Quarterly Activities Report

for the period ended 30 September 2010

About Iron Road

Iron Road Limited was established to capitalise on the growing global demand for iron ore. Iron Road has a strong project portfolio comprised of a development stage project under pre-feasibility study, with excellent infrastructure nearby, complemented by early stage projects in Western Australia and South Australia.

Iron Road's principal project is the Central Eyre Iron Project in South Australia. A study is underway examining the viability of a mining and beneficiation operation initially producing 10Mtpa of iron concentrates for export. Early test work indicates that a high quality concentrate may be produced grading approximately 70% iron.

The Company has a distinguished Board and management team that are multi-disciplinary and experienced in the areas of exploration, project development, mining and finance.

ASX Code – IRD

PO Box 2806
West Perth 6872
Western Australia

Tel: (08) 9200 6020
Fax: (08) 9200 6021
Email: admin@ironroadlimited.com.au
Web: www.ironroadlimited.com.au

Iron Road continued its high level of activities aimed at advancing the flagship Central Eyre Iron Project, which is currently under prefeasibility study for a significant magnetite concentrate export operation. A major drilling programme commenced at Murphy South as direct consequence of the Stage IV drilling programme. In total over 17,000 metres was drilled during the quarter. At the Gawler Iron Project assay results were reported and a metallurgical test work programme successfully concluded.

Highlights

Central Eyre Iron Project

- Stage IV drilling programme successfully tested several targets across EL3699 identified from detailed aeromagnetic surveys and a structural study.
- Approval and commencement of Stage V drilling programme comprising 64 holes for 19,025m at Murphy South within the Warramboo project area.
- Stage V programme aims to define an inferred mineral resource estimate report at Murphy South to be estimated during January 2011.
- Murphy South Exploration Target of 400-800Mt at 17-20% iron[1].
- Metallurgical test work indicates exceptional suitability of Boo-Loo – Dolphin ore to dry and wet Low Intensity Magnetic Separation (LIMS) and for secondary crushing by High Pressure Gyratory Rolls (HPGR), considerably reducing power requirements.
- Wet High Intensity Magnetic Separation (WHIMS) test work and Wilfley table test work indicates that oxide ore from the Boo-Loo – Dolphin prospect is amenable to upgrading.
- Beneficiation studies imply low operating cost due to efficiencies relating to unique ore physical characteristics.
- Good progress of prefeasibility study, scheduled for completion Q1 2011.

Gawler Iron Project

- Stage I drilling results identified hematite and magnetite mineralisation at all ten geophysical target areas.
- Completion of metallurgical test work of Stage I exploration drilling RC chip samples.
- Test work indicates that ore is amenable to upgrading by magnetic separation, yielding concentrates that range from 65.9% to 71.7% iron at an optimum grind size of 106µm (P80).
- Iron Road has met its hurdle to earn 51% of the iron ore rights at the Dominion West Gawler tenements and is on track to earn up to 90%.

Windarling

- Agreement signed with Convergent Minerals Limited for Windarling tenements farm-in.

Corporate

- The Company joined the Eyre Peninsula Mining Alliance (EPMA) as a founding member, along with three other resource companies active on the Eyre Peninsula.
- Iron Road continued discussions with potential partners with a view to further accelerating activities at its Central Eyre Iron Project.

[1] *Refer Competent Person's Statements on page 17.*

Projects

South Australia – Central Eyre Iron Project

The Central Eyre Iron Project (663km^2) is located on the Eyre Peninsula of South Australia and consists of three distinct prospects – Warramboo, Kopi and Hambidge. The project is located in a grain farming area with good infrastructure. Community relationships and support is excellent with great interest shown in possible development scenarios.

Stage IV Drilling Programme

The second of several drilling programmes planned by Iron Road at the Central Eyre Iron Project during 2010 commenced on 07 June 2010. The programme tested five of seven high potential targets selected from analysis of geophysical and historical data (Figure 1).

