



GULLEWA LIMITED

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29 July, 2011

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Quarterly Report For period ended 30 June, 2011

Highlights

Allegiance Coal Pty Ltd (Gullewa 80%)

- The preparation for an IPO of Gullewa's 80% held subsidiary, Allegiance Coal Limited was near completion.
- Drilling is planned to commence in July at Back Creek (EPC 1297) with land access agreements being finalised.
- Four exploration areas have been granted to MCI during the quarter and a further two applications for new tenements were submitted.

Central Iron Ore "CIO" (Gullewa 34.7% including options)

- CIO completed a brokered private placement led by PowerOne Capital Markets Limited to raise CAD\$4 million.
- CIO entered into a Farm-out agreement with Australian listed Pacific Ore Limited on CIO's Perinvale North Iron Ore Hub for a total expenditure of AUD\$15 million.
- Appointment of Mr Anthony (Tony) Howland-Rose as a Non-Executive Director.
- Appointment of Mr Graham Hurwitz as a Chief Financial Officer and Company Secretary.
- Exploration was initiated at the South Darlot Gold Project and included a gravity survey, focusing on Barrick JV tenements M37/631 and M37/632, acquisition of satellite imagery and a thorough review of the geophysical data resulting in the identification of 15 gold targets.
- Completed a geophysical review of the Yilgarn Iron Ore Projects (Yilgarn IOP).



New South Wales Projects – (Gullewa 100%)

- Five additional Exploration Licences were granted to Gullewa subsidiaries during the quarter.
- Co-incident multi-element geochemical anomalies and magnetic features have been identified at the Dandaloo Project. A program, totalling approximately 800 metres of drilling on two prospects is planned.

Corporate

- Gullewa held a cash balance of \$3.5 million on 30 June, 2011.

Subsequent Events

- Drilling has commenced at the Back Creek project in Queensland.

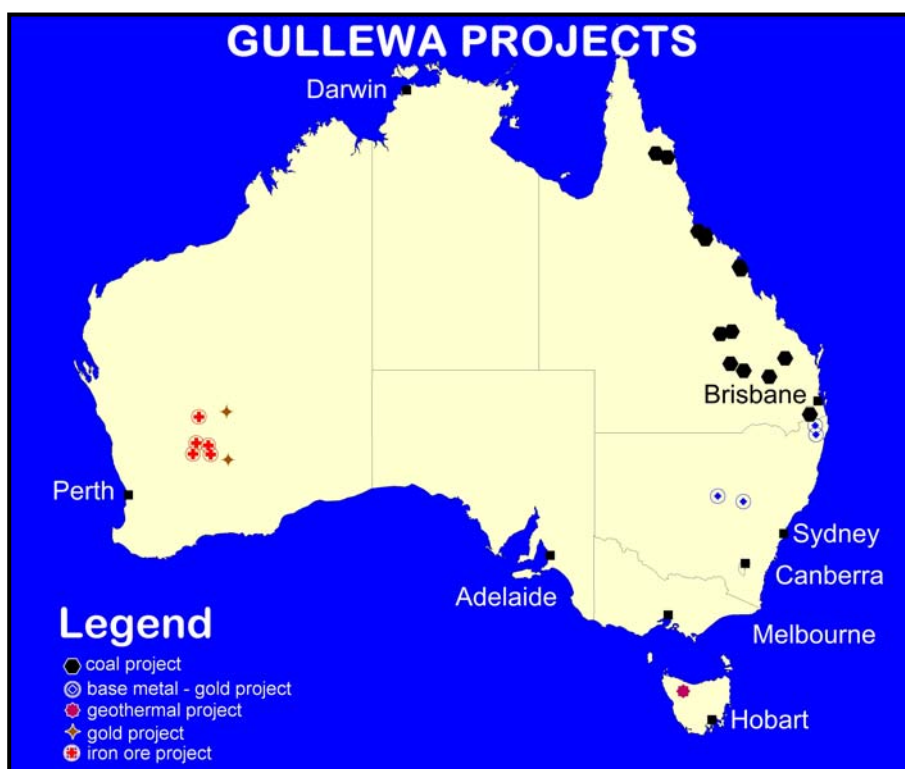


Figure 1 : Gullewa Limited's projects in Australia



Coal

Allegiance Coal Limited (Gullewa 80%)

Summary of Activities

The following activities were achieved or initiated in the June 2011 quarter :

- There were no injuries or incidents during field activities associated with tenement inspections and geological investigations.
- The preparation for an IPO of Gullewa's 80% held subsidiary, Allegiance Coal Limited was near completion, including a draft Prospectus.
- MCI has arranged for Wizard Drilling to be mobilised in July to commence drilling at Back Creek.
- The results from drilling in the Roseneath Quarry have been evaluated and a revised drilling program for both of the Townsville tenements, EPC 1617 and EPC 1492, is being prepared.
- Applications were prepared to amalgamate the tenements EPC 1298 Kilmain, EPC 1917 Kilmain South as well as EPC 1631 Calen South and EPC 1820 Boldon.
- Two competitive EPC applications were lodged during the quarter over moratorium areas; EPCA 2474 Palmeria and EPCA 2592 Corsia.
- Competitive applications for exploration licences yet to be determined include EPCA 2154 Parapi in the Calen Basin, EPCA 2182 Lilyvale in the Bowen Basin, EPCA 2251 Sandy Creek in the Galilee Basin, EPCA 2281 Dingo in the Bowen Basin and EPCA 2374 Marrow in the Ipswich coalfield. EPCA 2374 has an established coal target from previous drilling.
- An evaluation of the potential impact of Strategic Cropping Land on granted tenements and tenement applications has commenced.



WORKS PROGRAMME

Back Creek (EPC 1297)

Preparations continued at Back Creek regarding land access agreements for proposed initial drilling to test the identified open pit coal target.

Drilling will commence in July on the company's lead Back Creek project. A total of 65 holes with at least five cored holes, for coal quality testing, are planned to enable estimation of an Inferred Resource. The target is 80Mt of low ratio open cut thermal coal.

