



31 October 2006

## CULLEN RESOURCES LIMITED

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### QUARTERLY REPORT

### FOR PERIOD ENDING 30 SEPTEMBER 2006

#### HIGHLIGHTS

- The Company has very strategically positioned properties in the North Eastern and Eastern Goldfields, WA; in the Ashburton/Pilbara provinces, WA; in the Forrestania Region, WA; Central Lachlan province, NSW and in the Mt Isa province, Qld.; with several major Joint Ventures in **a search for Gold, Nickel, Uranium, Iron and Tungsten;**
- Expenditure on Cullen tenements by Joint Venture partners alone totaled **~\$950,000 for the quarter;**
- **Iron - Further RC drilling completed by the Mt Stuart JV** on the Catho Well Channel Iron Deposit in the West Pilbara returned encouraging results including: **18m at 56.71% Fe; 20m at 57.46% Fe; and, 18m at 56.43% Fe;**
- **Nickel - Completion of RC drilling to test two EM anomalies at the Irwin Bore and Mt Tate JV's** in the North Eastern Goldfields, W.A. by partner Independence Group yields **two sulphidic zones, with assay data awaited;**
- **Gold** – The **North Ironncap Project** at Forrestania contains a significant trend of gold mineralization with the potential for **120,000 to 140,000 ounces of gold** within the 1.6km of strike drilled to date.

## EXPLORATION ACTIVITIES – Nickel

### NORTH EASTERN GOLDFIELDS, WA

#### **GUNBARREL NICKEL JOINT VENTURE - BHP Billiton holds a 75% interest in nickel and base metal rights; Cullen's 25% is free carried to Decision to Mine**

A four hole RC/diamond drilling test of the A5 and A6 EM/geochemical targets was completed. Results indicate that barren sulphidic sediments are responsible for the conductivity plates modelled at the Snider and Martini-Henry prospects. No immediate further work is planned.

Ground EM surveys commenced on E53/818, over Ni-Cu soil anomalies. Approximately 20% was completed with the remainder to be completed in the December Quarter.

Planned work for the next Quarter includes:

- Completion of surface EM surveying on E53/818;
- Additional EM surveying of an area to the south east of AK47 (E53/535);
- Down-hole EM survey of the AK-47 prospect;
- Processing and interpretation of EM data; and,
- Possible field validation of EM anomalies.

#### **IRWIN BORE AND MT TATE NICKEL JOINT VENTURES – Independence can earn 65-70 % of the nickel rights**

Cullen has a 90% interest in the nickel rights for the Irwin Bore Project with Western Australian Resources Limited (formerly CO2 Group Limited) 10%. Independence Group NL (Independence) is earning a 65% interest in the nickel rights at Irwin Bore. Cullen holds 100% of the nickel rights for Mt Tate (E53/1096) with Independence earning a 70% interest.

These JV tenements are situated immediately south of BHP Billiton's AK47 Ni-Cu sulphide discovery. The JV is systematically exploring the strike extension of the AK47 ultramafic stratigraphy for Ni - Cu sulphides.

**Two RC holes were drilled to test conductors on the Irwin Bore tenement (E53/925). One hole intersected disseminated and blebby sulphides towards the base of an altered ultramafic unit. It is unknown at this stage if they are nickeliferous. Assays are awaited.**

The second hole intersected a sulphidic black shale which is likely to be the source of the conductor.

EM surveying over the Mt Tate tenement (E53/1096) has identified a bedrock conductor which has modelled dimensions of 420m along strike and 500m down-dip, at the contact of interpreted ultramafic stratigraphy under thin cover. Nearby historic drilling by CRAE returned up to 5270ppm Ni and 2263ppm Cu, suggesting the presence of nickel sulphide mineralisation. **A single RC hole (207m) drilled late in the quarter intersected a strongly sulphidic zone from 166 – 171m within an intercalated package of sediment and ultramafic lithologies. The sulphide zone is the likely source of the EM anomaly. However, it is unknown if it is nickeliferous with assays awaited.**

## **EXPLORATION ACTIVITIES – Gold / Nickel**

### **NORTH EASTERN GOLDFIELDS, WA**

**WONGANOO GOLD/NICKEL PROJECT - Cullen 100% - E53/1046, E53/1069 and E53/1083; and Cullen 80% with Quantum Resources Limited 20% on E53/988.**

Data compilation is underway, and soil sampling is planned for the two northern EL's – 1083 and 1069 of the Wonganoo Group. The aeromagnetic data indicates the presence of numerous favourable structures, which may be prospective for gold mineralisation.