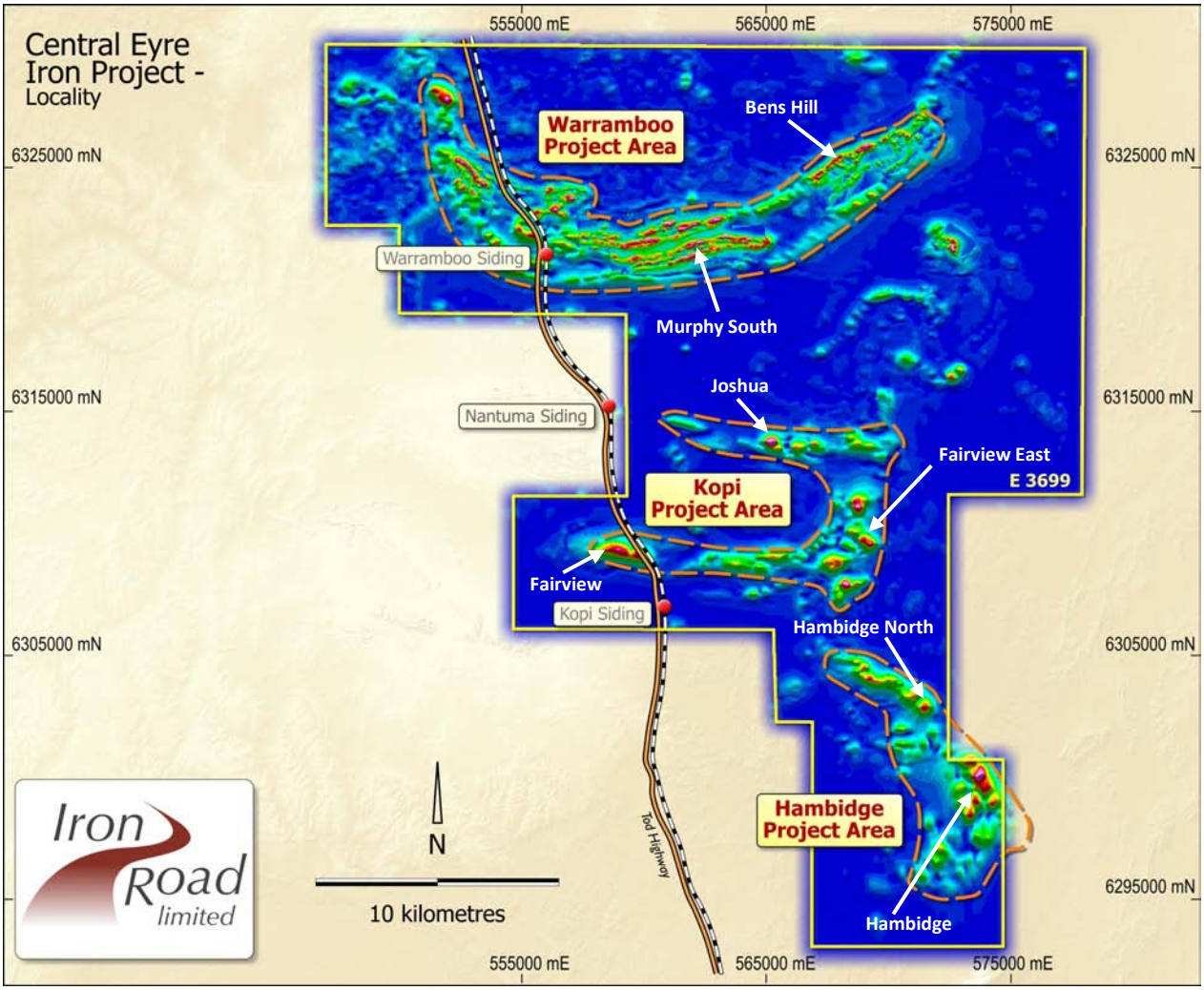


Figure 1 **Location of Stage IV drilling targets.**

The drilling programme was designed to be both scalable and flexible since its purpose was to ultimately identify potential areas for resource expansion. In line with this philosophy permission was granted by Primary Industries and Resources South Australia (PIRSA) to extend an initial traverse of three holes at Murphy South by an additional five for a total of eight holes (Figure 2). This was requested since significant thicknesses of magnetite gneiss were intersected in the initial three holes suggesting structural thickening and extension of magnetite gneiss to the south. Magnetite gneiss of significant thickness was subsequently intersected in all of the additional holes situated to the south and this in turn led to the design of the Stage V drilling programme to further investigate this area as a high priority.