The project adjoins Stanmore Coal's "The Range" project (MLA 55001) where current drilling has identified an Inferred Resource of 219Mt.

Kilmain (EPCs 1298 and 1917)

Initial drilling at Kilmain is planned for the eastern margins of the tenement, with target depths of 250m to 300m. Subsequent drilling is planned for the western areas when access is established.

Townsville

The results from drilling in the Roseneath Quarry have been evaluated and a revised drilling program for both of the Townsville tenements, EPC 1617 and EPC 1492, is being prepared.

New Tenements

Four new exploration areas (EPC 1874 Normanby, EPC 1875 Pinetree, EPC 2278 Cedar Creek and EPC 2309 Mobs Creek) were granted bringing total granted tenements to 14 (*see Figure 2*).



Tenement Holding

Project Name	Basin	Tenement No.	No. of Sub Blocks	Surface area km ²	Grant/ (Application) Date	Coal Type	Deposit Potential
Back Creek	Surat	EPC 1297	20	62	22/03/10	T	OC
Cedar Creek	Surat	EPC 2278	12	37	31/05/11	T	OC
Mobs Creek	Surat	EPC 2309	28	86	27/06/11	T	OC
Kilmain	Bowen	EPC 1298	16	50	07/04/09	C/T	UG
Kilmain South	Bowen	EPC 1917	2	6	22/03/10	C/T	UG
Connemarra	Bowen	EPC 1296	40	126	07/04/09	T	OC
Townsville	North Bowen	EPC 1492	154	499	21/05/10	C/T	OC/UG
Townsville Extended	North Bowen	EPC 1617	65	210	06/08/09	C/T	OC/UG
Mintovale	Moreton	MDL 138	-	244 Ha	22/03/10	T	OC
Calen South	Calen	EPC 1631	52	167	05/11/09	PCI	OC/UG
Bolden	Calen	EPC 1820	17	54	19/02/10	PCI	OC/UG
Lochaber	Mulgildie	EPC 1672	47	146	18/12/09	T	OC
Normanby	Hodgkinson	EPC 1874	86	284	19/04/11	Low vol PCI	OC
Pinetree	Laura	EPC 1875	217	718	18/04/11	Low vol PCI/T	OC

Table 1 : List of MCI Tenements

Key :

T	:	Thermal Coal
C	:	Coking Coal
PCI	:	(Coal for) Pulverised Coal Injection
OC	:	Open Cut
UG	:	Underground

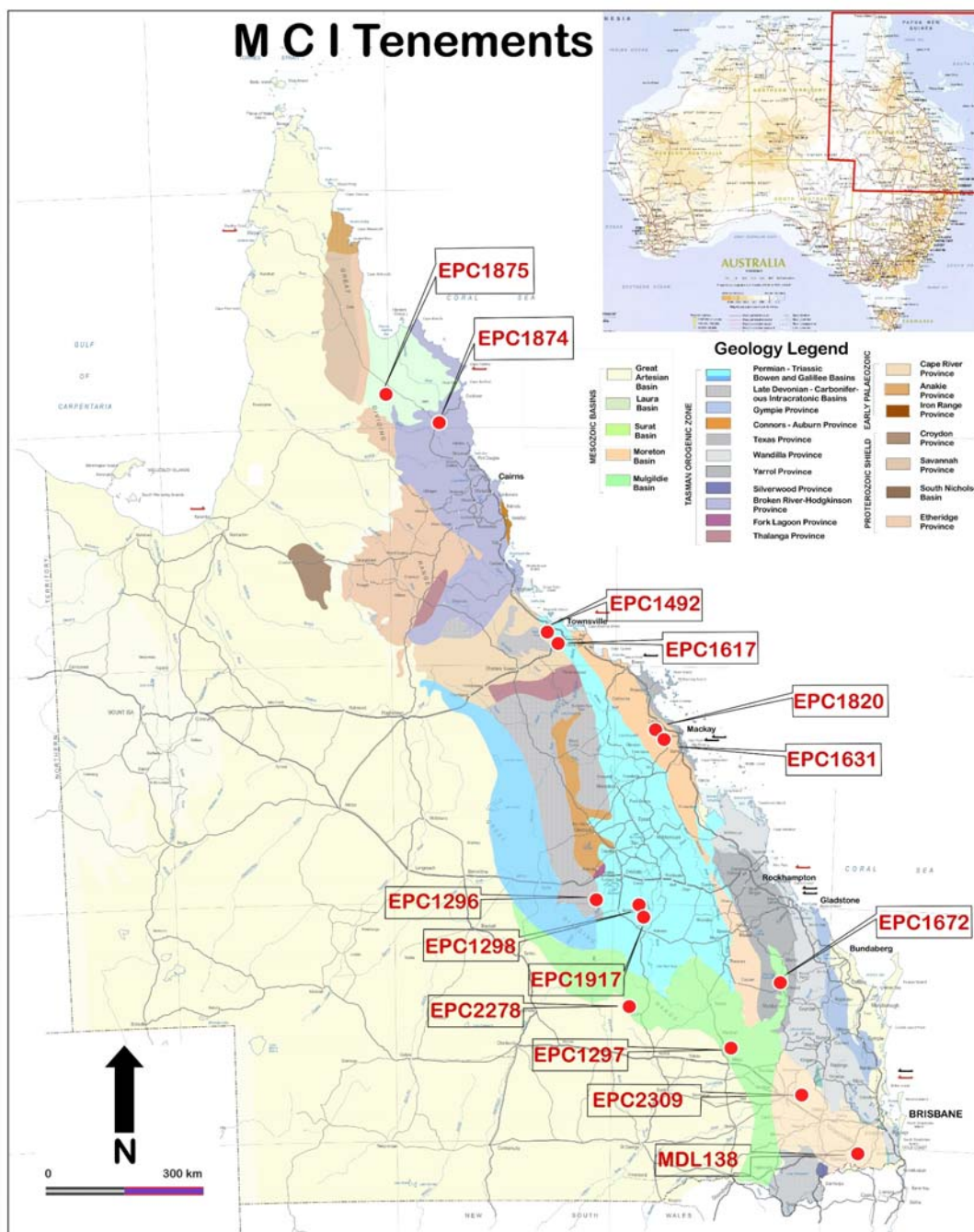


Figure 2 : MCI Tenements in Queensland

Hydromining Coal Australia Pty Ltd "HCA" (Gullewa 80%)

The company is continuing to pursue investment possibilities in Queensland, New South Wales and South Australia. The University of Adelaide is considering a joint research opportunity that could add to the company's potential targets and future prospects.