A Joint Venture partner is being sought to progress nickel exploration in the project area. Previous ground EM surveying has identified two significant conductors associated with the interpreted basal contacts of the magnetic ultramafics within E53/988, but only one of these has been drill tested and explained (black shale) to date.

### **EASTERN GOLDFIELDS, WA**

**KILLALOE GOLD/NICKEL PROJECT, near NORSEMAN- Nickel Australia Ltd can earn 70% of the nickel rights; Cullen 100% gold rights**

Nickel Australia commenced exploration on the Killaloe project in November 2005. Work completed to date has comprised: compilation of previous work; review and interpretation of aeromagnetics data; moving loop EM surveying and an initial program of air core drilling as reported last Quarter. Further work to follow up soil geochemical and air core anomalies of nickel and copper is planned.

Cullen has concluded that the Killaloe-Buldania break/shear zone in this project area is an extension of the Zuleika Shear, which controls the location of the Higginsville gold mineralisation located ~30km to the NW.

The Killaloe/Zuleika Shear extends for over 15km of strike within Cullen's Killaloe tenements and includes several gold prospect areas. On-going work includes database review, with plans for further prospecting, mapping, surface geochemistry and RAB traversing of interpreted N to NNE structural corridors.

## FORRESTANIA REGION, WA

### **STORMBREAKER AND NORTH IRONCAP GOLD/NICKEL PROJECTS – Hannans Reward 50% and Cullen 50%**

The Joint Venture has completed ground geophysical (EM) surveying in the northern part of its **Stormbreaker Project**. The Project lies along the western margin of the nickel-rich Forrestania greenstone belt and about 15km on strike north of the Flying Fox, New Morning and Daybreak nickel deposits of Western Areas NL (see Figure). No modern ground geophysical exploration has previously been employed in the Stormbreaker Prospect area.

The survey identified three separate EM anomalies which were RC drill tested during the Quarter. Results indicate that the stratigraphy, where tested in the north Stormbreaker prospect area, is dominated by amphibolites (metamorphosed basalts) with sections of disseminated sulphides, 2-15% up to 5m thick. It appears that two of the EM anomalies are explained by the presence of these sulphides, the third EM anomaly remains unresolved at present. However, there were no significant assays returned from the RC samples.

EM surveys have now covered approximately 20% of the Forrestania Joint Venture area and line clearing approvals are currently being sought to enable further surveys. In that regard, a second flora and fauna survey is scheduled this month. Once approvals have been obtained, EM surveys will be completed with drill testing of any conductors.

The **North Ironcap Project** contains a significant trend of gold mineralisation in the southern portion of the project area that underwent considerable drilling, metallurgical test work and pit design work in the late 1990's. A review of the existing drillhole database (some 400 holes) indicates an exploration target with the potential for **120,000 to 140,000 ounces of gold** within the 1.6km of strike drilled to date. This well-mineralized, gossanous trend is open along strike for 1.5km and at depth.

The Joint Venture plans drilling to establish a JORC compliant resource estimation for this mineralisation, and to explore along strike (~1.5km) and down dip.

Snowden Mining Consultants is reviewing the drillhole database. Depending on the outcome of this work, the forward programme, to commence in February 2007, would probably include resources definition drilling and exploration for extensions of the existing deposit.

A second comprehensive flora and fauna survey in October is required prior to drilling. It should be noted that the North Ironcap tenement is located within the same Flora & Fauna region as Western Areas NL's Flying Fox nickel mine, which has commenced production.

