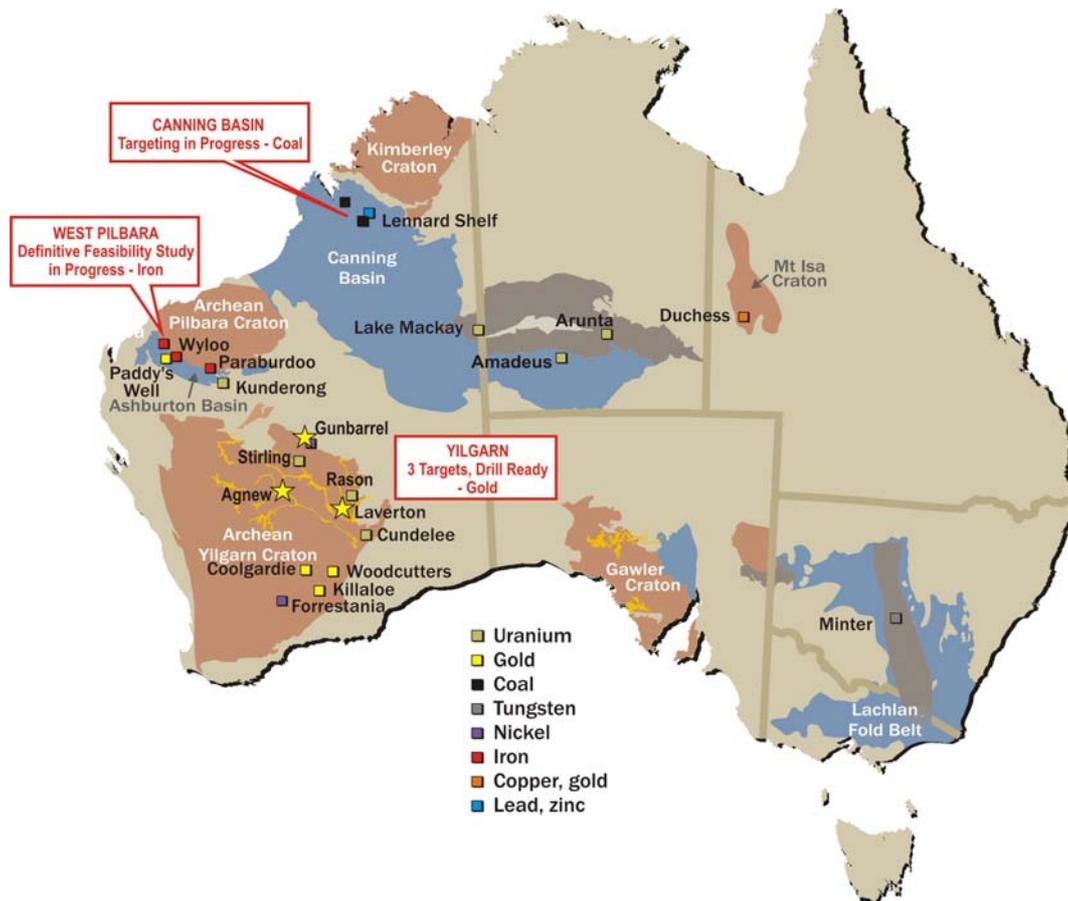


**QUARTERLY REPORT** for the period ended 31 December 2009

**HIGHLIGHTS**

- **WEST PILBARA IRON:** Mining Definitive Feasibility Study in progress. Outcropping pisolitic iron, which is continuous for 2.5 kilometers from the southern limit of the current Catho Well CID resource, has been RC drill tested with assays pending.
- **CANNING BASIN COAL:** Targeting in progress including interpretation of seismic data.
- **YILGARN GOLD:** Three target areas, soil anomalies and/or structures, ready for drill testing next Quarter - at Gunbarrel, Agnew and Laverton



**ABOUT CULLEN:** Cullen is a Perth-based minerals explorer with a multi-commodity portfolio including projects managed through a number of JVs with key partners (BHP Billiton, FMG, API (Aquila-AMCI), Hannans Reward, Intrepid, and Thundelarra), and a number of projects in its own right. The Company's strategy is to identify and build targets based on: data compilation, field reconnaissance and early-stage exploration (particularly geochemistry). Projects are sought for most commodities mainly in Australia but with selected consideration of overseas opportunities. The Company has focused its most recent exploration programmes on three gold prospective project areas: Agnew, Laverton and Gunbarrel, in WA.

