



## GME RESOURCES LIMITED

ABN 62 009 260 315

### REPORT FOR THE QUARTER ENDING 30 June 2006

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#### HIGHLIGHTS

##### *NiWest Nickel Project*

***Metallurgical Tests - Bottle roll heap leach tests demonstrate nickel extractions up to 85%***

***Re- logging program underway to quantify saprolite heap leach resources***

***High grade resource at Hepi now at measured status***

***New resource potential discovered at Eucalyptus***

***Sufficient high grade saprolite resource identified to form the basis of Heap Leach Development***

#### CORPORATE MATTERS

##### *New Capital Raising*

***One for Fifteen Renounceable Entitlement Issue at 15 cents to raise up to \$2.02 million.***

On June 28 the company announced that it is to proceed with a capital raising via a one for fifteen Renounceable Entitlement issue. The new issue, which is not underwritten, will provide shareholders an opportunity to purchase new shares in the Company at 15 cents and will raise a maximum of \$2,028,072 if all rights are taken up. Shareholders that elect not to participate in the issue will have the opportunity to sell their entitlements on the ASX.

Funds from the issue will be used to accelerate metallurgical test programs and bring forward development studies for a high grade (+1.3% Ni) Saprock Heap Leach Project on the Company's NiWest Nickel Project. Full details of the entitlement issue are outlined in the prospectus which was mailed to shareholders on the 21 July.

The board encourages shareholders to participate by taking up their maximum entitlement.

**EXPLORATION REVIEW*****NiWest Nickel Project - Heap Leach Initiatives***

In June the Company announced positive results from metallurgical test work on saprolite nickel samples from its NiWest Nickel Project located in the North Eastern Goldfields of Western Australia.

Results from bottle roll tests undertaken by SGS Lakefield Oretest, show that nickel extraction at termination (after 62 days) reached as high as 85% for saprock ores at Mt Kilkenny and 72% at Hepi.

Average extraction of nickel from all samples tested from Hepi, Mt Kilkenny and Waite Kauri over 62 days was 66% Ni. Average acid consumption was 464 kg per tonne which was below the 500 kg/tonne expected. Results from test work are detailed under *Metallurgical Results*.

The results are considered a significant break through and provide the Company with confidence to move forward to evaluate the potential for the development of a Heap Leach Project on high grade (+1.3% Nickel) saprolite ore types.

Whilst the results of bottle roll tests to date indicate rapid leach rates at acceptable acid consumption, they have been performed on agglomerated RC drill returns. Further testwork is now required to demonstrate that the high grade saprock material identified at Hepi, Mt Kilkenny and Waite Kauri can form stable heaps and maintain good solution percolation. The lack of clays present indicates that percolation through the NiWest saprock material will be good. Large diameter core drilling to obtain in situ samples from each project area, for use in 4 metre Column Tests is expected to be completed by August 2006. The column tests will run for up to six months and simulate actual heap leach percolation, extraction rates and acid consumption.

Metallurgical work will be overseen by the Company's Technical Director Mr Geoff Motteram. Mr Motteram is a metallurgical engineer with extensive experience in the development of projects in the Australian resources industry including initiation of the Murrin Murrin Nickel Laterite Project.

***Metallurgical Results***

The Company engaged SGS Lakefield Oretest Pty Ltd to undertake bottle roll tests from three separate resource areas where low clay saprolite and saprock ore types had been identified within the NiWest Nickel Project.

At Hepi and Mt Kilkenny Central, ore intersections from multiple holes were collected. The test from Waite Kauri was one composite sample made up of the entire ore zone from drill hole WKR301.

Each composite sample was analysed for chemical composition, nickel grade and then agglomerated with sulphuric acid prior to commencement of test work. The samples were rolled in bottles with sulphuric acid for 62 days to simulate heap leaching conditions.

A summary of the bottle roll leach results are listed below.