## EXPLORATION ACTIVITIES – Gold

### NORTH EASTERN GOLDFIELDS, WA

#### **GUNBARREL GOLD/NEWMONT JOINT VENTURE – Newmont can earn up to 75% of the gold rights**

The Company has received notice that Newmont is withdrawing from the Joint Venture for gold on the Gunbarrel tenements (E53/818, E53/535, E53/868 and E53/568), and subsequently, the Gunbarrel Gold Joint Venture will be terminated in early November 2006. Exploration for gold completed by Newmont comprised some \$1.6M of expenditure for ~40,000m of RAB/air core and 1300m of RC/diamond drilling. Gravity surveying, alteration mineralogy mapping and prospectivity mapping were also completed. Newmont drill tested about 26 of the 34 identified target areas.

Apart from Newmont's untested target areas, a number of anomalous gold intersections in RAB/Air core drilling may warrant further exploration. The large database will be reviewed by Cullen to determine the priority for further testing and possible, deeper RC drilling. For example, follow up may be warranted: at the **Dugite** prospect, with an intersection of 11m @ 1.36 g/t Au including 1m @ 5.71 g/t Au at the bottom-of-hole (62-63m); and at **Target 5** with 32m @ 0.20 g/t Au from 40m to the end of hole.

Although Newmont's RAB/air core drilling covered large areas of the tenement package, drilling was wide-spaced in some areas (400 x 100m) which leaves scope for further exploration. The north-eastern extension of the Connemara/Eureka East target area (4m @ 2.10 g/t Au) includes ~5km of largely untested, greenstone stratigraphy for further exploration.

### ASHBURTON PROVINCE, WA

#### **HARDEY JUNCTION JOINT VENTURE - Intrepid Mines Limited earning up to 80%**

Intrepid operates the Paulsens Gold Mine located approximately 15km north of the Hardey Junction JV ground. Intrepid, as Manager of the JV, has completed programmes of rock chip sampling at the Olbers and Paddy Well prospects during the Quarter.

A total of 19 rock chip traverses was undertaken, covering the northern and southern contacts of the sedimentary Mount McGrath Formation at the Olbers Prospect. Assay results returned included: 480ppb Au over 1m (sheared basalt and minor (~10%) vein quartz and strong sericite alteration) and, 437ppb Au over 5m (ferruginised quartzite with

thin stockwork quartz veining). Follow up at Olbers will include traversing along strike from anomalous results.

Rock chip traverses were completed at the Paddy Well prospect with no significant gold results.

Work proposed for the coming quarter includes geological mapping in areas of anomalous geochemistry and RAB drilling at the Paddy Well West prospect.

## **EXPLORATION ACTIVITIES – Uranium**

The Company's exploration portfolio for uranium has continued to expand and now includes: three exploration licence applications (ELA's) in the Ashburton province of WA for unconformity type targets, three ELA's for calcrete type targets in the northern and north-eastern portions of the Yilgarn ; and two ELA's in the Amadues Basin/Arunta Orogen region of far eastern WA (see Figure). The company continues to research opportunities for additional uranium prospective ground elsewhere in WA and in the NT and in SA.

### **ASHBURTON PROVINCE, WA**

#### **TUNNEL CREEK PROJECT**

The Company has applied for three exploration licences approximately 100km SE of Paraburdoo in WA in the vicinity of known uranium prospects and mapped occurrences prospective for unconformity related uranium deposits, similar to the world-class, Ranger and Jabiluka deposits in the Alligator River Region of the NT.

Cullen has completed compilation of previous exploration results. Negotiation of Heritage and Access Agreements with the Native Title Holders will follow.

### **NORTH EASTERN GOLDFIELDS AND NORTH YILGARN, WA**

#### **WONGANOO/STIRLING PROJECT**

The Company has applied for a 160km<sup>2</sup> exploration licence (100%) SW of its Gold and Nickel Wonganoo Project and ~20km to the SE of the Lake Maitland uranium deposit (calcrete-hosted). The application covers approximately **20 strike km of a Tertiary palaeochannel which includes uranium-anomalous surface samples** (collected by the GSWA during regional regolith sampling programmes.) Surface sampling and mapping will follow data compilation once the tenement is granted.