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# DEFINITIVE FEASIBILITY STUDY – Iron

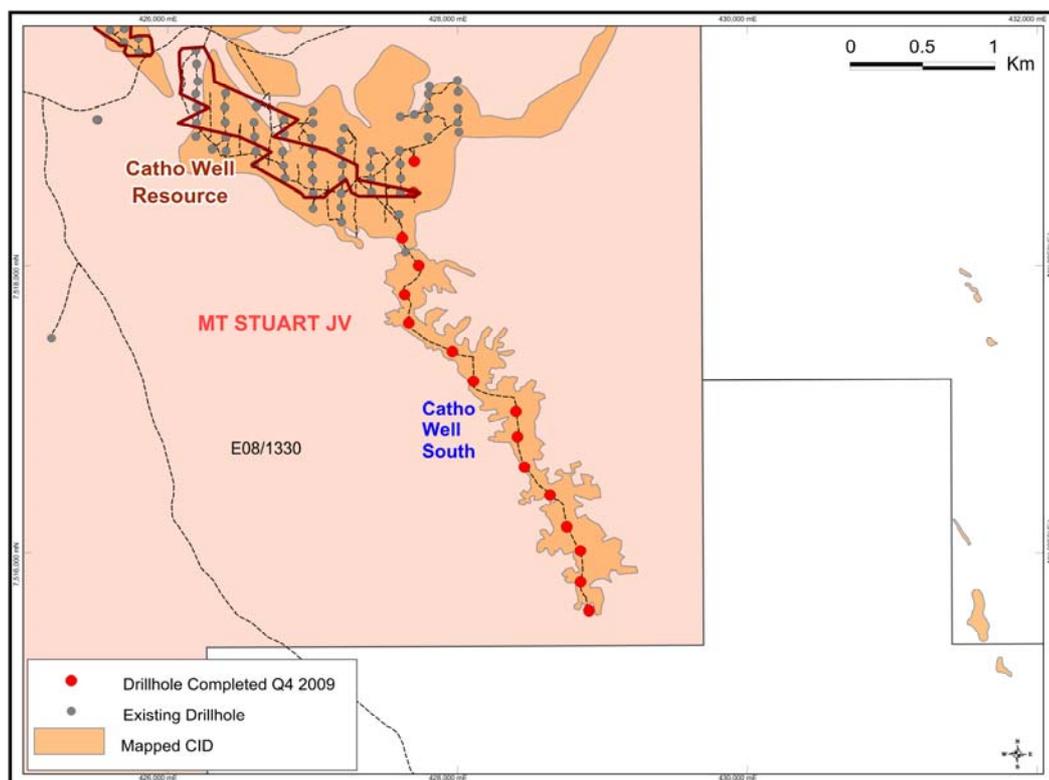
## WEST PILBARA, W.A.

**MT STUART IRON ORE JOINT VENTURE: API JV 70%, Cullen 30%- iron ore rights**

Cullen has approved a 2009/2010 Financial Year budget of \$2.223M (Cullen's share ~\$0.7M) for the Mt Stuart Joint Venture (MSJV). This Joint Venture is between the Australian Premium Iron Joint Venture (APIJV) - 70%, which comprises Aquila Resources Limited 50% and AMCI Holdings 50%, and Cullen - 30%. The budget will provide for completion of a Mining Definitive Feasibility Study (DFS) for the Catho Well Channel Iron Deposit (CID), one of several CID's which comprise the broader West Pilbara Iron Ore Project (WPIOP) in which APIJV has an interest. Engineering studies for the Mining Definitive Feasibility Study (DFS) are now 85% complete and a Draft Public Environmental Review (PER) document for the mine has been submitted to the Office of the Environmental Protection Authority (OEPA).

The MSJV budget also provides for drilling of an Exploration Target<sup>1</sup>, with potential for a further 20-40Mt of CID ore at "Catho Well South", the southern extension of the Catho Well Deposit (79.5 Mt @ 55.34% Fe). Catho Well-type CID mineralisation is relatively low in alumina compared to the broader WPIOP deposits, and additional resources from Catho Well may add to the mine schedule and have a positive impact on product alumina grade.

During the Quarter, a broad spaced RC drilling programme was completed at Catho Well South to test a north-south oriented palaeodrainage system. Outcropping pisolitic iron, forming the southern extensions of the Catho Well CID, is continuous for a further 2.5 kilometres from the southern limit of the current Catho Well resource. A total of 16 RC holes was drilled for 308m (see Figure below). Predominant lithologies encountered during drilling were pisolitic to massive hardcap CID and minor mixed zone CID before terminating in basal clay and lithics. The CID mineralisation appeared relatively clean, with minimal clay bands at the southern end of the mesa. Mineralisation increased in thickness to the north. Assays are pending.



<sup>1</sup>The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code (2004). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

## KEY EXPLORATION INITIATIVE – Coal

### KIMBERLEY, W.A

#### **CANNING BASIN** - E04/1836; ELA 04/1837;1838;1930-1933,1945,1946

The Canning Basin is regarded by Cullen as an important exploration frontier for coal with substantial resource potential. A reconnaissance field assessment of Cullen's tenement areas in the Canning Basin was completed in late September 2009 and the company is working towards commencing on-ground exploration in the coming 2010 season (April onwards).

Cullen has engaged the **CSA Global** consulting group to undertake geological and geophysical compilation and interpretation work (including seismic data) in order to prioritize areas within its Canning Basin project tenements where initial exploration drilling for coal will be focused. It is likely that exploratory drilling will commence on approved tenement E04/1836, as soon as heritage surveying has been completed, to test interpreted coal-bearing stratigraphy and determine potential coal characteristics.