No field activities took place during the quarter.



Gold and Iron Ore

Central Iron Ore Limited "CIO" (Gullewa 34.7% including options)

Summary of Activities

- CAD\$4 million brokered private placement by PowerOne Capital Markets Limited which consisted of 20,000,000 units at a price of \$0.20 per unit.
- CIO farmed-out the Perinvale North Iron Ore Hub for AUD\$15 million to Pacific Ore Limited (ASX: PSF).
- Mr Anthony (Tony) Howland-Rose was appointed to the board position of Non-Executive Director.
- Mr Graham Hurwitz was appointed to the position of Chief Financial Officer and Company Secretary.
- Exploration commenced at the South Darlot Gold Project including a gravity survey, acquisition of satellite imagery and a thorough review of the geophysical data resulting in the identification of 15 gold targets.
- Completed a geophysical review of the Yilgarn Iron Ore Projects.

Corporate

CAD\$4 million Brokered Private Placement

On 13 May, 2011 CIO closed a brokered private placement (the "Private Placement") led by PowerOne Capital Markets Limited (the "Agent").

The Private Placement consisted of 20,000,000 units (the "Units") at a price of CAD\$0.20 per Unit for aggregate gross proceeds of CAD\$4 million (which included the exercise in full of the Agent's option to arrange for the purchase and sale of an additional 5,000,000 Units). Each Unit is comprised of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable for a period of 24 months following the closing of the Private Placement (the "Closing Date") at an exercise price of CAD\$0.30 per Common Share, provided that if the closing price of the Common Shares on the TSX Venture Exchange is equal to or greater than CAD\$0.75 per Common Share for a period of 20 consecutive trading days at any time after four months and one day after the Closing Date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders of Warrants to the 30th day after the date on which such notice is given by the Company.

AUD \$15 million Perinvale North Iron Ore Hub Farm-out

On 22 June, 2011, CIO announced that it has entered into an agreement with Australian listed Pacific Ore Limited ("Pacific") whereby Pacific could earn an interest in CIO's Perinvale North Iron Ore Hub by spending up to AUD\$15 million. The HUB consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km north east of Perth, Western Australia in the Yilgarn Iron Ore Province ("YIOP").



The Agreement provides for Pacific to farm-in into a joint venture with CIO on the following terms:

- Earn 51% by spending AUD\$1.5 million within 2 years;
- Earn an additional 19% by spending a further AUD\$3.5 million within 3.5 years;
- Earn an additional 20% by spending a further AUD\$10 million within 5 years.

CIO may elect to maintain its interest at each stage of the farm-in once Pacific has earned a 51% interest.

Appointment of Mr Anthony (Tony) W Howland-Rose to CIO Board

On 14 June, 2011, CIO announced that Mr Anthony (Tony) Howland-Rose has accepted a position on the CIO board. Mr Bruce Burrell has resigned as a non-executive director.

Tony has 48 years experience in exploration, discovery, development and corporate activity worldwide in the junior exploration sector.

Tony is presently the Executive Chairman of Gullewa Limited and Chairman of Allegiance Coal Limited.

Appointment of Mr Graham Hurwitz to Chief Financial Officer

On 26 May, 2011, CIO announced that Mr Graham Hurwitz has been appointed Chief Financial Officer. Mr Peter Treston has resigned as Chief Financial Officer but will continue to consult to the Company.

Mr Hurwitz is a Chartered Accountant (Australia) with over 30 years of experience in the areas of taxation, business services, business acquisitions and sales.

Yilgarn Iron Ore Project (“Yilgarn IOP”)

The Yilgarn IOP is considered highly prospective, given its history of large-scale iron ore production, with the Cliffs Natural Resources-owned Koolyanobbing operation (also formerly operated by Portman Limited) currently producing at a rate of about 8Mtpa of Direct Shipping Ore (“DSO”). The Yilgarn IOP is increasingly being recognised as an attractive location for the development of iron ore, given its proximity to rail and access to ports.

The Company continued its strategy into iron ore via applying for further tenements in the Yilgarn Iron Ore Province during the quarter. The applications have been made through its 100% owned subsidiary, Central West Resources Pty Ltd. The company now has a total of 9 granted tenements and 1 application, covering a total of 652km².

The Company believes its greater Yilgarn IOP tenement package provides a significant platform for the exploration for iron ore and will provide a significant, new future phase of growth for the Company.