Acid Bottle Roll Test Summary 62 Days			Head Grade		Extraction %		Acid Add'n
Composite Sample	Ore Type	Av Thickness	Ni %	Co%	Ni	Co	Kg/T
HEPI Comp 1	Saprolite Trans	2.10m	1.44	0.04	62.7	50.5	377
HEPI Comp 2	Saprolite	4.20m	1.98	0.14	60.9	36.7	429
HEPI Comp 3	Saprock	2.70m	1.48	0.08	72.2	38.8	600
MK Comp 1	Clay Trans	4.00m	1.33	0.14	54.2	39.7	447
MK Comp 2	Saprolite	7.20m	1.45	0.09	63.2	33.9	429
MK Comp 3	Saprock	7.90m	1.17	0.04	85.3	55.3	558
WK Comp 1	Saprolite/Saprock	21.00m	2.04	0.09	62.7	75.3	409

### **Re-Logging Program**

To date, the Company has identified wide spread near surface saprolite mineralisation at the three project areas. Current resource calculations do not distinguish between saprolite and smectite clays zones. Prior drilling at the NiWest Nickel Project is now being re-logged to differentiate potential high grade leachable saprolite from high grade smectite clays. This will allow the Company to establish separate resource calculations for the project by ore types. The saprolite resources are expected to increase as a result of the re-logging program.

### **Heap Leach Project Development Potential**

The combination of the high grade saprolite resources identified to date, which are at measured and indicated category are listed in the following table.

The Company believes that these resources are sufficient to form the basis of a heap leach development at 0.5 to 1.0 million tonnes per annum. The actual size of the project will be determined to a large extent on availability of acid.

1% nickel Cut off grade                      Saprolite – Saprock Resources

Project	Tonnes	Category	% Ni	% Co	Contained Nickel
Hepi	1,108,000	Measured	1.44	0.10	15,955
Hepi	584,000	Indicated	1.30	0.11	7,592
Waite Kauri	1,300,000	Measured	1.33	0.14	17,290
Mt Kilkenny Central	1,655,000	Indicated	1.23	0.08	20,356
<b>Total</b>	<b>4,647,000</b>		<b>1.31</b>	<b>0.10</b>	<b>61,193</b>

### **Resource Drilling**

During the quarter the company completed approximately 3500 metres of reverse circulation drilling. The program, which comprised both infill and resource expansion drilling, was undertaken on three project areas, Hepi, Mt Kilkenny and Eucalyptus. Details of the program is itemised under each area and significant assay results are listed in APPENDIX 1

#### **Hepi Project**

The recent drilling program at Hepi has resulted in reclassification of the resource to measured category. Drill hole spacing over the majority of the mineralisation is now on 50 metre by 50 metre grid. Drilling was extended further east and south to cover sections of the resource where

mineralization was not closed out. Twelve holes were also drilled over a prospective area 1000 metres north of the main zone.

The best intersection to the east was 15 metres averaging 1.65% Ni and on the southern extent the best result was 10 metres averaging 1.50%Ni. Drilling on the hill 1000 metres to the north of the main zone was also successful, with ten of the twelve holes intersecting saprolite mineralization with grades greater than 1% Ni. The best result recorded to the north was eight metres averaging 1.45% Ni.

An updated resource statement for the NiWest Nickel Project taking the reclassified Hepi resource into account is detailed in APPENDIX 2. Significant results from the May drilling program are listed in APPENDIX 1.

#### Eucalyptus Project

The drill program at Eucalyptus was designed to test the strike extent of the mineralisation intersected in previous drilling (Hole EBC189 10 metres 1.43% Ni) and test a section of strike between the Central and Northern resources that had been poorly tested by RAB drilling.

Results from drilling along strike from hole EBC189 have increased the resource potential in this area. Near surface high grade mineralisation was intersected over 800 metres of strike and up to 100 metres in width. A number of holes recorded grades in excess of 1.2% Nickel. The best result was from hole EBC335, which intersected 20 metres averaging 1.36% Ni and 0.095% Co from 5 metres.

Follow up drilling will be undertaken to test the strike extent to the south and quantify the resource. Significant results from the drill program are shown in APPENDIX 1 and a plan of the Eucalyptus Project highlighting the new resource potential in shown in APPENDIX 3

#### Mt Kilkenny Project

Ten holes were drilled at Mt Kilkenny South on existing lines to test for narrow channels of mineralisation that may have been missed by previous drilling. Results were mostly low grade with the exception of hole MKC203 located on the southern most line of drilling at the Mt Kilkenny Project which intersected 18 metres grading 1.35% nickel from 12 metres.

#### **Total NiWest Resources**

During the quarter drilling upgraded the majority of the Hepi resource to measured category. Details of the resource are listed in the following table.

