



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: July 31<sup>st</sup> 2009

## **QUARTERLY REPORT FOR THE PERIOD ENDING June 30<sup>th</sup> 2009**

The Board of Syngas Limited ("Syngas" or "Company") is pleased to present the June 2009 quarterly report. During the quarter, the Company achieved the following:

### **HIGHLIGHTS**

- 1. Exploration rights, over additional/previously drilled and evaluated coal to the south of Syngas's Clinton Deposit containing JORC Classified Indicated and Inferred Resource, were secured through an 'area swap' deal with Rex Mineral Limited (Rex), subject to ministerial approval.**
  - **Extending the Base Case Clinton Project Pre-Feasibility Study (PFS) life of operation in conjunction with other initiatives, by around 7 years, out to an estimated 40 years life. Further drilling is planned for the area; and**
  - **Potential for reduced mine operating costs through lower stripping ratios.**
- 2. An agreement (MoU) with a local farmers group, the Yorke Peninsula Alkaline Soils Group (YPASG) was signed covering the joint viability assessment over the potential supply of carbon neutral, residual straw as supplementary feed for the Clinton Project (contributing to the Company's overall Carbon Management Program).**
- 3. An exclusive agreement (Offtake Option) was signed with Metals X Limited (ASX:MTX) over native sulphur to be produced from the Clinton Project.**
- 4. Premium Diesel and By-product Offtake agreement progression.**
- 5. Feasibility Engineering Study (FES) testwork underway with Siemens on a 30 kg Clinton coal sample was progressed this quarter with work to be completed by August 19<sup>th</sup> 2009.**
- 6. Core technology access progression i.e. Power and Diesel [Fischer-Tropsch].**
- 7. Bankable Feasibility Study progression including representations to State government departments, Ministers, elected members of parliament and local councils.**
- 8. Annual and half yearly tenement reports were completed and submitted for MEL 3896.**
- 9. Maintenance of strong cash position post PFS completion.**
  - **Cash in bank of A\$1.88 million at end of June quarter.**