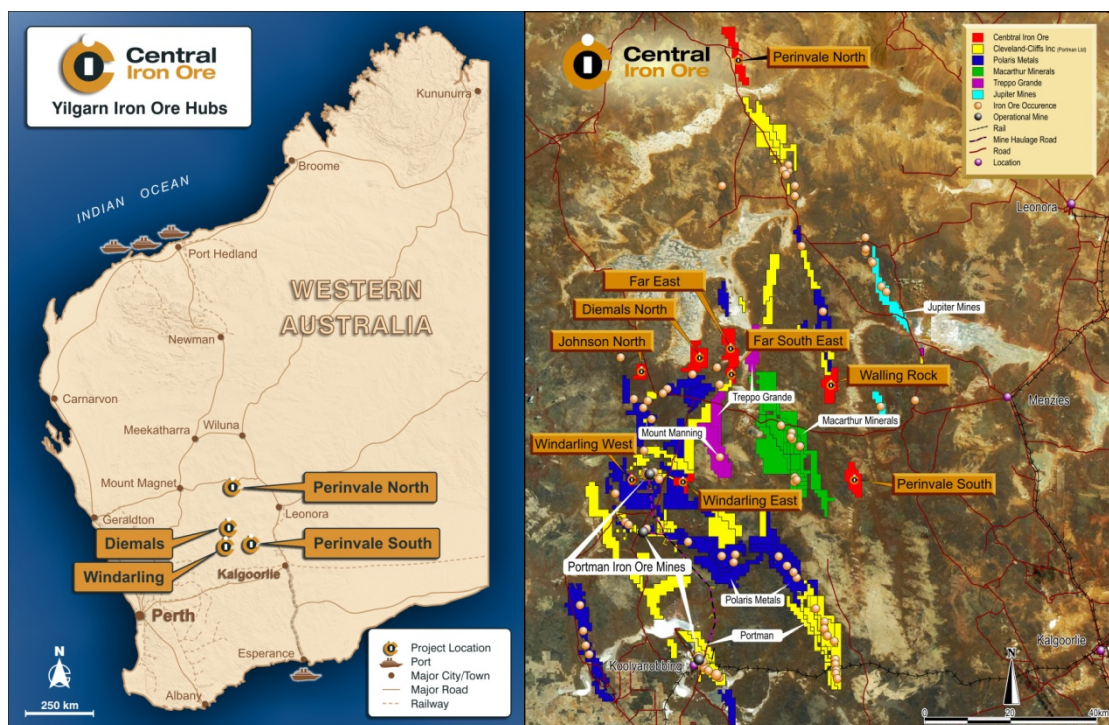


Figure 3 : CIO project locations



The initial strategy and objective of the Company is to evaluate the occurrence of both magnetite ore and direct shipping ore within the above tenements to gain an initial understanding of their respective resource potential.

Hub	Project	Tenement	Status	Area (km ²)
Perinvale South	Walling Rock Perinvale South Extension	EL30/414	Granted	93
		EL30/415	Granted	93
		P30/1084	Granted	1
Perinvale North	Perinvale North	EL57/818	Granted	120
Windarling	Windarling West Windarling East	EL77/1820	Granted	12
		EL77/1737	Granted	42
Diemals	Diemals North	EL77/1749	Granted	111
	Far East	EL77/1757	Granted	114
	Johnson North	EL77/1758	Granted	39
	Far South East	ELA77/1840	Pending	27

Table 2 : Logical infrastructure hubs for CIO YIOP tenements

South Darlot Gold Project

The South Darlot Gold Project area is approximately 320km north west of Kalgoorlie and includes the British King mine which is 100% owned and NI43-101 compliant. The British King mine is 5km west of Barrick Gold Corporation's Darlot Mine and is currently under care and maintenance.

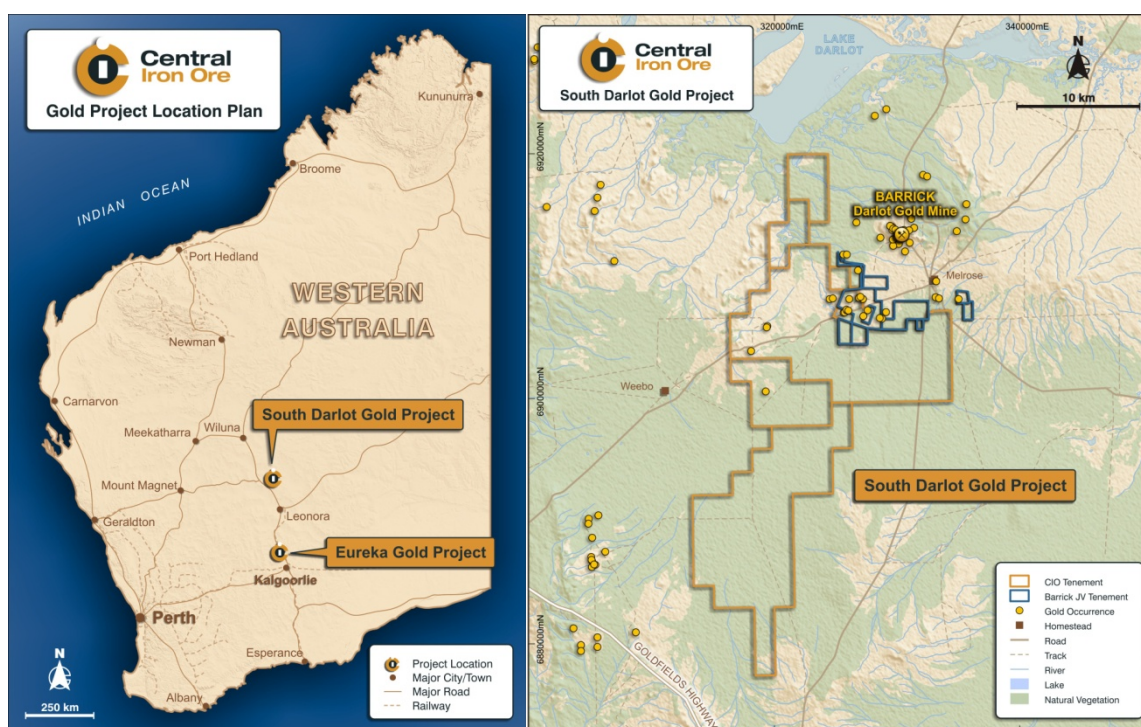


Figure 4 : South Darlot Gold Project



The Company has re-focused the gold strategy and is actively working towards a greater tenement expansion in the South Darlot region which will allow for regional and mine site exploration to commence. The Company's current tenement package is 336km².