The company has also received the results of a trial "soil gas" geochemical survey for indications of buried coal across the Lightjack Formation, which hosts coal elsewhere in the Canning Basin, on one of its tenements. The results suggest this geochemical approach will be a viable and cost effective tool for prioritising coal targets within Cullen's large tenement holding in preparation for drilling. Sampling will commence on a regional scale as soon as seasonal conditions permit.

## EXPLORATION PROJECTS – Gold

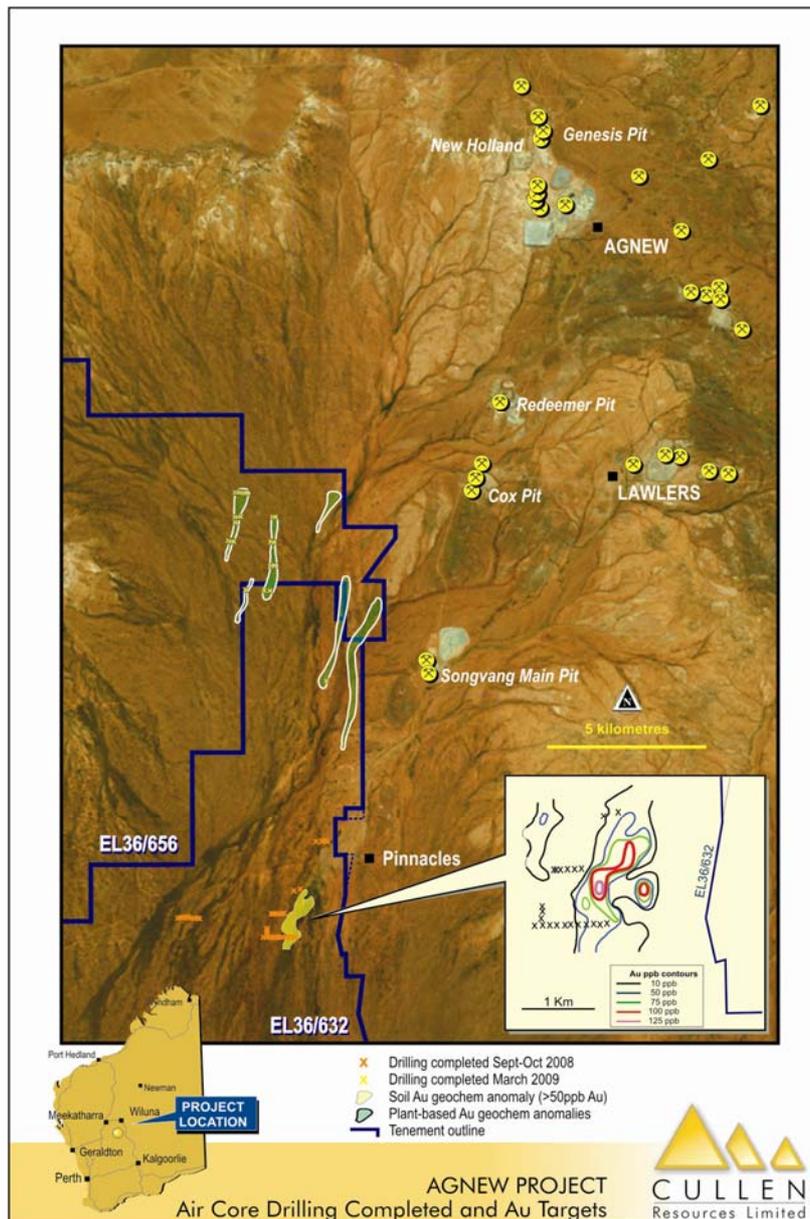
### NORTH EASTERN GOLDFIELDS, W.A.

#### **AGNEW** - E36/632, 656 and 681, Cullen 100%

The company holds three tenements along the western margin of the Agnew-Lawlers greenstone belt (see Figure). Geochemical surveys on E632, 681 and 656 completed by Cullen in 2008 and early 2009 generated several targets for primary and secondary Au mineralisation. These geochemical anomalies are being systematically investigated by infill soil sampling and reconnaissance drilling where appropriate.

In particular, broad-spaced soil sampling (200m x 200m) has delineated a northeast trending, gold and arsenic anomaly that measures *~1100x200m*, oblique to the course of Lawler Creek (see Figure). This anomaly may represent the signature of primary bedrock-hosted mineralisation beneath shallow cover, or it may have formed by mechanical dispersion of Au-bearing fines from Lawler Creek.

Air core/reverse circulation drilling is scheduled to test the anomaly during the first or second quarter of 2010, subject to all required approvals.

