



# CULLEN RESOURCES LIMITED

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## QUARTERLY REPORT FOR PERIOD ENDING

**31 DECEMBER 2005**

### HIGHLIGHTS

- A **total of \$~1.95M** was spent by joint venture partners, sole funding on Cullen-owned tenements during the Quarter;
- **IRON** The **West Pilbara Mt Stuart Iron Ore Joint Venture (API/Aquila)** has completed a total of 235 RC holes for 5,625m to test two channel iron deposits – the results from 97 holes received to date include: **13m @ 56.54% Fe and 17m @ 54.69% Fe;**
- **GOLD** The **Gunbarrel Gold Joint Venture (Newmont)** has completed ~23,750m of RAB/air core drilling – significant results include **24m @ 1.00 g/t Au and 11m @ 1.36 g/t Au** with six priority target areas for follow-up drilling;
- **NICKEL** The **Gunbarrel Nickel Joint Venture** has identified one new EM conductor from a 75 line kilometer survey designed to test the stratigraphy around the “AK47” nickel sulphide prospect;
- **NICKEL** The **Independence Group** has identified a new bedrock EM conductor within the Mt Tate JV tenement E53/1096;
- **NICKEL Nickel Australia Limited** has completed ground EM surveying at the Killaloe Project near Norseman and identified a number of conductors for further investigation;
- **NICKEL Cullen** has completed a ground EM survey targeting nickel sulphide mineralization at the Wonganoo project in the North Eastern Goldfields and identified two significant conductors for drill testing.

## EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

### ASHBURTON PROVINCE

#### **WEST PILBARA - MT STUART JOINT VENTURE (E08/1341, E08/1375, E08/1330, E08/1292 and E08/1135, API/Aquila earning 70% of iron ore rights)**

Detailed mapping and RC drilling were completed over the Catho Well and Cardo Bore channel iron prospects during the period.

During mapping, selective rock chip sampling was conducted, on traverses not less than 500m apart. Iron grades varied between 54.0% and 56.4% at Cardo Bore and 53.3% and 57.1% at Catho Well. Iron grades are relatively consistent across a wide area with grades for both prospects averaging around 55% Fe.

To the end of the quarter, a total 197 RC holes (CWRC004 – 200) for 4,456 metres had been completed at Catho Well, and 38 holes (CBRC001-021, 023-037, 051-052) for 1,169 metres at Cardo Bore. Drill spacing is generally on a 200 x 100m grid. Results have been received for a third of the drill holes completed.

**Significant Channel Iron Deposit (CID) material was intersected in all holes** and these were dominantly comprised of ooids to pisoids of ochreous goethite +/- hematite with vitreous goethite cortices. The CID material is clast-supported with the matrix comprised of ochreous goethite, goethite and clay. Clay interbeds are common and may be up to 8m thick.

Results from 79 holes (CWRC004 to CWRC082) have been returned from Catho Well.

No results have been received for the Cardo Bore drilling as yet.

Metallurgical samples have been collected from RC drill residues for the Catho Well prospect and submitted for beneficiation testwork (screening, scrub/screen and density separation).

Results were received at quarter end for the screen testwork and indicate a 0.5 to 1.5% upgrade in iron between size fractions; however grade improvement is variable between size fractions. A larger in-situ sample is required to produce a sample that will provide representative sizing following crushing. Scrubbing and density separation testwork remain ongoing.

Best results include:

<b>Significant Intercepts &gt;54% Fe including zones up to 2m internal waste</b>										
Hole ID	From	To	Intercept	Width	Fe%	Al2O3 %	SiO2 %	P%	S%	Mn%
CWRC008	4	17	13.00 m @ 56.54 % Fe	13	56.54	3.08	5.71	0.040	0.020	0.050
CWRC009	0	11	11.00 m @ 56.45 % Fe	11	56.45	3.08	5.49	0.040	0.010	0.140
CWRC012	2	12	10.00 m @ 55.76 % Fe	10	55.76	2.29	8.25	0.030	0.010	0.080
	18	19	1.00 m @ 55.40 % Fe	1	55.40	2.17	6.41	0.030	0.010	0.510
CWRC058	6	16	10.00 m @ 55.73 % Fe	10	55.73	3.72	5.61	0.050	0.030	0.040
CWRC061	0	15	15.00 m @ 55.05 % Fe	15	55.05	3.81	7.11	0.040	0.020	0.040
CWRC063	0	4	4.00 m @ 54.65 % Fe	4	54.65	4.45	6.85	0.040	0.020	0.060
	7	22	15.00 m @ 56.70 % Fe	15	56.70	2.54	5.20	0.050	0.010	0.070
CWRC064	0	12	12.00 m @ 55.43 % Fe	12	55.43	3.93	6.30	0.040	0.020	0.060
CWRC067	0	11	11.00 m @ 57.59 % Fe	11	57.59	3.51	6.74	0.040	0.020	0.050
CWRC069	1	18	17.00 m @ 56.42 % Fe	17	56.42	2.86	5.86	0.040	0.020	0.080
CWRC070	0	14	14.00 m @ 55.52 % Fe	14	55.52	3.06	6.39	0.040	0.010	0.070
CWRC071	0	15	15.00 m @ 55.05 % Fe	15	55.05	3.08	7.78	0.040	0.010	0.050
CWRC072	0	14	14.00 m @ 55.47 % Fe	14	55.47	3.26	6.63	0.040	0.010	0.080
CWRC074	0	17	17.00 m @ 54.69 % Fe	17	54.69	2.49	9.07	0.040	0.010	0.070
CWRC080	0	11	11.00 m @ 56.23 % Fe	11	56.23	2.83	6.98	0.040	0.000	0.060

**HARDEY JUNCTION JOINT VENTURE (E08/1166; E08/1189 and E08/1145, Cullen 100%; with Nustar Mining Corporation Limited earning up to 80%)**

Nustar has reported the completion of auger soil sampling at eight prospect areas (378 samples, 400 x 400m to 100 x 50m grid) where conventional surface soil sampling may have been ineffective.

A number of anomalous assays in gold, arsenic, lead, antimony and mercury were returned at the Paddy Well Prospect where a major northwest trending fault, with associated, quartz-biotite schist along its length, has been interpreted. This prospect is located at a flexure point along the fault, and is recognized as a “Geoscan” anomaly with

widespread sericite, hematite minor silicification and magnetite alteration. This prospect area will be further tested with RAB and RC drilling.

Auger sampling also returned elevated gold assays from the western end of the Mt Edith prospect area. There are also elevated gold and arsenic values from rock chip sampling in the area, where the Mt McGrath Formation will be targeted.

**YANKS BORE PROJECT - Yanks Bore (E08/1022, Cullen 51% and Udu Resources Ltd 49%, diluting; Red Hill West, E08/1135 and Cardo Bore E08/1341, Cullen 100%)**

There was no field work completed during the Quarter. Udu Resources Ltd has been placed in Administration and the Managers have advertised the assets of Udu for sale. Cullen holds pre-emptive rights.

## **NORTH EASTERN GOLDFIELDS**

**GUNBARREL NICKEL JOINT VENTURE - (Eureka Group : E53/568, E53/535, E53/818, E53/837, MLA's 53/868-870, and 1021-1047 Cullen 100%, BHP Billiton has earned a 75% interest in nickel and base metal rights by spending \$1M, Cullen's 25% is free carried to Decision to Mine)**

The Joint Venture completed 37 RC drill holes for 2,562m to test magnetic units and four geochemical anomalies. The drilling confirmed the presence of komatiitic ultramafic units in the Red Bluff and Doyle Bore areas. One komatiite horizon (intersected in hole GBRC4) had enriched PGE's (150ppb Pt+Pd) which requires further investigation. No anomalous nickel results were obtained from the geochemical anomalies tested.

A surface TEM survey was completed to test the prospective AK47 stratigraphy at Mt Eureka. A total of 75 line km of data was collected on 200m spaced E-W lines using GEOFERRET EM equipment. A new anomaly was located ~2.4km along strike to the north of A2 on the western side of the ultramafic unit. Field checking of this anomaly is required prior to planning further work. Three other anomalies detected, were known from previous, standard EM surveys.