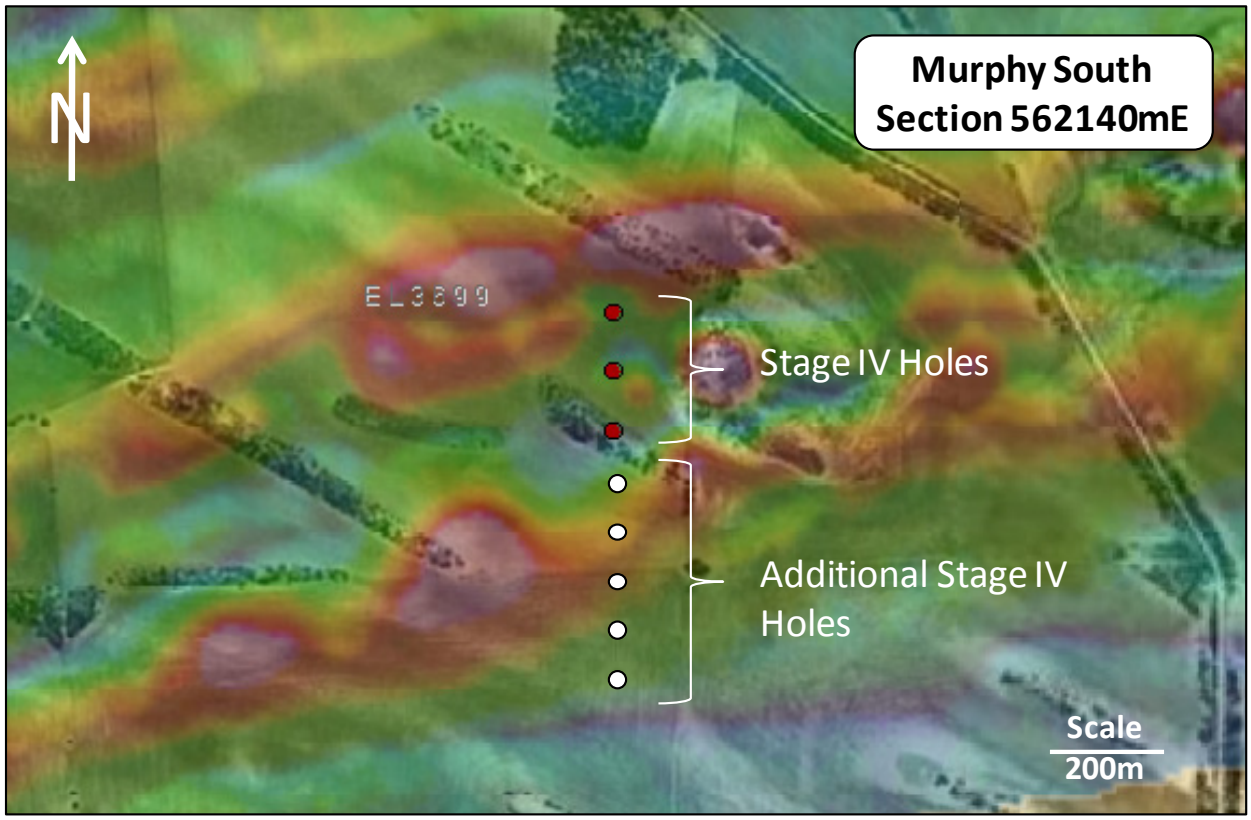


Figure 2 **Plan view of Murphy South Stage IV 'discovery' traverse. Collars superimposed on magnetic analytic signal.**

It appears that destructive interference of the magnetic analytic signal across a tight fold structure may have masked the true potential of this area to host a substantial deposit of magnetite. Every drill hole on traverse 562140mE intersected significant magnetite gneiss that in several instances have continuous down hole thicknesses exceeding 120m (Figure 3).