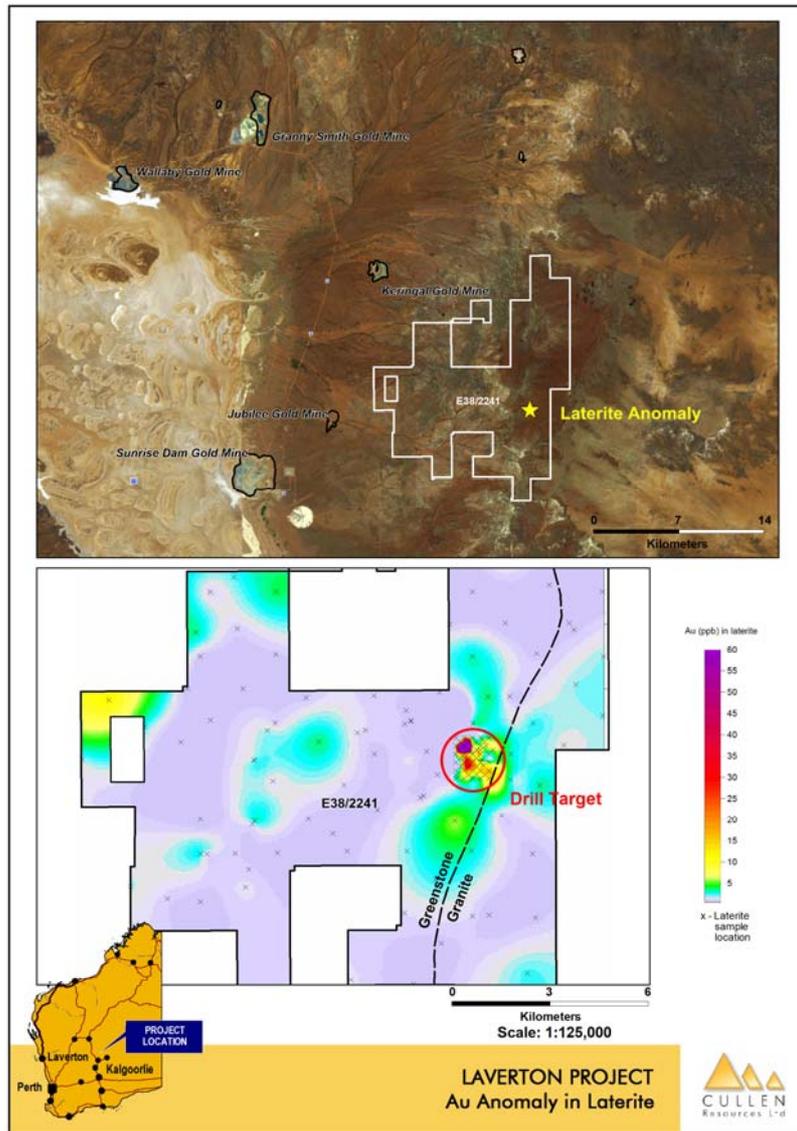


**LAVERTON - E 38/2241 and ELA 38/2245 Cullen 100%**

These tenements are located approximately 50km SSE of Laverton and approximately 10km ENE of the Cleo-Sunrise Dam gold mine. Cullen has completed geochemical sampling programmes, of mainly ferruginous lateritic gravels and lag at 1-2 km spacing, which has outlined a broad 2500 x 500m laterite anomaly (>4.5ppb).

Infill laterite sampling completed during the last quarter defined a coherent >10ppb Au anomaly (max 59ppb Au) measuring 950 x 300m lying along the eastern granite-greenstone contact in an area with no previous drilling.

A RAB drilling programme is scheduled to test the anomaly as soon as statutory approvals and heritage clearance have been received expected to be by March this year.



**GUNBARREL** - E53/1299, 1300 Cullen holds 100% of the gold rights;

**IRWIN BORE** - E53/1040, Cullen 100%; E53/1209 and E53/1137, Cullen 90% and Western Australian Resources Ltd 10%

Exploration for gold by Cullen has previously resulted in the discovery of significant gold mineralisation at the Southern Prospect. This gold mineralisation in bedrock is associated with anomalous arsenic and antimony, and regional-scale laterite geochemistry and prospecting has outlined a ~12km x 3.5km gold-arsenic-antimony anomaly (maximum Au result of 258 ppb by fire assay) in lateritic residuum which includes the known **Southern Prospect** and **Graff's Find**.

During the Quarter, Cullen completed a detailed "soil gas" geochemical survey (50m spacing) over the Southern Prospect. This technique has been successfully used overseas and it is hoped it may indicate mineralized trends in bedrock beneath the thick cover of weathered rock (40-60m) and assist in prioritisation of drill targets. The new geochemical data will be integrated with a structural review currently being undertaken by the **CSA Global Consulting Group** based on drillhole, geophysical and geological data relating to the Southern Prospect.

Reverse circulation drilling of priority targets will take place during March/April 2010 subject to drill rig availability; all statutory and heritage approvals are in place.

## EASTERN GOLDFIELDS, W.A.

### KILLALOE - E63/1018, and PL's 63/1331-1333, Cullen 100%

Killaloe covers about 20 strike km of greenstones located ~30km SE of the Higginsville gold mine. It includes several structurally-controlled gold prospects including **Cashel**, where a sub-cropping narrow quartz vein with bonanza-grade native gold was discovered by pitting, and **Duke** where previous drilling intersected a 200m long, SE trending zone of ultramafic-hosted, low grade Au mineralisation, 5-30m wide, dipping steeply to the SW.