Work planned includes: further interpretation of the drilling results; completion of geochemical analysis of the ultramafic samples; completion of a hydrogeochemical survey around the AK47-Mt Eureka area; and, further evaluation of the regional stratigraphy and nickel sulphide prospectivity.

**GUNBARREL GOLD/NEWMONT JOINT VENTURE - (Eureka Group, E53/568, E53/535, E53/818, E53/837, MLA's 53/868-870, and 1021-1047, Cullen 100%)**

The Gunbarrel Gold Joint Venture with Newmont covers a portion of Cullen's Gunbarrel Project tenements (E53/535, E53/568, E53/837 and E53/818).

The Joint Venture commenced exploration drilling in September 2005, and to the end of the year a total of 4 RC holes (676m), 2 diamond tails (603.3m) , 63 RAB holes (3,046m) and 271 air core holes (20,529m) had been completed.

These first pass drilling programmes targeted the most significant known gold mineralization, especially the Southern Prospect, and a number of new targets marked by a combination of anomalous previous drill results; interpreted structures; and/or the position of interpreted intrusive bodies from newly-acquired gravity data. **Results are regarded as significant and encouraging (Table and Figure).**

Diamond drilling has located a broad shear zone (over an interval of approximately 130m downhole in GUND002) with strong alteration (chlorite-sericite-fuchsite +/- biotite) and abundant quartz-pyrite veining trending NNE to NE through the Southern Prospect area. Although intersections from this mineralized zone and the drilling at Southern in general were of moderate grade and width (best intersections of **20m @ 0.33 g/t Au** from 108m), quartz veins with visible gold were intersected, with intercepts of **1.8m @ 3.9 g/t Au** from 210m (including **0.8m @ 8.6 g/t Au**) and **2m @ 1.8 g/t Au** from 223m (including **0.4m @ 5.2 g/t Au**).

RAB and air core drilling returned numerous, low to moderate grade gold intersections from most of the target areas tested **Eureka NW** (29m @ 0.27 g/t Au); **Eureka East** (4m @ 2.10 g/t Au with numerous porphyries, open to the north); **Target 5** (32m @ 0.2 g/t Au, NE structural trend with porphyry); **Target 2** (12m @ 1.00 g/t Au, porphyries with quartz veining and alteration) **Target 11** (24m @ 1.00g/t Au in chert and open to the north); and **Dugite** (11m @ 1.36 g/t Au with 1m @ + 5 g/t Au in the bottom of two holes) as priority targets for follow up infill and deeper RC drilling. **Dugite** is the southern extension of the previously known **Taipan** prospect.

These results indicate that gold prospectivity occurs across a very broad area and in a variety of geological settings. Notably the northern half of the Joint Venture area, with +10km of strike of the greenstone belt, remains underexplored.

**The 2006, exploration programme will commence in March, with approximately 20,000m of RAB/air core, up to 3,000m of RC drilling and some additional diamond drillholes planned.**

**GUNBARREL GOLD JV - SIGNIFICANT INTERSECTIONS > 0.2g/t Au (RAB/AC/RC and DD)**

TARGET ID	HOLE ID	FROM(m)	TO(m)	WIDTH(m)	Au GRADE (g/t)
<b>Eureka NW</b>	<b>EURB029</b>	<b>36</b>	<b>65</b>	<b>29</b>	<b>0.27</b>
Eureka NE (19)	EURB040	36	44	8	0.52
Eureka NW	EURA003	24	28	4	0.47

