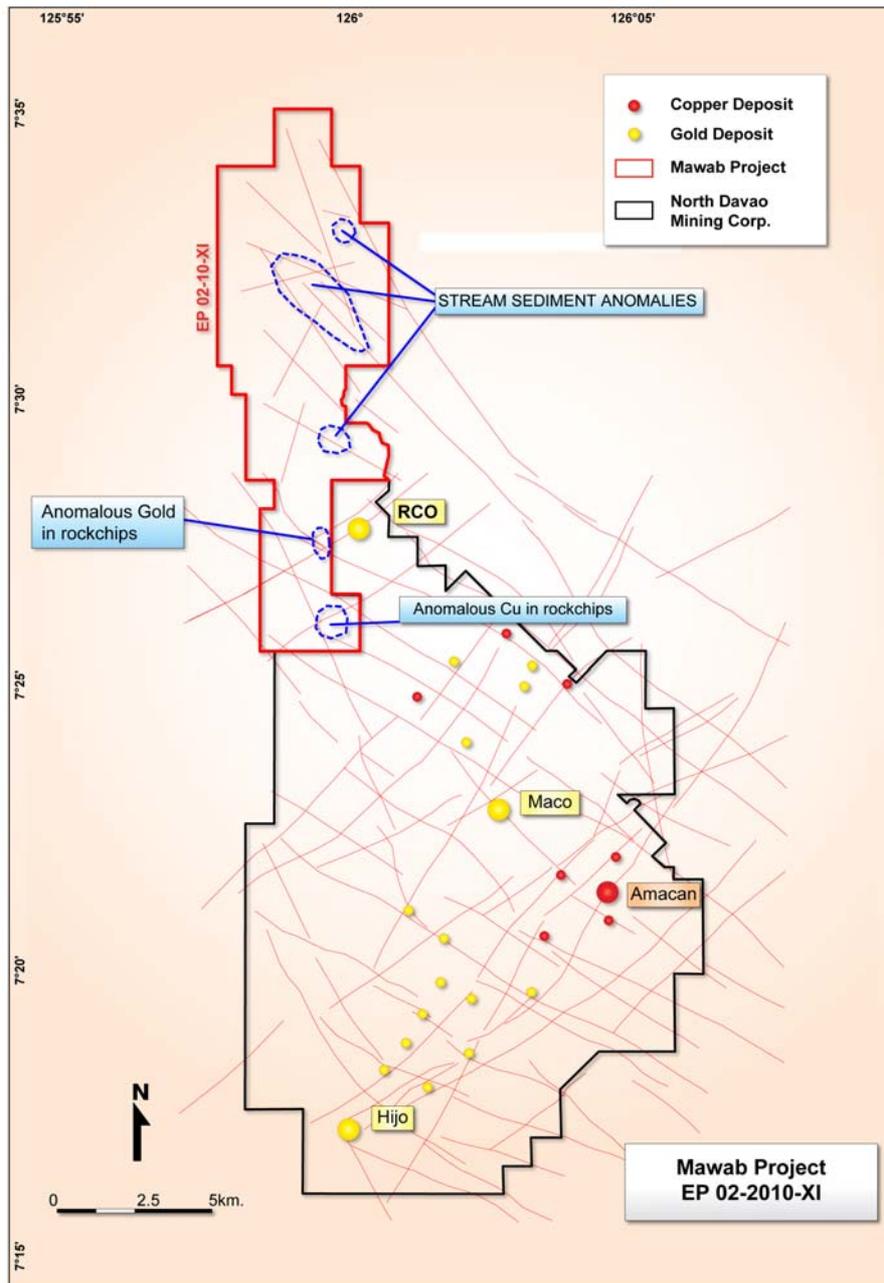
The Mawab Project comprises Exploration Permit 02-10-XI located in the NW part of the Masara Mineral Field in an area of good infrastructure close to the highway and local sealed roads. It is easily accessed by dirt roads and walking tracks.

The Masara Mineral Field is one of the most intensely mineralised areas of the Philippines with numerous porphyry copper (eg Amacan), epithermal vein gold-silver (eg Maco/Masara) and limestone replacement gold (eg RCO and Hijo) deposits. Much of the field is within the North Davao Mining Corporation (NDMC) tenement which was recently auctioned by the National Resources Mining and Development Corporation.

A number of large NW trending regional structures interpreted to be link structures within the Philippine Fault system trend from the NDMC tenement through the Mawab Licence. The RCO deposit is adjacent to Mawab and lies on a prominent NE trending structure which trends into the Mawab tenement.