## **WOORAMEL AND KELLY WELL PROJECTS**

The company has applied for two ELA's – one covers an alluvial channel with calcrete in an area close to known uranium occurrences; the second covers a calcrete bearing, alluvial channel close to the junction of the Gascoyne Region/northern Yilgran block (see Figure). Each covers up to 20 strike km of calcrete bearing palaeochannel sediments.

## **LAKE MACKAY REGION, WA**

### **FAR OUT PROJECT**

Two EL applications in the **Lake Mackay area of far eastern WA** have been lodged. One lies close to a major radiometric anomaly on Lake Mackay, the second covers the boundary of the Arunta Orogen and Palaeozoic sediments of the Amadeus Basin. The general region, which is very underexplored, is prospective for calcrete-hosted; IOGC and/or sandstone hosted uranium deposits.

Regional data compilation is underway prior to negotiating access with the traditional owners and Native Title holders.

## **EXPLORATION ACTIVITIES – Iron**

## **ASHBURTON/WEST PILBARA PROVINCES, WA**

### **MT STUART JOINT VENTURE - Cullen 30% of iron ore rights and 100% of all other minerals**

The **Mt Stuart Iron Ore Joint Venture** comprises Australia Premium Iron Management Pty Ltd (API) 70% and Managers, and Cullen Resources Limited, 30% and contributing. API is a company owned 50% by Aquila Resources Limited. The Joint Venture is part of API's substantial tenement interests in the West Pilbara, including a joint venture with Red Hill Iron Limited, which forms a large, contiguous land package with significant iron ore prospectivity for **Channel Iron Deposits (CID's)**.

During the quarter, API has continued to drill and evaluate the Catho Well channel iron deposit ("CID"), located 75 kilometres south of Pannawonica, with 72 holes for 2,317 metres completed. The RC drill programme infilled and extended the north-western portion of the Catho Well CID. All drill holes intersected pisolitic haematitic material up to 20 metres in thickness, consistent with earlier drill results returned from the prospect. Better drill intercepts include;

- 18m at 56.71% iron, 2.13% alumina and 5.50% silica from 14m depth in drill hole CWRC251,
- 20m at 57.46% iron, 1.84% alumina and 4.95% silica from 16m depth in drill hole CWRC252,



- 18m at 56.43% iron, 2.24% alumina and 6.35% silica from 14m depth in drill hole CWRC253,
- 20m at 55.32% iron, 2.52% alumina and 6.25% silica from 8m depth in drill hole CWRC257 and,
- 20m at 55.77% iron, 2.46% alumina and 6.67% silica from 16m depth in drill hole CWRC262.

Reported sulphur and phosphorus levels are less than 0.020% and less than 0.050% respectively. A selected list of recent drill intercepts is contained in Table 1. The results are consistent with those returned previously from the deposit, and extend the mineralised zone to the north west by over 750 metres.

**The Catho Well CID now has a known extent of over five kilometres within the JV tenement, and continues to the north west from the limit of current drilling for approximately another 1km within the JV tenement. This section of the CID will be drilled in early 2007 following the completion of a Heritage survey.**

API is currently completing the geological interpretation of the CID and will progressively work toward the finalisation of a resource estimate in the first quarter of 2007.