<b>Eureka East</b>	EURB053	48	57	9	0.22
	EURB056	16	20	4	0.20
	EURB056	60	68	8	0.25
	EURA019	28	32	4	0.22
	EURA021	28	32	4	0.78
	EURA021	40	48	8	0.57
	<b>EURA024</b>	<b>72</b>	<b>76</b>	<b>4</b>	<b>2.10</b>
	EURA025	44	48	4	0.62
	EURA028	20	24	4	0.22
	EURA028	44	48	4	0.22
	EURA029	44	52	8	0.73
	EURA034	96	101	5	0.23
Target 18	EURA040	56	68	12	0.25
	EURA040	72	74	2	0.32
	EURA045	36	40	4	0.51
	EURA045	44	48	4	0.23
Target 15	GUNA024	36	40	4	0.21
<b>Target 5</b>	GUNA046	52	60	8	0.33
	<b>GUNA050</b>	<b>40</b>	<b>72</b>	<b>32</b>	<b>0.20</b>
	GUNA061	16	20	4	0.20
<b>Target 2</b>	GUNA068	56	60	4	0.50
	<b>GUNA070</b>	<b>28</b>	<b>32</b>	<b>4</b>	<b>3.00</b>
	<b>GUNA070</b>	<b>40</b>	<b>44</b>	<b>4</b>	<b>0.30</b>
	GUNA076	68	72	4	0.92
	GUNA080	44	47	3	0.42
	GUNA085	44	48	4	0.20
	GUNA085	68	72	4	0.43
	GUNA088	28	32	4	0.28
	GUNA089	24	28	4	0.30
	<b>GUNA089</b>	<b>32</b>	<b>44</b>	<b>12</b>	<b>1.00</b>
			<b>Including</b>	<b>4m</b>	<b>2.40</b>
	GUNA094	56	60	4	0.34
<b>Target 11</b>	<b>GUNA104</b>	<b>12</b>	<b>36</b>	<b>24</b>	<b>1.00</b>
			<b>including</b>	<b>8m</b>	<b>2.79</b>
	GUNA110	44	48	4	0.22
<b>Dugite</b>	<b>DUGA004</b>	<b>104</b>	<b>108</b>	<b>4m</b>	<b>1.0</b>
	DUGA008	48	52	4m	0.28
	DUGA029	52	56	4	0.35
		92	96	4m	0.42
	<b>DUGA009</b>	80	84	4m	0.39
		<b>116</b>	<b>122</b>	<b>6m</b>	<b>0.67</b>
			<b>including</b>	<b>1m</b>	<b>5.15(to EOH)</b>

	<b>DUGA013</b>	<b>52</b>	<b>63 including</b>	<b>11m 1m</b>	<b>1.36 5.71(to EOH)</b>
	DUGA031	48	52	4m	0.27
<b>Target 26</b>	<b>DUGA034</b>	<b>76</b>	<b>80</b>	<b>4m</b>	<b>1.22</b>
Target 14	DUGA048	72	76	4m	0.31
		112	117	5m	0.28
Southern	GUND001	116	120	4m	0.22
		152	160	8m	0.21
		210	211.8	1.8m	3.9
		223	225	2m	1.8
	GUND002	224	225.6	1.6m	1.7
		193	201	8m	0.87
		214.9	220.3	5.4m	0.92
	GUND003	108	128	20	0.33
Galway	GUND004	28	32	4	0.20
	GUND004	60	64	4	0.76

**Note:** Drillholes at Southern and Galway include RC pre collars for deep diamond drillholes. EOH = end of hole

### **IRWIN BORE NICKEL JOINT VENTURE - (E53/403, 925 and 981, Cullen 90% Independence earning 65%, CO2 GROUP LIMITED 10%)**

This Joint Venture is situated south of BHP Billiton's **AK47** massive sulphide discovery. Joint Venture manager, Independence, has been testing the strike extension of the **AK47** ultramafic stratigraphy for nickel sulphides using soil geochemistry and surface TEM surveys. Interpreted bedrock conductors and coincident soil geochemical anomalies have previously been reported.

During the quarter, 7 RC drill holes (IRRC001-007) tested seven high priority bedrock EM conductors. Drill holes IRRC001-IRRC006 were completed on E53/925; IRRC007 was completed on E53/403. All holes were drilled at -60°/ 270°, with downhole EM surveying completed.

The best nickel assay interval is 8m @ 0.37% Ni in IRRC003, from 32-40m in oxidised cumulate ultramafic close to a mafic – ultramafic contact. Peak assay results for all drilling completed at Irwin Bore were Au 34ppb, Pt 35ppb, Pd 40ppb, Ni 3750ppm, Cu 1280ppm. The highest copper is associated with a shear zone within a carbonaceous black shale unit.