The Stage V drilling programme commenced on 4 August 2010 whilst the Stage IV programme was still in progress. Preference was given to accelerating the drilling at Murphy South with the consequence that drill holes planned at Fairview and Hambidge were put on hold pending review during 2011. At this stage 8,327m of the total 9,845m originally planned for the Stage IV programme had been completed.

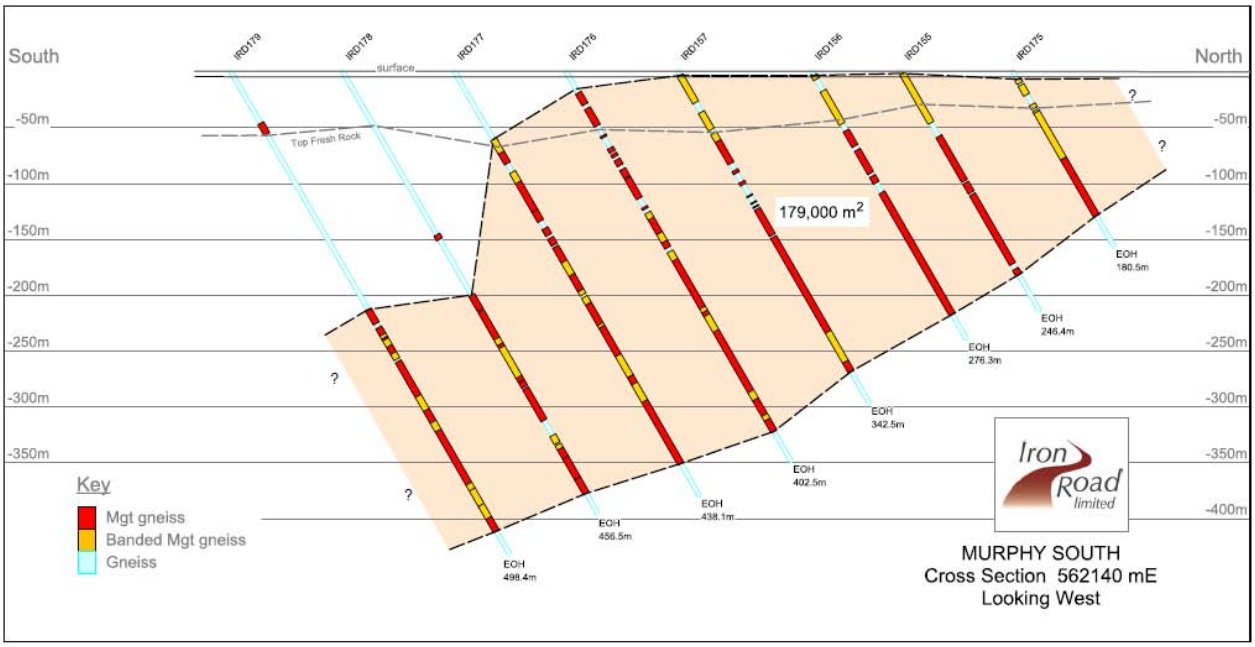


Figure 3 **Schematic cross-section of traverse located on 562140mE at Murphy South (*discovery section*)**

Stage V Drilling Programme

The Stage V drilling programme was initiated as a direct consequence of the discovery made at Murphy South during Stage IV drilling. This programme is designed to test the Murphy South anomaly across an additional nine traverses with each traverse made up of seven to eight drill holes. Each hole is 100m apart in a north-south direction and each traverse 200m apart in an east-west direction. The total area to be covered is 700-800m wide (on apparent dip) and over 2000m long (on strike) (Figure 4). All holes are drilled on azimuths oriented true north, inclined at -60 degrees and maximum drill hole depths in the order of 500-600m.