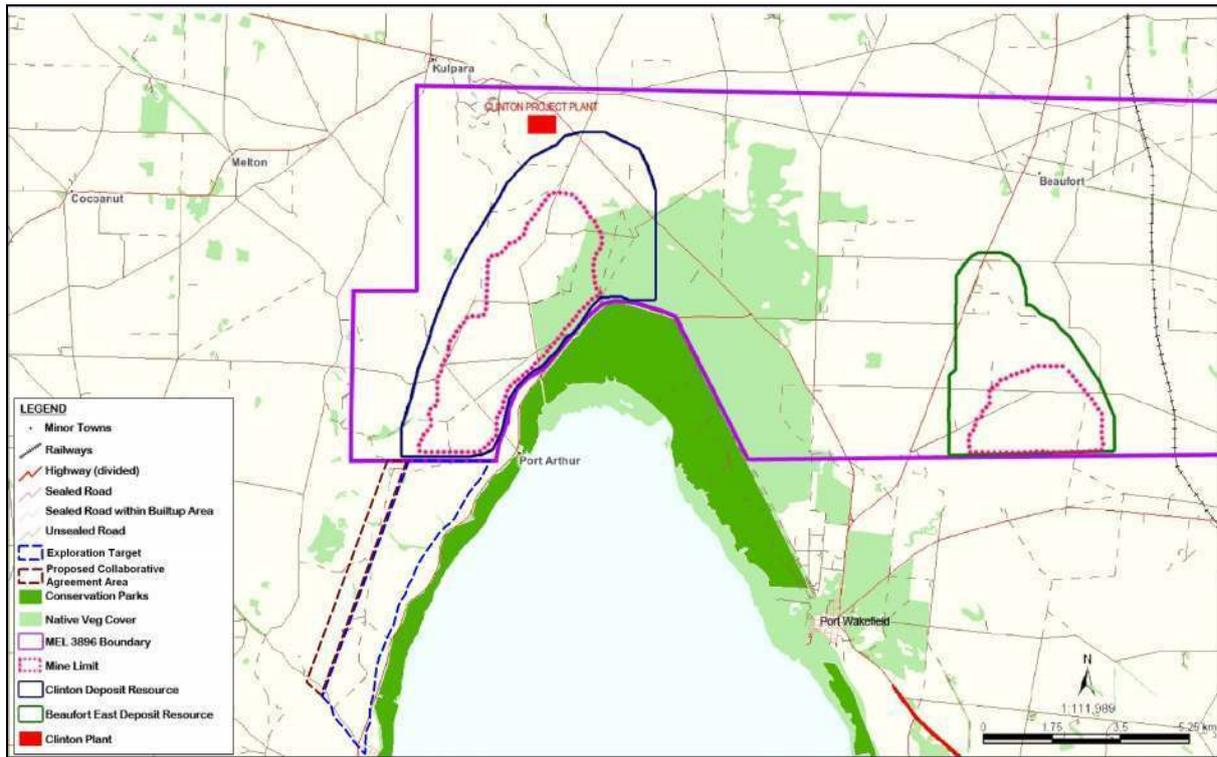


Figure 1: Clinton Project location map

## Activities

Since the Clinton Project Pre-Feasibility Study (PFS) outcomes were announced to the market on April 7<sup>th</sup> 2009, setting out the technical and practical achievability and financial projections for the Project at a range of future oil prices scenarios, as well as the Project's development stages and schedule, the activities summarised below have taken place. They have either improved the base case for the Project, as presented in the PFS, or progressed Bankable Feasibility Study (BFS) elements:

- 1) An exploration 'area swap' deal was concluded with Rex, whereby approximately 10 km<sup>2</sup> of Syngas's exploration area, contained within Mineral Exploration License (MEL) 3896 and unprospective for coal/lignite, was swapped for an approximately 8 km<sup>2</sup> exploration area within Rex's MEL 3874. This area lies to the south of Syngas's 185 Million tonne JORC Classified Indicated and Inferred Resource Clinton Deposit (resources previously announced on ASX on October 8<sup>th</sup> 2008). Past drill hole data (21 holes) records coal intersections in this area (for details on past drilling refer to Syngas's June 15<sup>th</sup> 2009 ASX Announcement entitled *Past Drilling Underpins Future Plans and Potential at Clinton South*). A drilling program to establish a JORC classified Resource in this newly accessed area has been developed. Individual landholder access approvals and exploration works approvals through the appropriate government regulation bodies are to be secured prior to drilling program scheduling.

Through the inclusion of this extension of the Clinton deposit, the Clinton Project's potential life of operation is expected to be extended to around 40 years, in conjunction with other initiatives. This is a significant improvement to the base case PFS life of operation of 33 years. Furthermore, past drill hole interpretations have indicated that lower stripping ratios may be achieved in this newly accessed area. This could lower mine operating costs, relative to those set out the PFS base case, during the initial years of operation which is significant from a financing perspective.

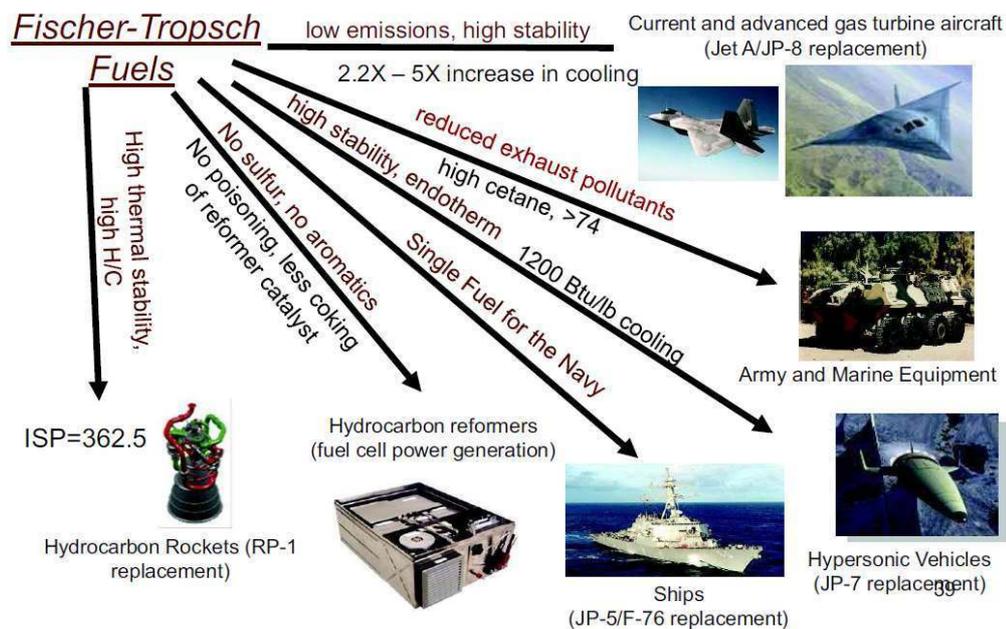
- 2) On May 1<sup>st</sup> 2009, an agreement between Syngas and YPASG, an around 300 member strong grain growers group, was signed. This has led to analysis (including a half day workshop attended by several agronomists/technical specialists) of residual straw quantities currently available to Syngas in the area and definition of the practical steps involved in securing access to this material, as well as the costs likely to be incurred.