The results of this drilling programme and downhole EM results are currently under review.

### **MT TATE JOINT VENTURE (Independence Group can earn 70 % of the nickel rights in E53/1096)**

A bedrock conductor has been identified on three 200m spaced lines coincident with interpreted ultramafic stratigraphy. Historic reconnaissance RAB drilling across the ultramafic stratigraphy returned results of up to 0.52% Ni and 0.22% Cu strongly supporting the nickel sulphide prospectivity of this target. Infill EM will be completed over the conductor prior to drill testing.

### **WONGANOO GOLD/NICKEL PROJECT - (E53/1046, ELA's 53/1030, 1069, and 1083 Cullen 100%, Cullen 80% in E53/988 with Quantum Resources Limited)**

A 25 line km ground EM survey tested a 4km trend of ultramafics within E53/988, where strong nickel (to 6405ppm) and copper (to 3525ppm) anomalies from previous RAB traverses occur on favourable komatiite contacts.

The survey identified two significant conductors associated with the interpreted basal contacts of the magnetic ultramafics. Follow up fixed loop EM surveys were coordinated by Southern Geoscience Consultants.

One conductor, WE1, is complex with an interpreted moderate (30-40°) westerly dip and comprises a relatively shallow (+/-90m to top) northern section, and a deeper (+/-200m to top) southern section. The second conductor, WE2, is east-west striking and of short strike length. It also appears to have a moderate dip (~ 25° to the south) with a depth to top of ~170m.

These two conductors could represent either conductive sulphide mineralization or sulphidic metasediments. Drilling will be undertaken once access approval is obtained.

## **EASTERN GOLDFIELDS**

### **KILLALOE GOLD PROJECT - (E63/722\*, E63/765\*, Ps 63/1131-1133, 1172-1174, Cullen 100%, \* 7.5% NPI to Xplore Pty Ltd applies to these tenements)**

Cullen has concluded that the Killaloe-Buldania break/shear zone in this project area is an extension of the Zuleika Shear, and that analogy to the Kundana, White Foil and Broads Dam gold deposits is valid. These deposits along the Zuleika shear, broadly consist of either high grade quartz veins, or moderate grade quartz stockworks and mineralized, silicified shear zones localized along lithological contacts, often near cross-cutting faults.

The Killaloe/Zuleika Shear extends for over 15km of strike within the Killaloe tenements and includes several prospect areas. A field review confirmed the areas for further work:

- **Killaloe** - old gold workings (prospect pits and shafts) and abundant quartz veins localized along a 300° structural trend/splay from the Killaloe/Zuleika shear (330°). This splay is coincident with a linear, aeromagnetic, "low" feature.



- **Cashel** - where gold mineralization (up to 6m @ 1.32 g/t Au from 30m) has been intersected in previous drilling in quartz veins hosted by sheared basalt close to the Killaloe/Zuleika shear, and a series of interpreted N and NNE trending faults. The discovery of a visible gold-bearing quartz vein (about 30cm wide) near surface from prospecting within the Cashel soil anomaly (**a sample of this gold bearing quartz vein assayed 960 g/t Au**) is a significant indication of the high prospectivity of the target structural trend.
- **Windy Hill** - where gold mineralization, indicated by previous drilling, is coincident with the Killaloe/Zuleika Shear which in this section includes shale and conglomerate lithologies in contact with basalts, and faulting along N-S trends.

Over the coming two quarters, the interpreted N to NNE trending structural control at Cashel, and a possible similarly oriented structure linking the Killaloe workings and the Windy Hill prospect area will be further investigated with a combination of prospecting, detailed mapping, surface geochemistry and RAB traversing.

**KILLALOE NICKEL PROJECT - (E63/722, E63/765, Ps 63/1131-1133, 1172-1174, Cullen 100%, Nickel Australia Ltd can earn 70% of the nickel rights; 7.5% NPI to Xplore Pty Ltd applies to these tenements)**

Nickel Australia has completed compilation of previous work; review and interpretation of aeromagnetics data; and 17.2 line km of moving loop EM surveying. A number of conductor responses have been identified, although the majority of these appear to be stratigraphic, However several short strike length features warrant follow up investigation.