**Hepi Resource at 1% Nickel Cut off Grade**

Category	Tonnes	Nickel%	Cobalt %
<b>Measured</b>	<b>1,108,000</b>	<b>1.44</b>	<b>0.10</b>
Indicated	584,000	1.30	0.11
Inferred	348,000	1.09	0.11
Combined	2,020,000	1.34	0.10

Total measured and indicated resources at the NiWest Project at 1% Nickel cut off grade increased to 36 million tonnes grading 1.28% Nickel and 0.09% Cobalt. See APPENDIX 2

***Ongoing Work Programs***

Drilling for the collection of metallurgical samples will be completed by the end of July. The program, involves drilling eighteen holes to recover representative *Core Samples* over the saprock resources at the Hepi, Waite Kauri, and Mt Kilkenny Central projects. The samples will be logged, assayed and then prepared for column tests that are expected to run for six months, with final results due by February 2007.

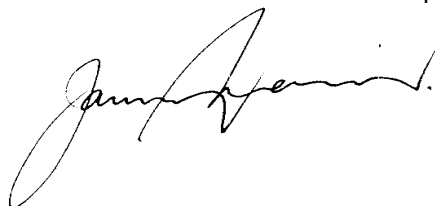
The company has commenced a re-logging program of prior drilling for better definition of the saprock potential at Mt Kilkenny North (12.07 million tonnes @1.29%Ni and 0.10%Co) and Camelback (8.9 million tonnes @ 1.26%Ni and 0.08%Co) at the Eucalyptus project. The program which will take several months to complete is expected to result in the expansion of the high grade saprolite resources.

Further drilling is planned to follow up on the recent high grade nickel results discovered at Eucalyptus and Mt Kilkenny South. In conjunction with this work an infill drilling program is planned over the Mt Kilkenny Central area to reclassify the resource from indicated to measured category.

Drilling is also planned to confirm water supply from the Company's tenements along with a scoping study for the supply of acid for the NiWest project.

***Other Projects***

No work was undertaken on the Company's Gold assets over the reporting period.



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**JAMIE SULLIVAN**  
**MANAGING DIRECTOR**

Date: 27 JULY 2006

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bill Hill and Mr Steve Goertz, both whom are members of The Australasian Institute of Mining and Metallurgy. Mr Hill is self employed and consults to the Company as and when required, Mr Goertz is a former employee. Both Messrs Hill and Goertz have sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. Both Mr Hill and Mr Goertz consent to the inclusion in the report of the matters based on information provided in the form and context in which it appears.*

**APPENDIX 1            May 2006 Drilling Results**

**HEPI PROJECT**

**1% NICKEL CUT OFF GRADE**

Hole	GDA94E	GDA94N	From	To	Interval	Ni %	Co %
HPC083	382230	6806662	9	13	4	1.340	0.137
HPC084	382270	6806653	11	15	4	1.198	0.114
HPC085	382318	6806657	15	21	6	1.386	0.074
HPC086	382359	6806658	13	31	18	1.075	0.035
HPC087	382390	6806652	17	23	6	1.155	0.072
HPC088	382443	6806666	13	16	3	1.063	0.075
HPC089	382498	6806656	14	26	12	1.250	0.092
HPC090	382547	6806660	20	23	3	1.070	0.085
HPC090	382547	6806660	25	27	2	1.130	0.110
HPC091	382596	6806658	12	27	15	1.653	0.077
HPC092	382644	6806657	8	11	3	1.110	0.064
HPC093	382138	6806155	20	30	10	1.491	0.073
HPC094	382164	6806212	15	23	8	1.404	0.112
HPC095	382109	6806205	14	16	2	1.170	0.174
HPC096	382056	6806213	5	9	4	1.075	0.083
HPC097	382038	6806253	26	30	4	1.393	0.058
HPC098	382060	6806330	22	27	5	1.258	0.016
HPC098	382060	6806330	33	36	3	1.220	0.108
HPC099	382159	6806296	29	34	5	1.205	0.112
HPC102	382168	6806500	14	27	13	1.711	0.101
HPC103	382229	6806495	12	21	9	1.622	0.089
HPC106	382377	6806499	10	18	8	1.136	0.060
HPC108	382340	6806715	10	18	8	1.279	0.092
HPC109	382424	6806711	9	17	8	1.176	0.063
HPC110	382521	6806707	12	18	6	1.324	0.108
HPC112	382623	6806706	4	13	9	1.299	0.081
HPC113	382397	6806752	11	15	4	1.148	0.077
HPC114	382446	6806755	12	14	2	1.255	0.103
HPC115	382497	6806757	12	15	3	1.080	0.097
HPC117	382606	6806762	9	14	5	1.213	0.105
HPC118	382666	6806772	19	21	2	1.070	0.079
HPC123	382959	6807865	15	21	6	1.162	0.148
HPC124	383009	6807853	11	16	5	1.336	0.236
HPC125	383059	6807861	10	13	3	1.117	0.107
HPC127	383024	6807955	12	17	5	1.038	0.103
HPC128	383078	6807951	18	25	7	1.264	0.110
HPC130	383054	6808050	11	19	8	1.238	0.089
HPC131	383078	6808060	13	19	6	1.142	0.088
HPC132	382938	6807802	13	15	2	1.110	0.145
HPC133	382968	6807815	8	16	8	1.337	0.183
HPC134	383027	6807803	3	8	5	1.138	0.182
HPC135	383075	6807801	15	20	5	1.214	0.092