Research by the Idaho National Laboratory, set out in: *Wyoming Business Council, Major Feasibility Study (engineering design and economic study) results, 2005*, sourced by Syngas covering the impacts of biomass on carbon emissions, indicates significant emission improvements could be achieved through the use of Biomass.

A study into the impacts of the use of residual straw as supplementary feed for the Clinton Project specifically was commissioned during the quarter, through a specialist carbon emissions assessment (life cycle assessment) company. The outcomes of this study are expected to be received by Syngas by July 31<sup>st</sup> 2009.

The Syngas Board approved the development of a Biomass Business Plan during the quarter, covering various non-food biomass opportunities, establishing the value to the Company in pursuing short to medium term cashflow generation in this area.

- 3) The Company has continued to actively pursue Offtake agreements this quarter. An Offtake option agreement with Metals X Limited was announced on June 4<sup>th</sup> 2009. Production of around 62,000 t.p.a. of native sulphur through syngas clean up, prior to diesel product is achievable from the Clinton Project. This sulphur removal will contribute to the premium quality of the diesel produced. The ultra low sulphur levels in Syngas's diesel will lead to very low levels of SO<sub>x</sub> production on combustion in vehicle engines, relative to other fuels. The removal of trace elements and particles, prior to diesel production, also contributes to the premium quality of Syngas's diesel product. Interest in premium quality diesel centres on its stability/storage properties, stability/performance properties at both high and low temperatures and lower carbon emissions and pollutants. For example, from the military and the aeronautical industry, refer Figure 2 below.



**Figure 2: Fischer-Tropsch Fuel in the Military and Aeronautical Industry**

Source: *Feasibility Analysis of Alternative Liquid Fuels for the USAF*, Roger H. Bezdek, Orlando, January 2009.

- 4) In terms of the Company's Premium Diesel Offtake Agreement, Syngas's strategy has been to pursue an agreement with a certain type of company, from amongst the following:

- Major retailers and/or distributors or oil traders/importers into Australia.
- Major users of diesel, by type of use: Road transporters or Rail transporters.
- Major users of diesel, by industry: Mining Company's and/or Agricultural Groups.

The discussions held in relation to Diesel Offtake this quarter can be summarised as follows:

- a) A number of parties have stated their longer term interest in purchasing product once produced/ when it becomes available acknowledging that the demand for diesel is likely to continue to grow in Australia and an interest in securing locally produced product. Fifty two percent (52%) of South Australia's petroleum products, including diesel, were imported from Singapore in 2008<sup>1</sup>.
- b) Other parties have stated their immediate interest. However, at this early stage of the Project and within the current Global Financial Crisis (GFC) business context, a level of discount has been sought by these parties. Given the expected future strength in diesel demand, the board has discussed this in terms of what is in the best interest of shareholders, as well as project financing, at this point in time.

The Board has agreed to incorporate Diesel Offtake into the future Funding work which is underway. To secure a more representative expected value for this option, at this stage of the project.

5) In terms of further by-product offtakes;