The drilling programme at Murphy South commenced on 04 August 2010 and at full capacity utilises one RC drill rig for pre-collars to fresh rock and three diamond drill rigs for diamond tails. By the end of the quarter 9,684m had been drilled. Drilling traverses both east and west of the Stage IV 'discovery section' show remarkable consistency and it is believed that a considerable tonnage of magnetite gneiss will be demonstrated to exist in this area. Completed sectional traverses marked as A, B and C in Figure 4 (below) are shown in Figures 5, 6 and 7.

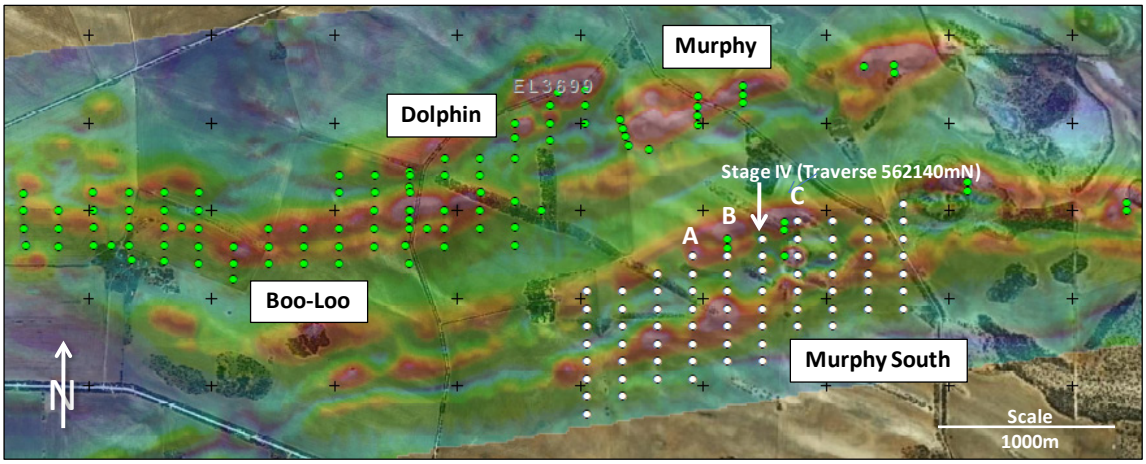


Figure 4 **Existing drill hole collars in green with collars at Murphy South shown in white. Traverses marked A, B and C shown overleaf.**