## EXPLORATION ACTIVITIES – NEW SOUTH WALES

**CENTRAL LACHLAN INTRUSIVE-RELATED GOLD PROJECT (EL's 6168, 6206, 6227, 6207, 6220, 6235, 6257, 6256, Cullen 100%; option to purchase - EL's 5891 and 6020 from Mr Denis Walsh, Yalgogrin Prospect Area)**

The Company has applied for an additional area near Lake Cargelligo in the Central Lachlan Fold belt of NSW, at the northern extremity of the Ardlethan-Kikorua tin belt. This ELA adjoins Cullen's existing Minter tenement EL 6257 forming a project area of ~165km<sup>2</sup>. A review of open file exploration data shows the area is highly prospective for cupola-related stockwork/vein-type tungsten mineralization.

Previous exploration has discovered significant zones of tungsten mineralization including :

PDH 1 9 m @ 0.23% WO<sub>3</sub> from 96m (primary scheelite-pyrite mineralization)  
PDH 2 27 m @ 0.16% WO<sub>3</sub> from 95m (primary scheelite-pyrite mineralization)  
PDH 5 53 m @ 0.10% WO<sub>3</sub> from 54m  
PDH 8 6 m @ 0.30% WO<sub>3</sub> from 86 m  
PDH 10 27 m @ 0.17% WO<sub>3</sub> from 1.5m (oxidised secondary mineralization)

Compilation of the previous data suggests that a 10km long trend of tungsten mineralization in the area is highly prospective for concealed cupola-related stockwork/vein type tungsten mineralization.

The application of geophysical techniques such as IP/Resistivity and Gravity could assist in defining new drill targets along the Trend.

## **EXPLORATION ACTIVITIES – QUEENSLAND**

**DUCHESS PROJECT AREA - Erle (EPM 11990) and Mayfield (EPM 12395),  
Minotaur Resources Ltd can earn 70% with expenditure of \$3M over 4 years.**

Activities undertaken were limited to the renegotiation of agreements with Native Title claimants and landowners and planning of infill gravity surveys. The latter is now awaiting a suitable contractor.