Exploration in the northern part of the permit by previous explorers outlined +500 ppb Au stream sediment anomalies. The southern part of the tenement block adjacent to the RCO deposit was the focus of limited reconnaissance exploration by Sierra while waiting grant of the Permit. Rock chip sampling returned anomalous copper results in the south-east corner of the tenement and anomalous gold along the eastern part of the tenement adjacent to the RCO deposit.

Following grant of the Exploration Permit in late 2010 the Company has established an exploration camp at Mawab and began detailed mapping and sampling programs over the entire tenement block. Detailed mapping and rock chip sampling programs are ongoing. A stream sediment sampling program has been completed but results were not available at the end of the quarter.



**Figure 4. Showing location of the Mawab tenement block and known geochemical anomalies at the northern end of the Masara Mineral Field along with known copper and gold deposits within the Masara Mineral Field.**

### **Bunawan Project**

Monitoring of the production from small scale mining operation at Mahunoc continued during the quarter.



## **Papua New Guinea**

Barrick (PNG Exploration) Limited is earning an 80% interest in Sierra's Salumei and Magavara projects in PNG by funding \$4m of exploration expenditure over 5 years. See the announcement dated 11 January for further details.

During the quarter, Barrick undertook planning for future work at the Salumei Project (EL1468) based on a reconnaissance field visit, and collation, validation and integration of historic datasets. Field activity consisted of clearing and preparation of a base camp location for a field work program that is likely to be initiated late in the current quarter.

## **Business Development**

The Board continues to review opportunities for other acquisitions, joint ventures, or investments in the resources sector, both domestic and overseas, which may enhance shareholder value. A number of new opportunities were assessed during the quarter and the Company will continue to evaluate these opportunities as they are presented.

The information in this report relating to exploration results, mineral resources or ore reserves is based on information provided to Mr Robert McLean by Sierra Mining Limited. Mr McLean is an independent consultant geologist and is a corporate member of the Australian Institute of Mining and Metallurgy. Mr McLean has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and "Competent Person" under the JORC Code. Mr McLean consents to the inclusion in the report of the matters based on the information he has been provided and the 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, 01/06/10.

Name of entity

**SIERRA MINING LIMITED**

ABN

**89 118 060 441**

Quarter ended ("current quarter")

**30 JUNE 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(128)	(458)
(b) development	-	-
(c) production	-	-
(d) administration	(188)	(688)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	195	387
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material):		
- Business development	(27)	(39)
<b>Net Operating Cash Flows</b>	<b>(148)</b>	<b>(798)</b>
<b>Cash flows related to investing activities</b>		
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 (provide details if material):		
- Advances to Philippines associates to fund exploration activities	(435)	(1,362)
<b>Net investing cash flows</b>	<b>(435)</b>	<b>(1,362)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(583)</b>	<b>(2,160)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(583)	(2,160)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	41	9,874
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material): - capital raising expenses	(17)	(341)
	<b>Net financing cash flows</b>	24	9,533
	<b>Net increase (decrease) in cash held</b>	(559)	7,373
1.20	Cash at beginning of quarter/year to date	11,071	3,139
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	10,512	10,512

**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	90
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 include directors fees and superannuation, executive remuneration and consulting fees.

**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

Not applicable

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

Not applicable

+ See chapter 19 for defined terms.

### 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	500 (includes exploration expenditure incurred by Philippines Associate)
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>650</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	686	801
5.2 Deposits at call	9,826	10,270
5.3 Bank overdraft	-	-
5.4 Other (provide details): -	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>10,512</b>	<b>11,071</b>

### 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			
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 <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>	227,598,830	227,598,830	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	603,091	603,091	Not applicable	Not applicable
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
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>	500,000 3,583,333 3,683,333 31,976,196 7,333,334	- - - 31,976,196 -	<i>Exercise price</i> \$0.286 \$0.15 \$0.20 \$0.10 \$0.25	<i>Expiry date</i> 30 September 2011 1 July 2013 1 July 2014 31 December 2014 1 July 2015
7.8 Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.9 Exercised during quarter	103,091 500,000	103,091 -	<i>Exercise price</i> \$0.10 \$0.061	<i>Expiry date</i> 31 December 2014 30 June 2011
7.10 Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <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 4).
- 2 This statement does ~~not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 29 July 2011  
(~~Director~~/Company secretary)

Print name: Clint McGhie

## 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.