**EUCALYPTUS PROJECT**

**1% NICKEL CUT OFF GRADE**

Hole	GDA94 E	GDA94 N	From	To	Interval	Ni %	Co %
EBC352	422309	6766890	1	5	4	1.080	0.037
EBC352	422309	6766890	19	20	1	1.030	0.086
EBC355	422313	6767094	4	18	14	1.215	0.037
EBC360	422200	6767300	1	11	10	1.255	0.058
EBC361	422127	6767302	12	20	8	1.325	0.083
EBC365	422203	6767500	5	25	20	1.346	0.095
EBC371	422354	6768708	11	13	2	1.028	0.037
EBC375	422156	6773097	16	27	11	1.182	0.052
EBC378	421885	6773096	19	26	7	1.194	0.049
EBC378	421885	6773096	30	33	3	1.293	0.033
EBC379	421841	6773098	12	20	8	1.057	0.104
EBC381	422088	6772741	18	20	2	1.165	0.086
EBC382	422008	6772745	4	6	2	1.010	0.078
EBC394	421707	6770886	5	8	3	1.303	0.069
EBC399	421831	6769906	28	36	8	1.325	0.092
EBC400	421906	6769904	10	18	8	1.099	0.089
EBC400	421906	6769904	24	27	3	1.123	0.067
EBC400	421906	6769904	30	33	3	1.083	0.044
EBC400	421906	6769904	39	40	1	1.120	0.027
EBC402	422063	6769903	30	31	1	1.770	0.069
EBC402	422063	6769903	34	37	3	1.287	0.080
EBC402	422063	6769903	48	50	1	1.090	0.043
EBC409	421779	6766596	1	3	2	1.117	0.085