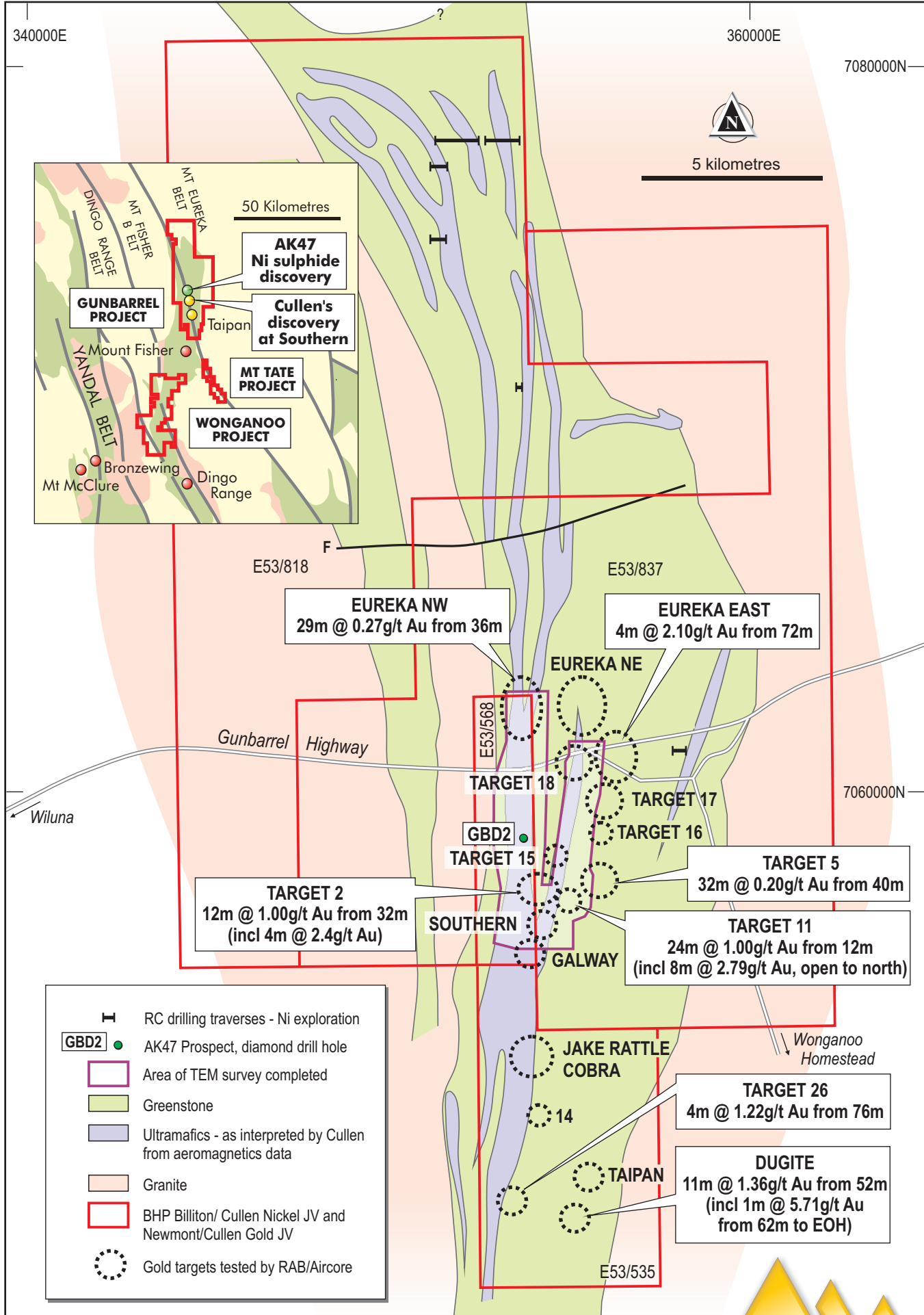
### **FORRESTER PROJECT - (EPCA 1030, 100%)**

The Company has made an application for an Exploration Permit for Coal (EPCA 1030) in western Queensland. The EPCA is located ~75km north of the town of Alpha, and covers Late Permian Coal Measures on the Eastern margin of the Galilee Basin which correlate directly with the Bowen Basin stratigraphy and its host coal deposits. The company's EPCA application immediately adjoins to the north of Mineral Development Licence Application 333 held by Hancock Prospecting Pty Ltd.

Previous exploration in the EPCA 1030 area has proven that there are up to five seams present (A, B, C, D and E). These seams and associated sediments dip to the west, at about one degree. The A and B seams are considered to be a composite seam with the thickest intercepts and the better coal usually, whereas C seam is usually very high in ash, due to interbedded sediments. The D and E seams are also of mineable quality coal, although thinner than the A and B seams.

### **ATTRIBUTION**

*Information in this report which relates to mineralization is based on information compiled by Grahame Hamilton, a full time employee of Cullen Resources Limited who is a Member of the Australian Institute of Geoscientists and has relevant experience as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralization being reported on.*



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

CULLEN RESOURCES LIMITED

ABN

46 006 045 790

Quarter ended ("current quarter")

31 December 2005

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(260)	(609)
(b) development	-	-
(c) production	-	-
(d) administration	(76)	(140)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(320)</b>	<b>(714)</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)- Security deposits	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(320)</b>	<b>(714)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(320)	(714)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(320)	(714)
1.20	Cash at beginning of quarter/year to date	1,274	1,668
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	954	954

**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

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**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

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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

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+ 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	250
4.2 Development	-
<b>Total</b>	250

### 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	954	1,274
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	954	1,274

### 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 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	363,731,282	363,731,282	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
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>	3,500,000 2,000,000 8,000,000	- - -	<i>Exercise price</i> \$0.05 \$0.08 \$0.04	<i>Expiry date</i> 17 January 2006 17 January 2006 30 November 2007
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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: ..... Date:27.01.06.....  
(Director/Company secretary)

Print name: Wayne Kernaghan

## 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.