As for the Gunbarrel Project, an extensive exploration database has been accumulated for the Killaloe project and the project remains relatively unexplored at levels below oxidation (~50m) vertically. A joint venture partner will be sought to progress this aspect of project exploration.

### COOLGARDIE - Option to Purchase M15/237,128, and P15/8209

Cullen Resources Limited (**Cullen**) has signed an agreement to assign to MacPhersons Reward Pty Ltd (**MacPhersons**) an option (**Option**) held by Cullen's wholly owned subsidiary, Cullen Exploration Pty Limited (**Cullen Exploration**) to purchase M15/237, M15/128 and P15/5209 (**Tenements**). The Tenements lie approximately 6km south of Coolgardie and will be part of a package of tenements, including the historical MacPherson's Reward Gold Mine and mining lease, which it is proposed, will be the basis of an initial public offering of shares in MacPhersons (**IPO**), a company managed by Mr. Morrie Goodz and chaired by Mr. Ashok Parekh.

The Option, held by Cullen Exploration under an agreement between Cullen Exploration, Killoran Pty Ltd, Kurana Pty Ltd (**Kurana**) and Cullen dated 2 August 2007, has been assigned on the following terms:

- Upon exercise of the Option by MacPhersons, Cullen will issue and allot to Kurana 3,000,000 Cullen shares in consideration for payment by MacPhersons to Cullen of **\$200,000 cash**;
- If MacPhersons lists on the ASX within 12 months of completion of the acquisition of the tenements pursuant to the exercise of the Option, Cullen or its nominee will be issued and allotted **\$300,000 worth of fully paid ordinary shares** in MacPhersons, with the price per share being that at which an ordinary share in MacPhersons is offered in the IPO; and
- If MacPhersons fails to list on the ASX within 12 months of completion of the acquisition of the Tenements pursuant to the exercise of the Option, MacPhersons will pay to Cullen **\$150,000 in cash**.

## EXPLORATION PROJECTS – Gold and Base Metals

### MURCHISON, W.A.

#### CUE – ELA 20/0714 Cullen 100%

The company has applied for a tenement approximately 30km east of Cue, covering the northern part of the Tuckabianna greenstone sequence and the eastern granite-greenstone contact. The principal exploration targets are gold and VMS-style base metal mineralisation in this underexplored northern section of the greenstone sequence, which is largely covered by colluvium and sandplain.

A reconnaissance field trip was completed during the quarter and nine laterite samples were collected along station tracks. The results show anomalous (>95<sup>th</sup> percentiles for laterite on Yilgarn greenstone sequences) Bi, Cd, Mo, Te, Tl and W concentrations – pathfinder elements for VMS-style base metal deposits - in some of the samples and moderately anomalous (>90<sup>th</sup> percentile) Au concentrations (11-30ppb) in two samples. A systematic sampling programme is scheduled for the coming field season.

## EXPLORATION PROJECT – Tungsten

### CENTRAL LACHLAN, N.S.W.

**MINTER** – E6572 Cullen 100%

At the Minter Project, Central Lachlan, Cullen is targeting intrusive, cupola-related, vein/stockwork-type tungsten mineralisation along the 12km Doyenwae Trend - a north trending chain of fractured and quartz-veined zones in hornfelsed Ordovician sediments. This trend is inferred to coincide with an underlying ridge of Kikora Granite along which centres of cupola-related hydrothermal mineralisation were developed.

In September 2009, Cullen carried out a trial gravity survey (on a 100 x 50m grid) over the Doyenwae prospect (scheelite and minor wolframite mineralisation in sediment-hosted quartz-carbonate-pyrite veinlets) to see if the suspected cupolas above the granites could be mapped. Two prominent gravity highs 400m apart were outlined, which correlate well with magnetically flat areas and highly anomalous tungsten, tin and arsenic in soils. These gravity highs represent drill targets for potentially higher grade, cupola-related tungsten deposits.

Follow up drilling at Doyenwae and Orr Trig to test the two cupola targets is planned.

## EXPLORATION PROJECTS – Copper/Gold

### MT ISA BLOCK, QUEENSLAND

**DUCHESS – TICK HILL REGION** – EPMs 11990 and 12395

This project is located south of Duchess within the Mt Isa Inlier in the vicinity of the regional-scale Pilgrim fault and several copper-gold (Trekellano) and gold deposits (Tick Hill), and a copper-gold-rhenium deposit at Kalman (see following figure).

The results of Cullen's exploration programmes to date have confirmed indications of copper mineralisation in several prospective settings. The quartz Fe - oxide lodes, cross cutting structures and the porphyry intrusions, considered to be part of a possible IOCG mineralising system, offer further prospectivity.

The existing magnetic and gravity data is being reviewed and reassessed to define possible targets for further drill testing in the coming field season.