**MT KILKENNY PROJECT**

**1% NICKEL CUT OFF GRADE**

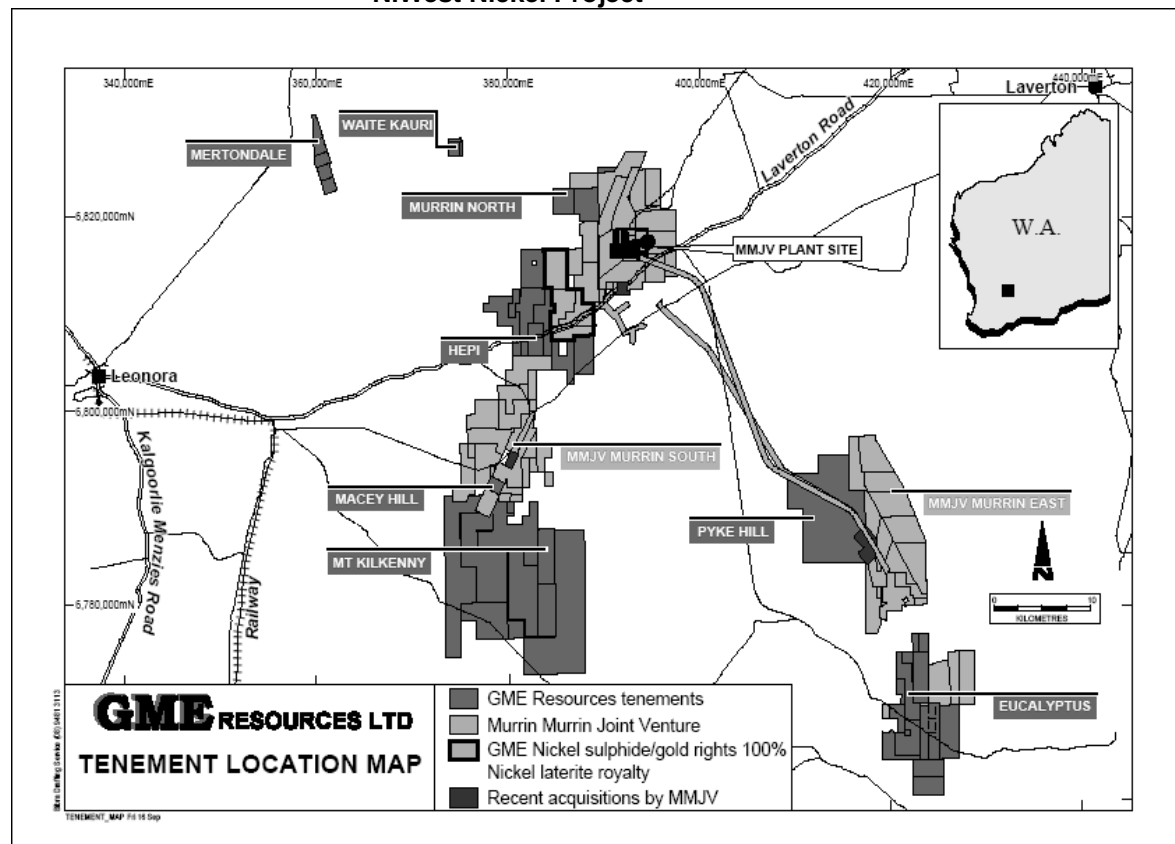
Hole	GDA94 E	GDA94 N	From	To	Interval	Ni %	Co %
MKC199	383885	6779861	2	6	4	1.138	0.087
MKC203	383294	6778660	11	29	18	1.352	0.049

**APPENDIX 2 NIWEST NICKEL PROJECT RESOURCE STATEMENT – JUNE 2006**

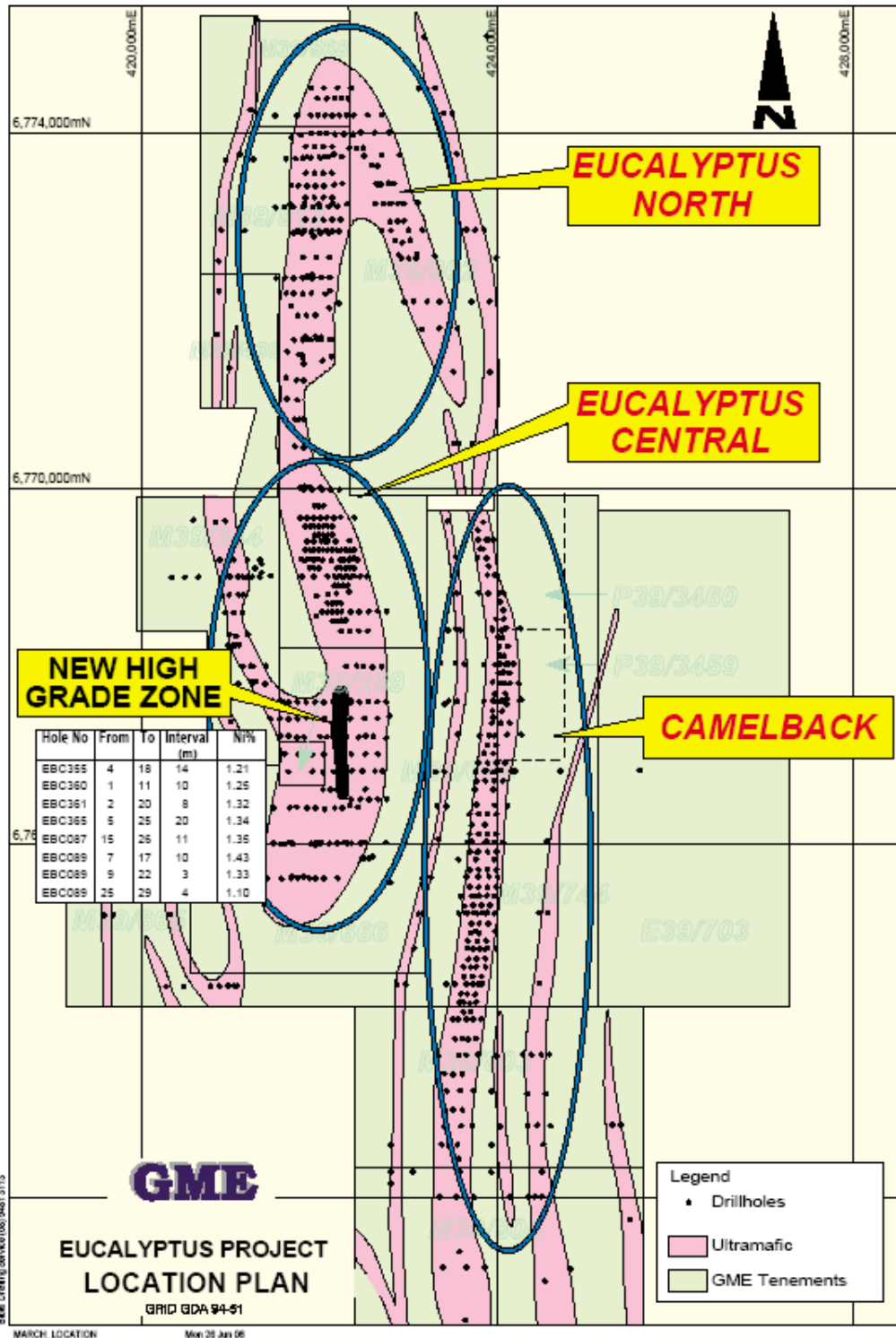
All Project areas at 1% Nickel cut off grade