- The Company has met with two (2) interested parties in relation to a granular slag offtake agreement. Samples of granular slag, an output from the gasification process, were sourced from Siemens in Germany and supplied to the parties for testing during the quarter. This material can be used in blended cement, in a similar fashion to the way furnace fly ash is used currently. Negotiations are progressing towards an agreement.
- The Company has also progressed peaking power Offtake agreement discussions this quarter with two (2) interested parties. Discussions with the South Australian electricity network provider, Electranet, have been necessary to establish practical aspects of peaking power supply from the Project into the existing and future proposed grid. Around 114 MW of peaking power could be produced by the Clinton Project for supply to the grid at the Hummocks Substation. Peaking power demand occurs during periods when the power load is in excess of 2400 MW. This occurs on average in South Australia 7.3 days per annum. Significant revenue premiums over baseload power can be secured at this time. Peaking power demand conditions for the state typically occur during very still hot days, when the wind farms located at Snowtown (North of the Clinton Project, on the grid) are not supplying power. The line losses associated with the supply of Clinton Project power into the grid are estimated to be in the order of 10%. Negotiations with interested parties progressing towards an agreement are expected during the September quarter.
- In terms of water, additional capital, to that presented in the PFS, would be required for potable water production to be achieved by the Clinton Project. An initial review of capital costs is underway. Access to potable water is a key factor cited by stakeholders as impacting the future development in the area surrounding the Clinton Project. In the long term this could present an opportunity, based on the economics.

6) The Feasibility Engineering Study (FES) test work by Siemens utilising a 30 kg Clinton coal sample was progressed this quarter, with work to be completed by August 19<sup>th</sup> 2009. The key outcome of this work will be an initial gasifier island design (i.e. associated process

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<sup>1</sup> RAA August 2008 Impact of Peak Oil on South Australia Report



engineering including process flow diagrams, plant layout diagrams, electrical system layouts, mass and energy balances) and updated capital and operating costs to those presented in the PFS.

- 7) Core technology access agreements have been progressed during the June quarter, for the Power and Fischer Tropsch sections of the plant. Confidentiality Agreements have been signed with preferred suppliers of technology for both sections. On the Power side, a Heads of Agreement has been issued for review and comment, with finalisation expected shortly.

On the Fischer Tropsch technology side, Shell holds and licences to Joint Venture partners only, commercially proven gas to liquid technology at a scale suitable for the Clinton Project. Shell operates the 14,700 barrel per day oil equivalent Bintulu plant in Malaysia fed by natural gas (not syngas). Sasol also holds commercially proven liquid technology. A Confidentiality Agreement has been signed with a suitable Fisher Tropsch technology provider. A proposal setting out Syngas's options for proceeding is expected shortly. Syngas will seek to establish a relationship with this provider in the same way as it has for the Gasification and Power sections of the plant.

Gas clean up and air separation technology partnering approaches will be made during the September quarter. Further work is likely to be required prior to the preferred supplier of drying technology being finalised.

By establishing relationships with the core technology providers, more accurate licencing costs can be entered into the forward funding projections and initial integration design work can expediently commence.

Furthermore, technology risks, as assessed during financing, will be mitigated, through the use of commercially proven technology in the construction of the Clinton Project, to the greatest extent possible.

- 8) During the June quarter the Annual tenement report and Half yearly tenement report for MEL 3896 were completed and submitted to the Department of Primary Industry and Resources South Australia (PIRSA), bringing the Company's tenement management obligations in relation to MEL 3896 up to date. The Half yearly tenement report for another of Syngas's tenement, MEL 3585, was also submitted to PIRSA. The Annual report for MEL 3585 will be submitted during the September quarter.

- 9) A number of stakeholder presentations were made this quarter covering the outcomes of the Clinton Project PFS. This included to the Yorke Peninsula Council Alliance, various South Australian government departments, State Government Ministers, Members of Parliament for the Project area, as well as members of the State Opposition party. All five (5) freehold landholders potentially impacted by the progression of the Clinton Project were contacted regarding the PFS outcomes. The Company has discussed with the majority of these landholders the conditions under which further drilling might take place on their property. As was the case with the Company's initial drilling program, individual land access agreements will be reached prior to work proceeding as will the appropriate state government approvals.

A PIRSA representative met with two landholders and Company representatives during the quarter to check on the rehabilitation completed during the last drilling program. Four (4) past drill holes in the Clinton deposit were visited. Overall, Syngas was advised that industry practice/rehabilitation expectations are being met. Improvements to rehabilitation practices were identified and discussed with landholders and will be implemented.