## JV EXPLORATION ACTIVITIES – Uranium

### ASHBURTON, W.A.

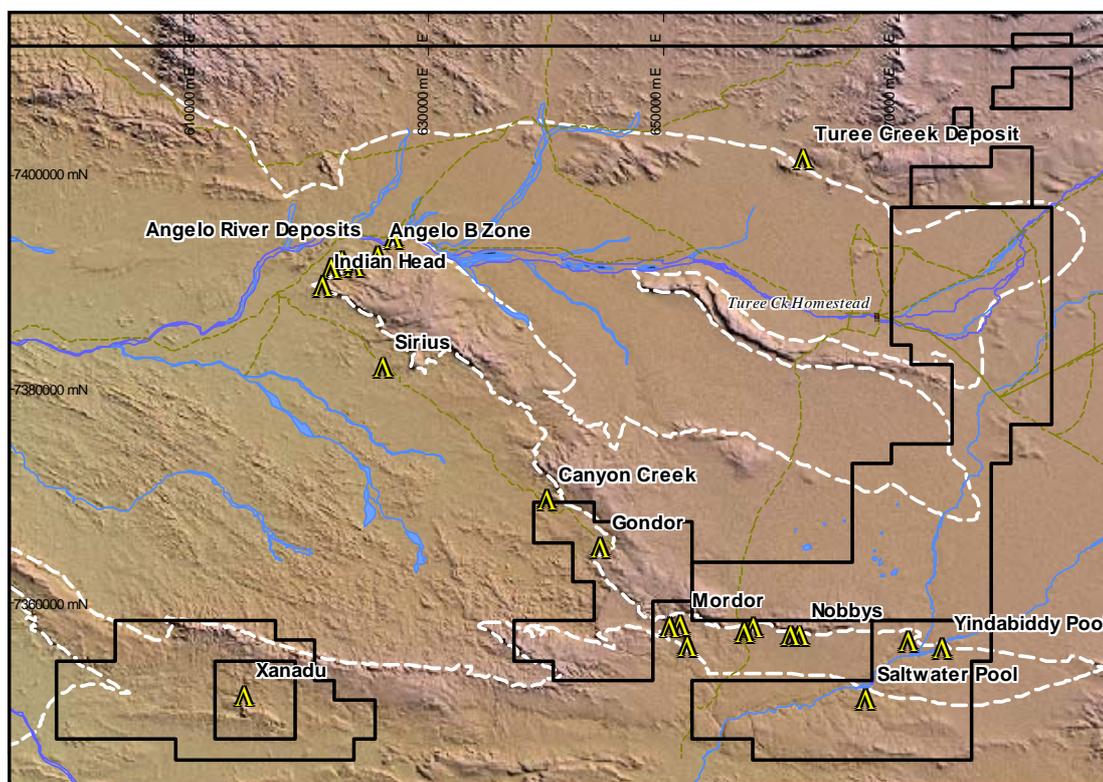
**KUNDERONG / TUNNEL CREEK** – ELs 52/1890-1982, Thundelarra can earn 70%

The Company has a Joint Venture agreement with Element 92 Pty Ltd, a wholly-owned subsidiary of Thundelarra Exploration Ltd (Thundelarra), over its three tenements (EL's 52/1890-1892) at **Tunnel Creek / Kunderong**, in the Ashburton Province. Thundelarra can earn a 70% interest. Native title negotiations have now been finalised and the tenements have been granted.

Angelo River and Turee Creek, the principal known uranium deposits in the Kunderong area, are recognised as having strong geological similarities to the world-class Ranger and Jabiluka deposits in the Alligator River area of the Pine Creek Inlier. The uranium, gold and PGE association at Saltwater Pool also suggests similarities to the Coronation Hill deposit.

A secondary target is paleochannel-type uranium mineralisation within the Cretaceous-Tertiary sediments of the Nalgomia / Tunnel Creek drainage systems. Significant deposits with similar geological controls include Honeymoon and Beverley in SA, and Manyingee in the Carnarvon Basin of WA. Uranium mineralisation is associated with "Red-ox" boundaries within the permeable units.

Figure: **Kunderong Project** showing Thundelarra and Thundelarra/Cullen Tenure and the mapped unconformity between Wyloo and Bresnahan groups (white). The Cullen JV licences cover Saltwater Pool and Gondor, along with the area surrounding Xanadu.



## JV EXPLORATION ACTIVITIES – Gold / Nickel

**STORMBREAKER AND NORTH IRONCAP**– Hannans Reward Limited 80%, and Cullen 20%, free carried to a Decision to Mine.

The **Stormbreaker** and **North Ironcap** Projects lie along the western margin of the nickel-rich Forrestania greenstone belt and are centred about 12km on strike north of the Flying Fox, New Morning and Daybreak nickel deposits of Western Areas NL.

Hannans are currently conducting ground EM surveys to follow up VTEM (helicopter borne) generated anomalies, including several in the Cullen-Hannans JV area.

## JV EXPLORATION ACTIVITIES – Gold

### ASHBURTON PROVINCE, W.A.

**HARDEY JUNCTION JOINT VENTURE** - Intrepid Mines Limited 51%, earning up to 70%

Intrepid Mines, operator of the Paulsens Gold Mine located approximately 15km north of the Hardey Junction JV ground, has completed a review of prospectivity for gold and iron deposits within the Joint Venture tenements, and is continuing to refine targets for further gold exploration.