Table 1. Selected RC drill intercepts from Catho Well

Hole ID	From	To	Intercept	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI%
CWRC213	0	12	12.00 m @ 54.42 % Fe	3.44	7.24	0.028	0.013	10.73
CWRC229	2	14	12.00 m @ 54.90 % Fe	3.51	6.04	0.045	0.020	11.00
CWRC232	0	14	14.00 m @ 54.14 % Fe	3.68	7.37	0.039	0.019	10.91
CWRC233	2	16	14.00 m @ 55.11 % Fe	3.09	6.46	0.040	0.019	11.21
CWRC235	0	16	16.00 m @ 54.49 % Fe	4.07	6.41	0.028	0.024	10.97
CWRC238	16	28	12.00 m @ 57.30 % Fe	2.11	5.26	0.035	0.020	10.16
CWRC241	12	24	12.00 m @ 55.07 % Fe	3.23	7.05	0.037	0.018	10.17
CWRC242	0	14	14.00 m @ 55.30 % Fe	2.97	7.58	0.037	0.024	9.70
CWRC243	4	16	12.00 m @ 55.73 % Fe	3.05	6.69	0.042	0.007	10.03
CWRC244	8	24	16.00 m @ 56.24 % Fe	2.89	5.61	0.041	0.015	10.37
CWRC245	18	34	16.00 m @ 56.08 % Fe	2.73	5.67	0.040	0.016	10.71
CWRC247	6	18	12.00 m @ 54.82 % Fe	2.28	8.35	0.040	0.002	10.23
CWRC251	14	32	18.00 m @ 56.71 % Fe	2.13	5.15	0.044	0.014	11.15
CWRC252	16	36	20.00 m @ 57.46 % Fe	1.84	4.95	0.037	0.006	10.54
CWRC253	14	32	18.00 m @ 56.43 % Fe	2.24	6.35	0.038	0.008	9.95
CWRC254	16	28	12.00 m @ 57.52 % Fe	1.63	5.15	0.038	0.015	10.48
CWRC255	14	28	14.00 m @ 55.51 % Fe	2.51	7.70	0.033	0.011	9.60
CWRC256	6	18	12.00 m @ 56.43 % Fe	2.57	5.74	0.038	0.012	10.52
CWRC257	8	28	20.00 m @ 55.32 % Fe	2.52	6.25	0.038	0.012	11.15
CWRC259	4	16	12.00 m @ 56.23 % Fe	2.33	5.79	0.038	0.015	10.17
CWRC261	8	22	14.00 m @ 54.50 % Fe	3.02	6.94	0.047	0.007	11.19
CWRC262	16	36	20.00 m @ 55.77 % Fe	2.46	6.67	0.039	0.015	10.63
CWRC265	2	14	12.00 m @ 55.35 % Fe	3.29	5.25	0.048	0.020	11.48
CWRC268	0	14	14.00 m @ 55.66 % Fe	3.57	6.63	0.036	0.021	9.70
CWRC269	0	18	18.00 m @ 56.03 % Fe	3.42	5.74	0.044	0.018	9.85
CWRC270	0	12	12.00 m @ 56.08 % Fe	2.85	6.40	0.040	0.015	9.76
CWRC271	0	12	12.00 m @ 54.32 % Fe	4.27	7.42	0.035	0.018	9.90
CWRC272	2	18	16.00 m @ 55.95 % Fe	3.41	6.05	0.041	0.021	9.69



## **WYLOO DOME IRON ORE PROJECT - Iron Ore Rights JV with FMG Ltd.**

The Company has agreed on terms to allow Fortescue Metals Group Ltd (FMG) to earn up to an 80% interest in the iron ore rights on a group of tenements in the West Pilbara Region. The tenements, E 08/1393, E 47/1154 and ELA's 47/1649 and 1650, include Marra Mamba and Brockman Iron Formations along the eastern and northern margin of the Wyloo Dome (see Figure). These formations host the adjacent Metawandy bedded goethite-haematite deposits of Hamersley Iron Pty Ltd, for which a JORC compliant, Inferred Resource of 225Mt @ 62.1% Fe has been reported.

A partnership with FMG, which is developing a major iron ore resource base in the region, will allow the most cost effective and efficient exploration of the iron formations in the area.

FMG has commenced exploration with a review of satellite imagery interpretation and some ground reconnaissance.

## **EXPLORATION ACTIVITIES – Tungsten**

### **CENTRAL LACHLAN N.S.W, GOLD AND TUNGSTEN PROJECTS**

Check assaying was carried out on a range of sample residues selected from last Quarter's 4 hole 654m programme of RC percussion drilling at the Doyenwae tungsten prospect at Minter near Lake Cargelligo. The target is higher grade stockwork and vein type tungsten mineralisation related to the underlying granitic cupolas (domes).