Project	Tenement	Status	Area (km ²)
South Darlot	EL 37/882	Granted	141
South Darlot	ELA37/1054	Pending	33
South Darlot	ELA37/1072	Pending	12
South Darlot	ELA37/1085	Pending	24
South Darlot	ELA37/1086	Pending	3
South Darlot	ELA37/1106	Pending	123
British King	M37/30	Granted	0.1
British King	P37/7026	Granted	0.1

Table 3 : South Darlot projects tenements

For the South Darlot Gold Project, the strategy and objective of CIO will be to evaluate the gold prospectivity and deliver on target generation and access over the next 12 months.

Barrick JV Project

The Barrick JV Project is an agreement (Agreement) between Central Iron Ore Ltd (through a 100% CIO owned subsidiary, South Darlot Mines Pty Ltd) and Barrick (Plutonic) Limited and Barrick (Darlot) NL (together Barrick) to joint venture by way of earn-in into Barrick's Southern Darlot Gold Project area (JV).

Barrick's Darlot gold mine is an underground operation located on the Yandal Greenstone Belt, approximately 680kms north east of Perth, Western Australia. Proven and Probable Mineral Reserves as of 31 December, 2009 were estimated at 444,000 ounces of gold. Ore is treated by conventional carbon-in-leach at the on-site mill.

The Joint Venture tenements are situated south west of Barrick's Darlot gold mine and are contiguous with CIO's current holdings in the area which includes 100% of the British King gold mine. CIO's current South Darlot regional tenement package comprises some 336km² of highly prospective country. The Barrick tenement areas covered by this Joint Venture are detailed in **Table 4**.

The Agreement outlines the conditions under which CIO may progressively acquire an initial 51% interest, and management of the Joint Venture, with an option to increase its interest to 70% should it so choose. The agreed initial earn-in period is 24 months from the date of execution of the Agreement. The total spend required over this period is AUD\$450,000.

In addition to substantially increasing its effective contiguous tenement interests within its South Darlot Gold Project Area (SDGPA), the Agreement gives CIO access to Barrick's extensive project data base and knowledge over the area of the JV tenements. It consolidates and gives the Company access to a number of known anomalies within the area of the JV tenements. CIO is hopeful it can and will advance these to the point they might be exploited to the benefit of the JV parties.

Project	Tenement	Status	Area (km ²)
Barrick JV	M37/421	Granted	381
Barrick JV	M37/552	Granted	200
Barrick JV	M37/631	Granted	776
Barrick JV	M37/632	Granted	595
Barrick JV	M37/709	Granted	98
Barrick JV	M37/1045	Granted	90
Barrick JV	P37/7364	Granted	197
Barrick JV	P37/7365	Granted	200
Barrick JV	P37/7366	Granted	113
Barrick JV	P37/7367	Granted	45

Table 4 : Barrick JV projects tenements

Quarterly Activity

Gravity Data

Haines Surveys completed a high resolution ground gravity survey during the quarter over M37/30, M37/631 and M37/632 covering approximately 13km². The survey totalled 2479 stations delivering simple bouguer anomaly and DTM data.

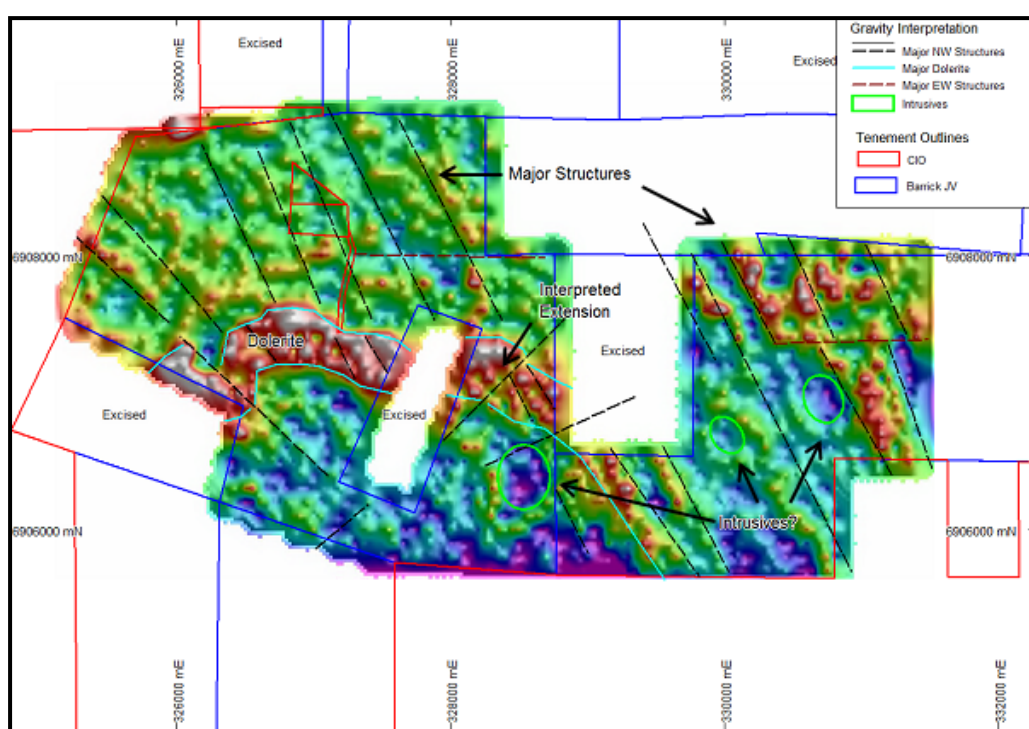


Figure 5 : British King Gravity 1VD image, with major interpreted features



Geophysical Review

In addition, Core Geophysics compiled merged and processed the available open file aeromagnetic data over the project, which comprise of 25m line spacing over the JV area up to 400m line spacing over the greater project area.

The Barrick JV tenements are fully covered by 25m line spaced survey with the north western and eastern CIO tenements partially covered by 50m line spaced surveys. The remaining CIO tenements are covered by government 400m line spaced data.