Exploration is focused at the Paddy's Well Prospect (E08/1166) where sampling to date has defined a curvilinear anomaly (values >12ppb Au) with a strike length of approximately 500m. Rock chip samples from within the area of the soil anomaly consistently return >1.0 g/t Au, and further soil sampling along strike is expected to extend the target zone further. Intrepid plans to complete 10 RC holes (from 80m to 220m depth) following completion of a heritage survey. The target mineralised trend appears to be related to thrust faulting.

## JV EXPLORATION ACTIVITIES – Nickel

### NORTH EASTERN GOLDFIELDS, W.A.

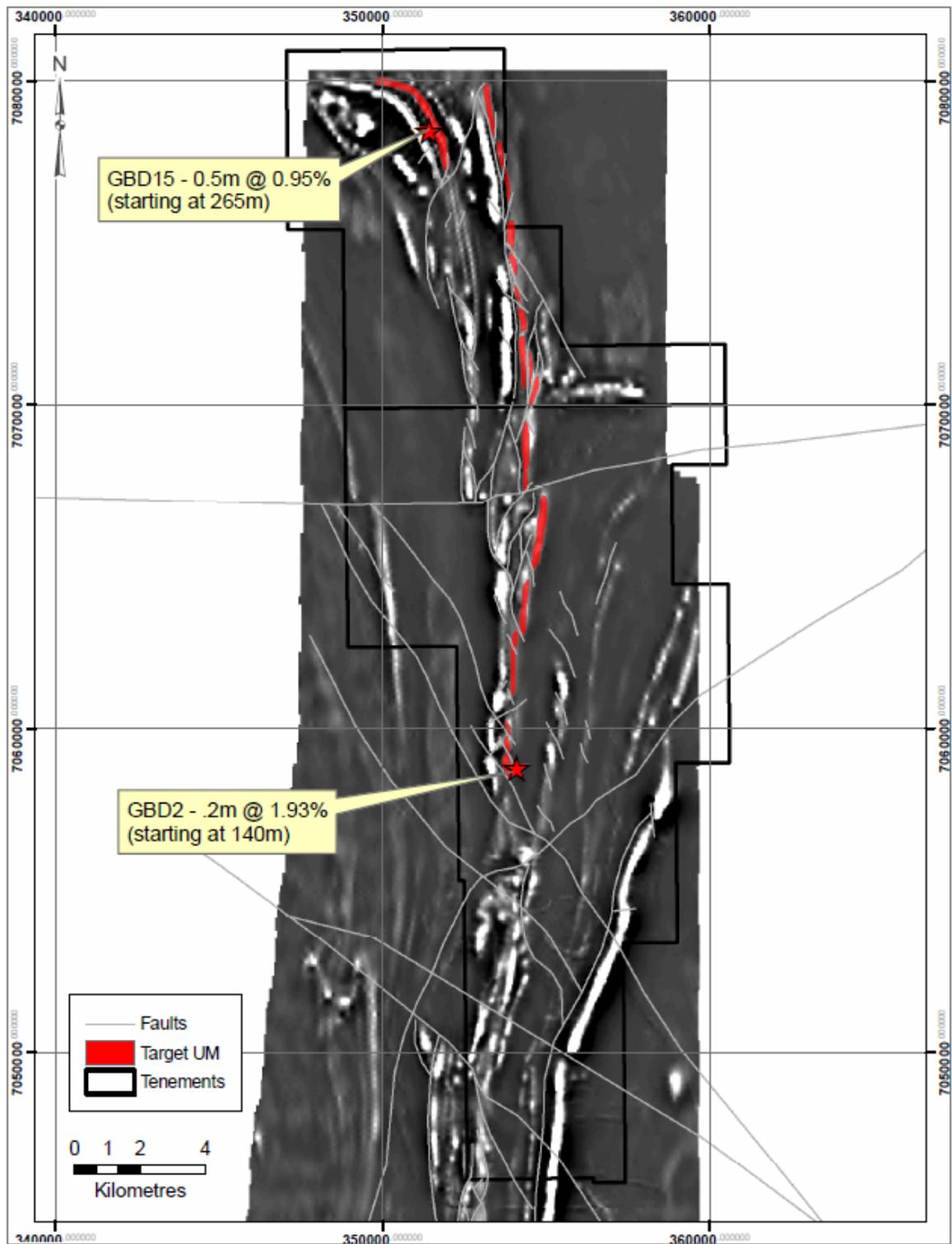
**GUNBARREL JOINT VENTURE** - BHP Billiton holds a 75% interest in nickel and base metal rights; Cullen's 25% interest is free carried to Decision to Mine; Cullen 100% of gold rights- E53/1299 and 1300.