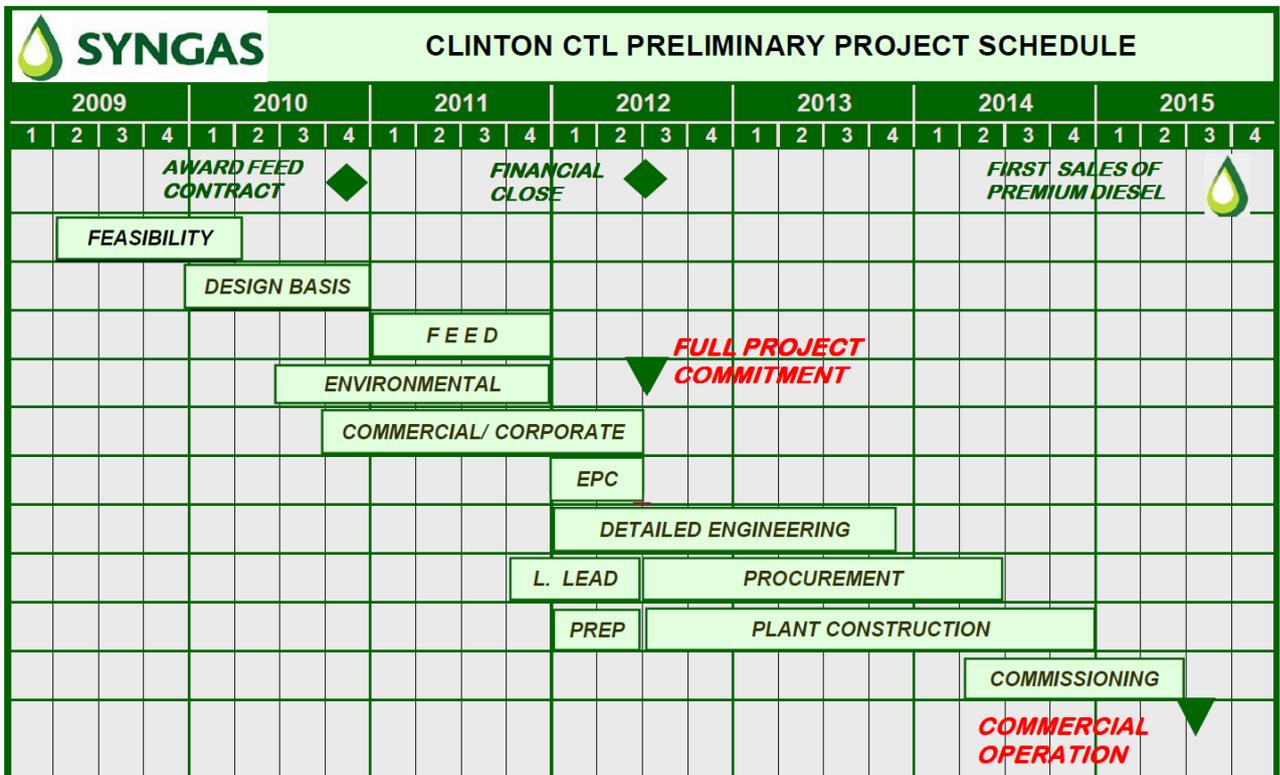
Subsequent to this site visit taking place Media coverage has taken place. Media coverage provided during the quarter was as follows:

- **Rex, Syngas Agree on Land Swap**, Yorke Peninsula Country Times, June 16<sup>th</sup> 2009;

- **Syngas in Offtake Deal with Metals X for Clinton Project Production**, Proactive Investors [<http://www.proactiveinvestors.com.au/companies/news/1642/syngas-in-Offtake-deal-with-metals-x-for-clinton-project-production-1642.html>], June 4<sup>th</sup> 2009; and
- **Farmer's Concern and Syngas's Response**, North & West Mornings, ABC North & West SA, July 21<sup>st</sup> 2009.

10) Bankable Feasibility Study work completed this quarter has focussed on two areas:

- A detailed assessment of relevant state and federal laws and regulations, various application procedures and processes along with an assessment of the stakeholders involved, and information available for other similar projects in relation to environmental approvals. As part of the Clinton Project PFS an anticipated overall environmental approvals framework was prepared by environmental consultants. A program of work for moving environmental approvals forward has been developed and presented to the Board. This program will be progressed during the coming quarter.
- The Project development schedule/timeline and development stages/milestones as set out in the PFS, has been reviewed. The next two (2) development stages for the project, as shown in Figure 3 below, remain the completion of the Basis of Design (BoD) and completion of the Bankable Feasibility Study (BFS), followed by financial close for the Project. More detailed work/activity breakdowns, along with funding requirements for these two stages, have been produced. Experiences gained by Syngas's Gasification engineers on other similar projects, at more advanced stages than the Clinton Project, have been incorporated in the Company's plans.