Results

The gravity and magnetic datasets highlight a number of different and complimentary features and 15 target areas have been selected of which ten represent extensions to known high grade mineralisation and the remaining five new targets or extensions to untested mineralised trends.

These targets represent both potential near surface oxide mineralisation and deeper primary basement mineralisation, though a full reconciliation on the two has not been completed. In general higher grade gold mineralisation is located close to structures/contacts within local gravity lows.

EUREKA GOLD PROJECT

The Eureka gold project is approximately 50km north of Kalgoorlie and includes the Eureka open pit gold mine which is 100% owned by CIO. The Eureka gold mine is currently under care and maintenance. CIO has re-focused the gold strategy and is actively working towards a greater tenement expansion in the Eureka region which will allow for regional and mine site exploration to commence. The Company's current tenement package is 563 hectares.

Project	Tenement	Status	Area (km ²)
Eureka Gold	M24/189	Granted	218.15
Eureka Gold	M24/584	Granted	110.5
Eureka Gold	M24/585	Granted	104.5
Eureka Gold	M24/586	Granted	130

Table 5 : Eureka project tenements

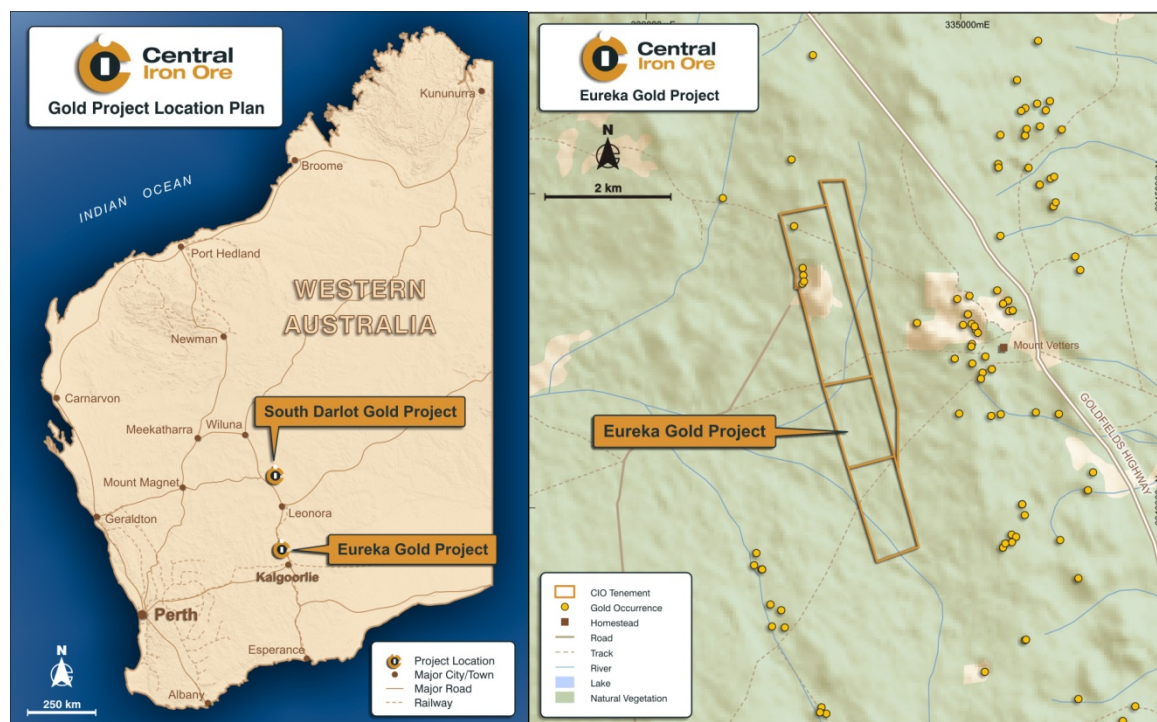


Figure 6 : Eureka Gold Project

Minerals

New South Wales

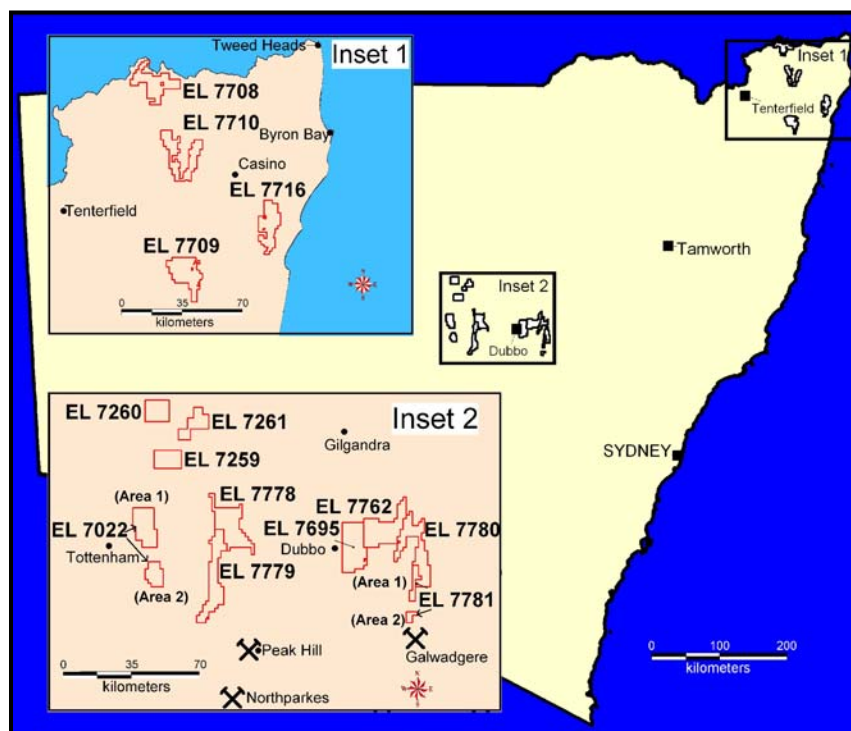


Figure 7 : Map of New South Wales tenements



Tenement Number	Gullewa Subsidiary	Project Name	Tenement Name	Area (Units)
EL 7022	Claymor Resources P/L	Dandaloo	Dandaloo	216
EL 7259	Claymor Resources P/L	Dandaloo	Warren	91
EL 7260	Claymor Resources P/L	Dandaloo	Warren	99
EL 7261	Claymor Resources P/L	Dandaloo	Warren	88
EL 7778	Narwonah P/L	Narromine	Narromine	100
EL 7779	Narwonah P/L	Narromine	Farrendale	100
EL 7780	Windora Exploration P/L	Dubbo	Ballimore	100
EL 7762	Windora Exploration P/L	Dubbo	Talbragar	100
EL 7695	Windora Exploration P/L	Dubbo	Wongarbon	100
EL 7781	Windora Exploration P/L	Dubbo	Comobella	26