Project	Category	Million Tonnes	% Ni	% Co
<b>Mt Kilkenny</b>	<b>Indicated</b>	<b>13.73</b>	<b>1.29</b>	<b>0.10</b>
Mt Kilkenny	Inferred	1.38	1.14	0.07
<b>Eucalyptus</b>	<b>Indicated</b>	<b>17.10</b>	<b>1.24</b>	<b>0.08</b>
Eucalyptus	Inferred	7.10	1.16	0.09
<b>Waite Kauri</b>	<b>Measured</b>	<b>1.30</b>	<b>1.33</b>	<b>0.14</b>
<b>Murrin North</b>	<b>Indicated</b>	<b>2.15</b>	<b>1.34</b>	<b>0.09</b>
Murrin North	Inferred	0.97	1.14	0.11
<b>Hepi</b>	<b>Measured</b>	<b>1.10</b>	<b>1.44</b>	<b>0.10</b>
<b>Hepi</b>	<b>Indicated</b>	<b>0.58</b>	<b>1.30</b>	<b>0.11</b>
Hepi	Inferred	0.35	1.09	0.11
Mertondale	Inferred	1.20	1.24	0.08
Macey Hill	Inferred	0.30	1.40	0.15
Duck Hill	Inferred	1.50	1.27	0.30
<b>Total</b>	<b>Indicated/Measured</b>	<b>35.96</b>	<b>1.28</b>	<b>0.09</b>
Total	Inferred	12.80	1.18	0.12
<b>Total</b>	<b>Combined</b>	<b>48.76</b>	<b>1.25</b>	<b>0.10</b>

**NiWest Nickel Project**



**APPENDIX 3 EUCALYPTUS PROJECT**



## TENEMENT DIRECTORY

Tenements held at 30 June 2006.