A BoD/BFS and beyond fund raising options paper, including recommended ways forward, is currently being prepared, with the assistance of an external suitably experienced consultant, for presentation to the Board. Subsequent to Board approval, fund raising activities will commence.

12) During the June quarter, Syngas also completed assessments of a number of future growth opportunities, brought to the Company by various parties. The Company is well positioned to assess the foundations for "Clinton" type projects in other locations. Appropriate low cost of entry opportunities will be presented on a case by case basis to the Board as they arise.

In summary, the June 2009 quarter saw the Company progress a number of commercial negotiations, based on the solid development platform provided by the April 7<sup>th</sup> 2009 Clinton Project PFS. Enhancements to the PFS base case were secured, with access to core technologies significantly progressed, while carbon management options for the Company were detailed. All steps deliver reduced financing risks. Planning for the next stage of project development, both in terms of activities and fund raising, was also progressed for implementation during the September quarter.

## Corporate

Over the June quarter, exploration and evaluation expenditure totalled \$138,000 (YTD \$1,743,000). This expenditure was comprised of Geological Consultant, Gasification Engineer and Mining Engineering consultant costs associated with completion of the PFS and gasification FES testwork progress payments to Siemens (A\$33,117). Administration expenditure included costs associated with the relinquishment of Syngas's Gulf of Mexico prospect rights (relinquishment announced on April 15<sup>th</sup> 2009) including US company dissolution, ASX listing, audit/accounting fee and travel costs.

Exploration and evaluation expenditure for the coming quarter is forecast at \$83,000, comprising primarily of costs associated with the completion of gasification FES testwork (around A\$60,000).

This quarter saw the appointment of Mr. Ian Gregory as the Company's new Company Secretary. Mr. Gregory brings a breadth of experience gained from working with small, medium and large ASX listed companies. His involvement and experience with other companies on capital raising will be drawn on by Syngas.

Syngas's Corporate Governance policies were reviewed during the quarter to ensure alignment with ASX's Corporate Governance Principles and Recommendations, which were endorsed on August 2007 and implemented with effect from July 1<sup>st</sup> 2008. The Company has maintained its commitment to compliance and several improvements/new internal procedures were implemented as part of this review.

With A\$1.88 million cash in the bank at the end of the June quarter, improvements secured to the already positive PFS Base Case, core technology partner relationships being firmly established, by-product agreements at advanced stages and an increasingly sought after primary product (Premium Diesel) from the Clinton Project, the Company as a whole is well positioned to take the next step forward.

## September Quarter

The September Quarter will see the Project enter the next phase of development. The Project's foundations are now firmly in place:

- JORC Resources/coal feedstock (around 40 years life);
- Facility design parameters (as stated in the PFS);
- Access to core, commercially proven technologies;
- A carbon management plan, which is proactively being pursued; and



- Offtake agreements (diesel and by-products) being secured.

Syngas is now poised, within the current economic environment to begin to establish long term partnerships which will jointly deliver significant value by taking the Project forward towards construction and operation. The Company is currently well funded to support this development.

Planning around future funding requirements, the use and timing of funds draw down and Company structure options, is well underway. The position paper presenting the options and preferred pathways for moving forward which is being developed, is expected to be presented to the Board in the September quarter.

During the September quarter, in addition to progressing the sourcing of BoD/BFS and beyond funding:

- Presentations will be made to investors and potential investors in Sydney and Adelaide. Syngas will also present at the South Australian Future Energy Conference in Adelaide;
- Diesel Offtake discussions, as part of the broader BoD/BFS and beyond fund raising will be progressed;
- Further technology partners/relationships will be pursued;
- Approvals for further drilling at Clinton south (JORC Resource), will be sought;
- BFS work which will be progressed includes:
  - Environmental approvals,
  - Design work, based on the outcomes from the FES gasification testwork, including integration work with other core technology providers; and
  - Carbon Management Program progression, based on the outcomes of the currently underway study.

## Longer Term

Syngas has moved into a new phase of project development.

The Company has commenced BoD/BFS work and is actively working towards securing the necessary funds to complete the BoD/BFS stages in the Project's development and beyond, through long term partnerships.

The Company has sufficient funding over the coming twelve (12) months, the period of time it may take to establish the appropriate funding relationships within the current economic climate.