EL 7708	Mummulgum Exploration P/L	Clarence	Woodenbong	100
EL 7709	Mummulgum Exploration P/L	Clarence	Gordonbrook	100
EL 7710	Mummulgum Exploration P/L	Clarence	Bonalbo	100
EL 7716	New Italy Resources P/L	East Clarence	New Italy	88

Table 6 : Gullewa's Mineral Tenements in New South Wales

Claymor Resources Pty Ltd (Gullewa 100%)

Dandaloo Project (ELs 7022, 7259, 7260 and 7261)

Evaluation of Stage IV detailed soil geochemical data obtained by Interresources in conjunction with the recently completed ground magnetic survey data has identified numerous potential zones of mineralisation in EL 7022. Drilling of two angled holes to depths of approximately 400 metres into some of the target zones will be undertaken later this year.

The tenements were selected on the basis of an initial regional literature research which highlighted a potentially mineralised sequence of Palaeozoic sequences extending northwards from the well mineralised Parkes Zone underneath deepening sedimentary cover. Interresources then completed a series of regional to detailed electrogeochemical soil sampling surveys were used to define areas for tenement applications and to identify potential drill targets. Induced Polarisation surveys for Gullewa using gradient array, dipole-dipole and an electrical sounding had confirmed that the area is covered by up to around 100 metres of oxidised rocks and unconsolidated clays and sediments.

The results of a recently completed ground magnetic survey have increased the confidence of the application of the electrogeochemical technology revealing anomalous signatures coincident with some ground magnetic features (*see Figures 8 and 9*). Potential structural relationships are also evident in the multi-element electrogeochemical data. Drilling of several of the anomalous areas will be undertaken with drillhole orientations optimised to intersect potential structures and mineralisation.

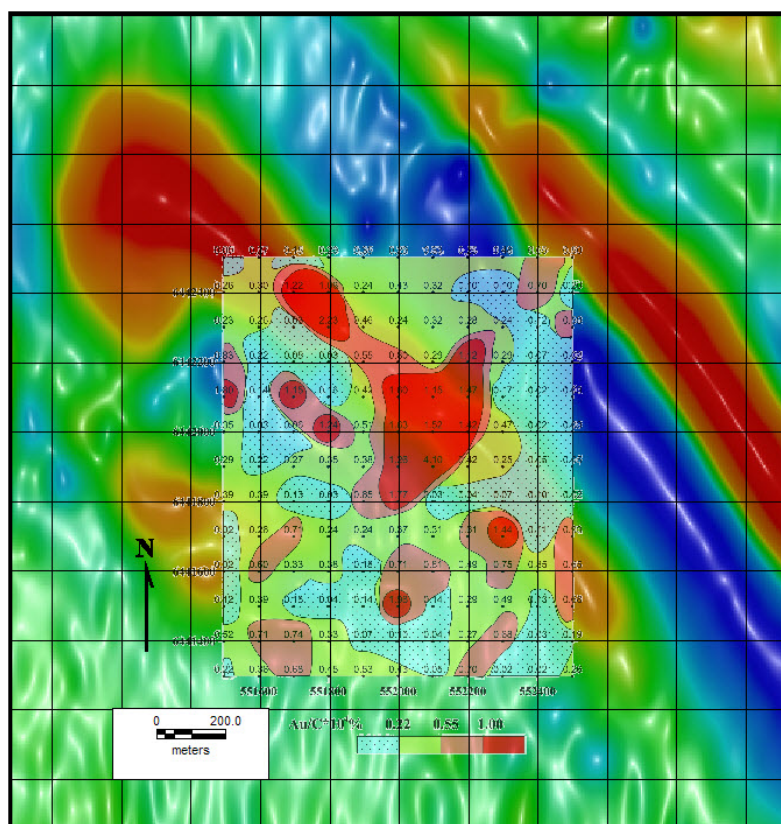


Figure 8 : Area 1, Site 2: Au/C*10⁴% superimposed on RTP ground magnetic survey data