All four holes had intersected wide zones of anomalous to strongly anomalous tungsten (ranging from 100 to 1000ppm W) related to quartz-pyrite veining. Best intercepts included: 12m @ 0.18% WO<sub>3</sub> from 123m (DRC1), 8m @ 0.13% WO<sub>3</sub> from 92m (DRC 4) and 4m @ 0.17% WO<sub>3</sub> from 158m (DRC4). The drilling indicates extensive tungsten-anomalous stockwork veining with approximate dimensions of 800m N-S and 500m E-W, possibly related to underlying granitic cupola(s).

The check assaying for tungsten by the ICP method indicates, on average, an increase of 22% in W assays. This is consistent with experience of other tungsten explorers comparing XRF to ICP assay methods.

Results are currently being assessed and further exploration will depend on the outcome of this work.

## EXPLORATION ACTIVITIES – Gold/Copper

### **DUCHESS PROJECT AREA, QLD - Minotaur Resources Ltd can earn 70%**

At Duchess (EPM11990, 12395, Cullen Resources 100%, Minotaur earning 70%), rock chip sampling has highlighted anomalous copper and gold values in close association with linear haematite and magnetite iron oxide alteration zones.

Activities completed during the quarter included:

- Updating of annual work program, ILUA notifications
- Infill gravity for selected areas
- Density measurements on selected samples
- Modeling of gravity data and selection of up to 10 possible targets
  
- Liaison with ILUA participants and landowners re access
- Completion of clearance surveys with each of Yalluna and Kalkadoon Claimants

### **CRACOW REGIONAL PROJECT AREA, QLD - Rawbelle (EPM's 15480 and 15566),**

The **Rawbelle Project** comprises two granted exploration permits for minerals (EPMs) of approximately 200 sq km in total, centered approximately 55km NE of Cracow in the Lachlan Fold Belt in SE Queensland. The geology of the tenement area comprises Permo-Triassic intrusives and Permo-Carboniferous sediments and volcanic rocks. The Rawbelle Project covers several old mines and prospects including the **Rossmore Gold and Rossmore Silver Mines** and several other prospects in the south, and the **Rawbelle chalcedonic silica** prospect in the north.

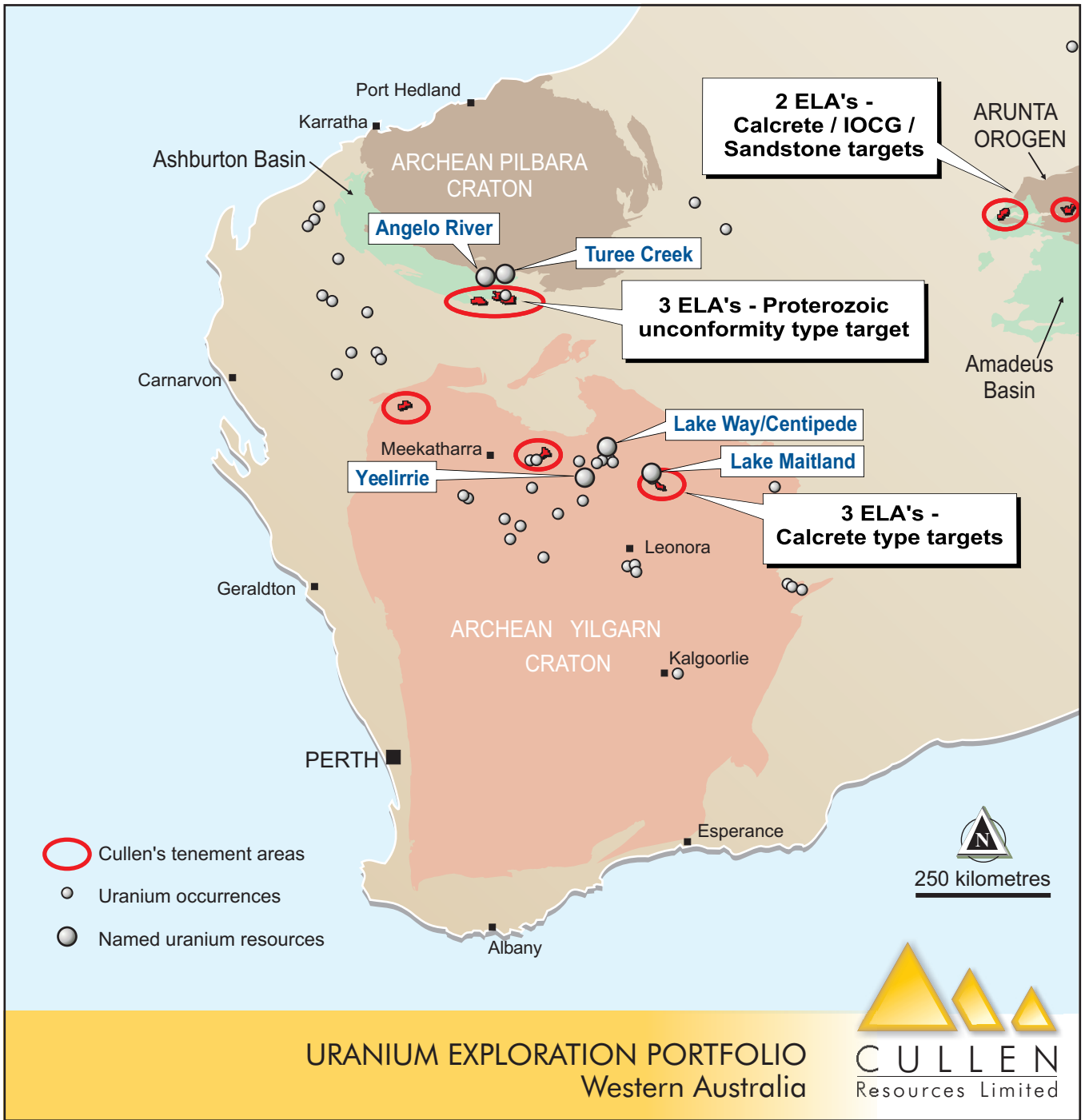
Cullen has completed a first pass field reconnaissance review and has initiated reprocessing of the aeromagnetic data and a review of existing aeromagnetic interpretation as part of a programme to identify targets for epithermal gold and silver deposits.