Project	Tenements	Company Interest	Comments
Abednego West	MLA39/427 MLA39/824 MLA 39/825 MLA39/823	Golden Cliffs 100%	Placer Royalty
Chain Bore	MLA37/581	GME 100%	
Clermont	EPMA11575, EPMA11806, EPMA12164	GME 40%	Joint Venture with Australian Gold Fields NL (in Liquidation)
Duck Hill	MLA31/214	Niwest 50%	Murchison Metals 50%
Eucalyptus	P39/3459 - 3460 converted to MLA39/744 EL39/703 ML39/666 ML39/430 and ML39/344 ML39/665 - 666 and ML 39/674 M39/313 ML 39/568, 39/570, 39/616 and 39/802 M39/289 E39/480 converted to MLA39/803 - 804	NiWest 100%        NiWest 100% nickel rights	Anglo 100% Gold Rights plus nickel royalty        Oldcity Pty Ltd Nickel Royalty
Hawk Nest	M38/218, MLA 38/683	GME 100%	
Ilgarari	E52/1452	GME 100% rights to non copper minerals	Copper Royalty
Laverton Downs	E38/506 converted to MLA38/587 - 588 and 38/782 - 784	NiWest 100% nickel rights	Millennium Minerals 100% Gold Rights
Leonora East	P37/4106 converted to MLA37/566 P37/5330 - 5333, P37/5477 converted to MLA37/1059  MLA37/876	GME 50%   Golden Cliffs 100%	Medusa Minerals 50%
Linden	P39/3417 - 3418 converted to MLA39/797 - 798 P39/2974 - 2976 converted to MLA 39/500 ELA 39/1181	GME100% GME 10% Golden Cliffs 100%	90% Haoma Mining NL
Macey Hill	ML39/845	NiWest 100%	
Mertondale	P37/4201 - 37/4205 converted to MLA37/591	NiWest 100%	
Mt Fouracre	ELA 37/845	GME 100%	

**GME Resources Limited**  
**Quarterly Report – June 2006**

Project	Tenements	Company Interest	Comments
Mt Kilkenny	E39/688 ML39/878 – 879, EL's 39/1107- 08 P39/4404, P39/4412 -4417 E39/990 J/V JINDALEE RESOURCES	NiWest 100% Niwest 100%	Farmin to Earn 80%
Mt Morgan South	MLA39/702 - 703, MLA 39/481, MLA39/777	GME 100%	
Murrin Murrin	MLA39/554 and MLA39/457	Golden Cliffs 100%	
Murrin Murrin (Minara Resources)	ML's 39/426, 456, 552, 553 and 569	Golden Cliffs 100% rights to non nickel laterite	Nickel laterite royalty 20 cents per tonne
Murrin Murrin HEPI	ML 39/717 - 718 ML39/819	Niwest 100%	
Murrin Murrin North	ML39/758 MLA39/757 and MLA39/759	Niwest 100%	
Pyke Hill	EL39/633	GME 100%	
Waite Kauri	M37/1216	Niwest 100%	

**LEGEND:**

<i>E:</i> Exploration Licence	<i>P:</i> Prospecting Licence	<i>EPM:</i> Exploration Permit for Minerals	<i>PLA:</i> Prospecting Licence Application
<i>M:</i> Mining Lease	<i>ELA:</i> Exploration Licence Application	<i>EPM A:</i> Exploration Permit for Minerals Application	<i>MLA:</i> Mining Lease Application

# 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

GME RESOURCES LIMITED

ABN

62 009 260 315

Quarter ended ("current quarter")

30 JUNE 2006

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A '000	Year to date (12 months) \$A '000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(237)	(1,450)
(b) development	-	-
(c) production	-	-
(d) administration	(91)	(436)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	54
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(7)	(27)
1.7 Other (provide details if material)	-	200
<b>Net Operating Cash Flows</b>	<b>(327)</b>	<b>(1,659)</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 from other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(327)</b>	<b>(1,659)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(327)	(1,659)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	1,672
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	-	-
	<b>Net financing cash flows</b>	-	1,672
	<b>Net increase (decrease) in cash held</b>	(327)	13
1.20	Cash at beginning of quarter/year to date	690	350
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>363</b>	<b>363</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	42
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

NIL
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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

NIL
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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	N/A	
3.2 Credit standby arrangements	N/A	

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	270
4.2 Development	-
<b>Total</b>	<b>270</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	363	690
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>363</b>	<b>690</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	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ 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>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	202,807,215	202,807.215		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL			
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	NIL			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<i>Unlisted options</i> 2,000,000 2,000,000 1,000,000	- - -	<i>Exercise Price</i> \$0.20 per option \$0.30 per option \$0.40 per option	<i>Expiry Date</i> 30 June 2007 30 June 2007 30 June 2007
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Expired during quarter	NIL			
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	NIL			

+ 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 Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



27 July 2006

Sign here: ..... Date: .....  
(Company secretary)

MARK PITTS

Print name: .....

## 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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