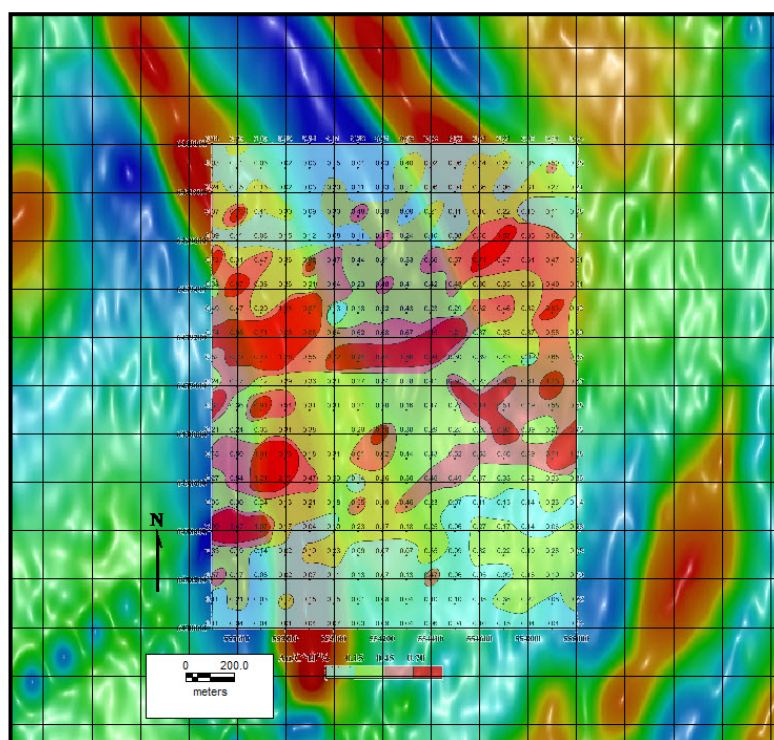


Figure 9 : Area 1, Site 3: Au/C*10⁴% superimposed on RTP ground magnetic survey data



Narwonah Pty Ltd (Gullewa Ltd 100%)

Narromine Project (ELs 7778 and 7779)

EL 7778 Narromine and EL 7779 Farrendale were granted during the quarter. These tenements contain mapped late Silurian-Lower Devonian felsic-intermediate rift-related volcanics in linear zones overlapping the Ordovician sequences that have potential for VHMS polymetallic deposits and deeper Devonian intrusive-related Cu-Au skarn and porphyry style mineralisation.

The Narromine licence straddles the northern extension of the Parkes Thrust Zone in Ordovician-Devonian volcanoclastics that contain potential for Tomingley-type and possibly McPhillamy's style orogenic gold mineralisation.

In the Ballimore area, along the Molong High gold bearing structures are developed marginal to the Hill End Trough in volcanoclastic schists and Cu-Au skarn and stockwork mineralisation is associated with Carboniferous and Ordovician granites.

No field activity was undertaken during the quarter.

Windora Exploration Pty Ltd (Gullewa Ltd 100%)

Dubbo Project (ELs 7695, 7762, 7780 and 7781)

The tenements were granted during the quarter; EL 7762 Talbragar, EL 7780 Ballimore and EL 7781 Comobella. The Dubbo Project is located at the northern end of the Molong-Cadia zone of outcropping Ordovician volcanic rocks which host the Cadia & Copper Hill deposits, and the Kaiser and Galwadgere-Bodangora prospects and is considered to have excellent potential to host porphyry copper deposits and massive base metal sulfides.

No field activity was conducted during the quarter.

Mummulgum Exploration Pty Ltd & New Italy Resources (Gullewa 100%)

Clarence Project (ELs 7708, 7709, 7710 and 7716)

These licences are located in north eastern New South Wales and cover a range of gold and base metal prospective mineralised settings within carbonaceous sediments of the Clarence Basin and younger intrusions related to the New England Orogen.

No field activity was conducted during the quarter.



Geothermal

Gullewa Geothermal Pty Ltd (Gullewa 100%)

No active geothermal work was undertaken during the March quarter due to a combination of market pricing uncertainties and perceived technical issues associated with deep hot rock geothermal energy production.

Gullewa has maintained its Tasmanian geothermal licence in anticipation of favourable developments with respect to these matters.

Property

St Ives

The contract to sell the property was exchanged. The contract details are as follows :

Sale price (2011)	\$2,900,000
Purchase price (2004)	\$1,400,000

Gullewa Limited's interest in Our Field Pty Ltd is 50%.

Normanhurst

We are currently marketing the properties.

David Deitz
Director & CEO
B.Comm, MAusIMM, CPA

For any enquiries :

David Deitz
02 9397 7555

Rule 5.3

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

GULLEWA LIMITED

ABN

30 007 547 480

Quarter ended ("current quarter")

30 June, 2011

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for
 - (a) exploration and evaluation
 - (b) development
 - (c) production
 - (d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other (provide details if material)

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 (property) and security deposit

Net investing cash flows

- 1.13 Total operating and investing cash flows (carried forward)

Current quarter \$A'000	Year to date (12 months) \$A'000
(219)	(1,299)
(874)	(2,514)
162	452
	112
	9
(931)	(3,240)
(249)	(1,842)
(12)	(947)
14	932
	(55)
	134
(76)	(101)
(323)	(1,879)
(1,254)	(5,119)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,254)	(5,119)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	48	446
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	680	909
1.17	Repayment of borrowings		(11)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	728	1,344
	Net increase (decrease) in cash held	(526)	(3,775)
1.20	Cash at beginning of quarter/year to date	4,068	7,317
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,542	3,542

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	96
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

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 \$A'000	Amount used \$A'000
3.1 Loan facilities – Guarantee of mortgage on St Ives property	1,050	1,050
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	
4.3 Production	
4.4 Administration	850
Total	1,300

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	3,542	4,068
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,542	4,068

+ See chapter 19 for defined terms.

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	EL 7778 Narwonah P/L EL 7779 Narwonah P/L EL 7780 Windora Exploration P/L EL 7781 Windora Exploration P/L EL 7762 Windora Exploration P/L EPC 1875 Mineral & Coal Investments P/L EPC 2309 Mineral & Coal Investments P/L EPC 1874 Mineral & Coal Investments P/L EPC 2278 Mineral & Coal Investments P/L	Nil Nil Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 80% 80% 80% 80%

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 (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	145,723,100	145,723,100	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	660,000	660,000	

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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>	10,340,000 5,480,000 5,475,000	Nil Nil Nil	<i>Exercise price</i> 7.25 cents 11.87 cents 22.30 cents	<i>Oxpiry date</i> 30.11.2011 30.11.2014 07.03.2016
7.8	Issued during quarter	1,000,000	Nil		
7.9	Exercised during quarter	660,000	Nil		
7.10	Expired during quarter				
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 \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 29 July, 2011

Print name: GRAHAM HURWITZ

+ See chapter 19 for defined terms.

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.