### **ATTRIBUTION**

*The information in this report that relates to Exploration Results is based on information compiled by Dr Chris Ringrose, Exploration Director, Cullen Resources Ltd who is a Member of the Australian Institute of Mining and Metallurgy. Dr. Ringrose is a full time employee of Cullen Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral*

*Resources and Ore Reserves”. Dr. Ringrose consents to the report being issued in the form and context in which it appears.*

*The information in this announcement, insofar as it relates to iron ore exploration activities, is based on information compiled by Stuart H Tuckey, who is a member of the Australian Institute of Mining and Metallurgy, and who has more than five years experience in the field of activity being reported on. Mr. Tuckey is a full-time employee of API Management Pty Ltd. Mr. Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Tuckey consents to the inclusion in the report of the above matters, based on their information in the form and context in which it appears.*



-  Cullen's tenement areas
-  Uranium occurrences
-  Named uranium resources

**URANIUM EXPLORATION PORTFOLIO**  
Western Australia



# 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")

30 September 2006

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...3... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(523)	(523)
(b) development	-	-
(c) production	-	-
(d) administration	(85)	(85)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
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>(595)</b>	<b>(595)</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>(595)</b>	<b>(595)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(595)	(595)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	750	750
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	(22)	(22)
	<b>Net financing cash flows</b>	<b>728</b>	<b>728</b>
	<b>Net increase (decrease) in cash held</b>	<b>129</b>	<b>129</b>
1.20	Cash at beginning of quarter/year to date	1,129	1,129
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,258	1,258

**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	105
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	1,258	1,129
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>	1,258	1,129

### 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	E36/522, E36/523 E47/1004 E08/1365 E08/1366	Registered Holder-	100%	0%-
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	416,822,949	416,822,949	-	-
7.4 Changes during quarter				
(a) Increases through issues	25,066,667	25,066,667	\$0.03	-
(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>	500,000 8,000,000	- -	<i>Exercise price</i> \$0.05 \$0.04	<i>Expiry date</i> 28 February 2010 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:24/10/06.....  
(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.