Syngas's vision remains to establish a large, highly profitable Coal/non food Biomass feedstock to Clean Premium Diesel production business in Australia and grow off this success.

The Company's first step in achieving this vision is to become a large scale Premium Diesel producer, operating a well located, relatively low cost, long life, significant cash and profit generating project in South Australia (The Clinton Project) by mid 2015.

The Company will develop a core capability in non food biomass in the interim, capitalising on opportunities to create value identified in this area. Syngas will opportunistically secure further Clinton Project development opportunities in Australia and overseas.

The Outlook for the Company remains extremely positive, with solid progress continuing to be made.

### Competent Person

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Merrill Gray who is a Member of the Australasian Institute of Mining and Metallurgy.*

*Merrill Gray is a full-time employee of the Company. Merrill Gray holds a Bachelor of Science in Geology, Bachelor of Mineral Technology in Mineral Processing and Masters in Business Administration from Melbourne Business School and has worked in the Coal to Liquid (C.T.L.) industry in Australia since 2005.*

*Merrill Gray has sufficient experience to be responsible and to be the “competent person” as defined in the 2004 Edition of the ‘Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Merrill Gray is suitably experienced in collating and reviewing information relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person.*

*Merrill Gray consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.*

### About Syngas Limited

*Syngas Limited, incorporating the Clinton Project following the acquisition of Syngas Energy Limited in January 2008, is an ASX listed oil and gas business with, as a core project, a premium diesel production project located in South Australia at Bankable Feasibility Study stage of development.*

*One of Syngas’s granted mineral exploration licences covers an area of 288 km<sup>2</sup> north-west of Adelaide, over known coal deposits within the Clinton Coal Measures, located in the Northern St Vincent Basin Coalfields, north of the Gulf Saint Vincent. Syngas also holds a granted mineral exploration licence over a 143 km<sup>2</sup> area, south-east of Adelaide, covering the known coal deposit of Moorlands and a petroleum exploration licence over the Moorlands deposit and surrounding area.*

### **For further information contact:**

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# 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

**SYNGAS LIMITED**

ABN

**41 062 284 084**

Quarter ended ("current quarter")

**30 June 2009**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(138)	(1,743)
(b) development	-	-
(c) production	-	-
(d) administration	(237)	(1,175)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	161
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(8)
<b>Net Operating Cash Flows</b>	<b>(353)</b>	<b>(2,765)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2)	(5)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	327
(c)other fixed assets	-	-
1.10 Loans to other entities	-	(8)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(2)</b>	<b>314</b>
1.13 Total operating and investing cash flows (carried forward)	(355)	(2,451)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(355)	(2,451)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	40
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 – Share issue expenses	-	(119)
	<b>Net financing cash flows</b>	-	<b>(79)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(355)</b>	<b>(2,530)</b>
1.20	Cash at beginning of quarter/year to date	2,239	4,414
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,884</b>	<b>1,884</b>

**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	75
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, salaries and superannuation.

**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

-

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

-

+ 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	83
4.2 Development	-
<b>Total</b>	<b>83</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	79	35
5.2 Deposits at call	1,805	2,204
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,884</b>	<b>2,239</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>	204,428,441	204,428,441	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000	30,000,000	Not applicable	Not applicable
7.5 <b>+Discovery Shares</b>	7,500,000	Nil	Not applicable	Not applicable
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>+A Class Performance Shares</b>	Nil			
7.8 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000	Nil	Not applicable	Not applicable
7.9 <b>+B Class Performance Shares</b>	17,000,000	Nil	Not applicable	Not applicable

+ See chapter 19 for defined terms.

7.10	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11	<b>+C Class Performance Shares</b>	30,000,000	Nil	Not applicable	Not applicable
7.12	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.13	<b>Options</b> <i>(description and conversion factor)</i>	40,892,407	40,892,407	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31-Dec-2009
		51,275,000	Nil	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 31-Dec-2011
		750,000	Nil	<i>Exercise price</i> 4 cents	<i>Expiry date</i> 31-Dec-2009
		1,250,000	Nil	<i>Exercise price</i> 7 cents	<i>Expiry date</i> 31-Dec-2011
7.14	Issued during quarter				
7.15	Exercised during quarter				
7.16	Expired during quarter				
7.17	<b>Debentures</b> <i>(totals only)</i>				
7.18	<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 2009  
(Director/Company secretary)

Print name:

Merrill Gray

+ 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.

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