The Gunbarrel Project, located in the North Eastern Goldfields ~90km E of the Yandal Gold Belt, covers ~35km strike length of granite-greenstone terrane, prospective for both gold and nickel ore deposits. Previous drilling by BHP Billiton in the Gunbarrel Joint Venture has tested nickel sulphide targets (electromagnetic conductors) and intersected nickel sulphides at the northern and southern extensions of an interpreted ultramafic unit some 20km in strike length. These intersections were at the "AK47" prospect in the south (GBD 2 - 0.20m @ 1.93% Ni) and in drillhole "GBD15" in the north (0.5m @ 0.95% Ni) - see Figure.

A close-spaced VTEM survey was completed by BHP Billiton in October 2009 over large parts of the Gunbarrel project area to identify additional Ni sulphide targets. Following this work, BHP Billiton notified Cullen in January 2010 of its intention to terminate the Joint Venture. The termination will take effect on the 12<sup>th</sup> of April 2010 after which BHP Billiton will have no interest in the Gunbarrel project area tenements.

Prior to April 12<sup>th</sup> 2010, Cullen will receive the VTEM data from the latest survey and all other data generated during the years in which BHP Billiton and its predecessor (WMC Limited) have explored the Gunbarrel Project area for nickel and base metals. Cullen will review these data with consultants and prioritise targets for further work.

Figure : An aeromagnetic (TMI1VD) image of the Gunbarrel area showing the interpreted target UM (in red) which hosts the two known, nickel sulphide intersections. Also shown are the interpreted faults in the area.



## JV EXPLORATION ACTIVITIES – Iron

### ASHBURTON PROVINCE, W.A.

**WYLOO** - Iron Ore Rights JV with Fortescue Metals Group Ltd (FMG); Cullen retains 100% of Other Mineral Rights

FMG can earn up to an 80% interest in the iron ore rights on E08/1393 and Es 47/1154, 1649 and 1650. FMG has completed aeromagnetic and radiometric surveys over the northern portion of the tenements, purchased satellite imagery and completed reconnaissance mapping and rock chip sampling.

A Miscellaneous Licence, L47/232, for track access to Wyloo North over competitor tenements, is still in the grant process. This has delayed processing of Programme of Work applications with the DoIR, and heritage surveys, required before an initial drilling programme of approximately six RC holes can commence.

**PARABURDOO** - Iron Ore Rights JV with Fortescue Metals Group Ltd (FMG), Cullen retains 100% of Other Mineral Rights

FMG can earn up to an 80% interest in the iron ore rights on Cullen's E52/1667, located ~25km south east of Paraburadoo in the Pilbara Region of Western Australia. The tenement includes potential for bedded iron deposits within the Brockman Iron Formations, along strike from the Paraburadoo and Channar Groups of iron deposits.

FMG has compiled historical exploration data, flown helicopter-borne reconnaissance, purchased orthophotography and completed infill geological mapping at 1:10,000 scale. A ten-hole drilling programme has been designed with targets including possible extensions to outcropping iron mineralisation and also buried CID mineralisation. A heritage survey is being organised and drilling will be undertaken in conjunction with other projects of FMG in the Eastern Hamersley.

## CORPORATE

Cullen's Substantial Holders are the **AMCI and FRC Groups** which together hold **17.60%**, and **Aquila Resources Limited** which holds **16.91%**.

**Dr Chris Ringrose**  
Managing Director  
+61 8 9474 5511

29<sup>th</sup> January 2010

**ATTRIBUTION:** **Competent Person Statements**

*The information in this report that relates to Exploration Results is based on information compiled by Dr Chris Ringrose, Managing 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 report that relates to Exploration Results for uranium is based on information compiled by Dr Chris Ringrose, Managing Director of Cullen Resources Ltd and reviewed by Mr Grahame Hamilton, Director, Cullen Resources Ltd, both of whom are Members of the Australian Institute of Mining and Metallurgy. Mr Hamilton is also a geological consultant to 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 and Mr Hamilton consent 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 Mr 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.*

# 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 2009

### Consolidated Statement of Cash Flows

	Current quarter \$A'000	Year to date (6 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	(256)	(1,139)
(b) development	-	-
(c) production	-	-
(d) administration	(157)	(259)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	50
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>(394)</b>	<b>(1,348)</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	-	10
<b>Net investing cash flows</b>	<b>-</b>	<b>10</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(394)</b>	<b>(1,338)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining Exploration Entity Quarterly Report**

1.13	Total operating and investing cash flows (brought forward)	(394)	(1,338)
	<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>	(394)	(1,338)
1.20	Cash at beginning of quarter/year to date	3,579	4,523
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,185</b>	<b>3,185</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	138
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

-
---

+ 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	350
4.2 Development	-
<b>Total</b>	<b>350</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	3,185	3,579
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>	<b>3,185</b>	<b>3,579</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	E36/697		0%	100%

+ 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 <sup>+</sup> securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <sup>+</sup> Ordinary securities	554,839,763	554,839,763	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <sup>+</sup> 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>	8,000,000	-	<i>Exercise price</i> \$0.1338	<i>Expiry date</i> 30 November 2010
	7,000,000	-	\$0.05	28 February 2010
	7,000,000	-	\$0.08	28 February 2010
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: 28 / 01 / 2010  
(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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