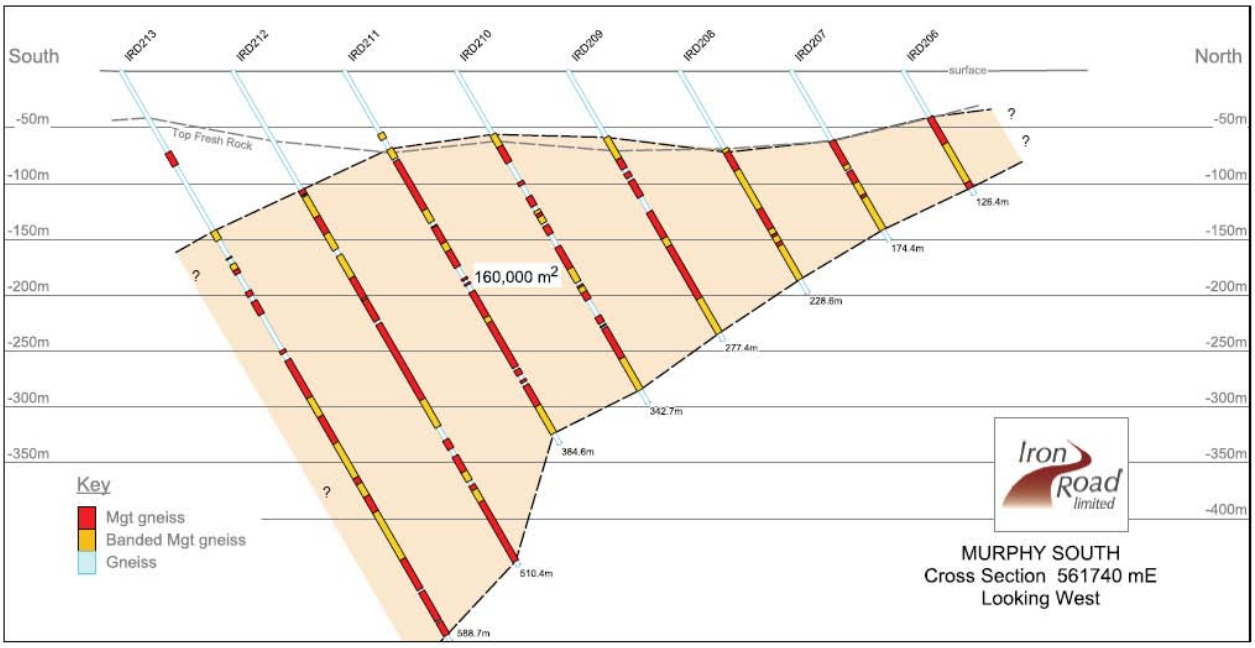


Figure 5 **Schematic cross-section of traverse A located on 561740mE at Murphy South (excludes oxide).**

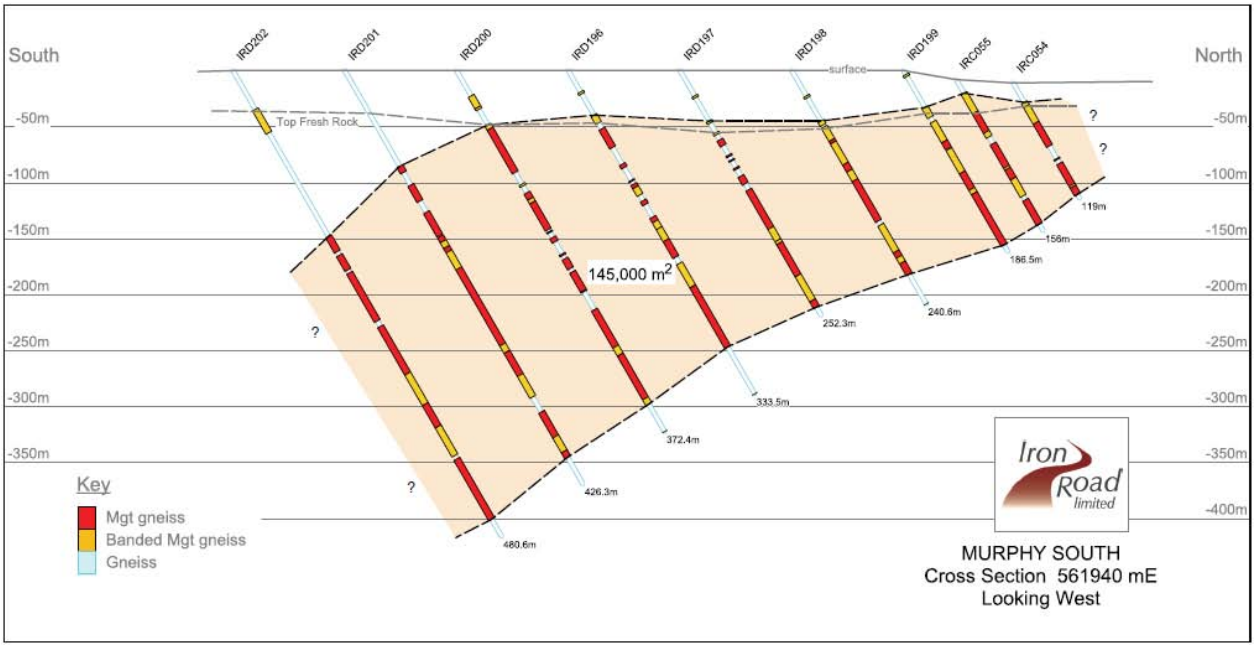


Figure 6 **Schematic cross-section of traverse B located on 561940mE at Murphy South (excludes oxide).**

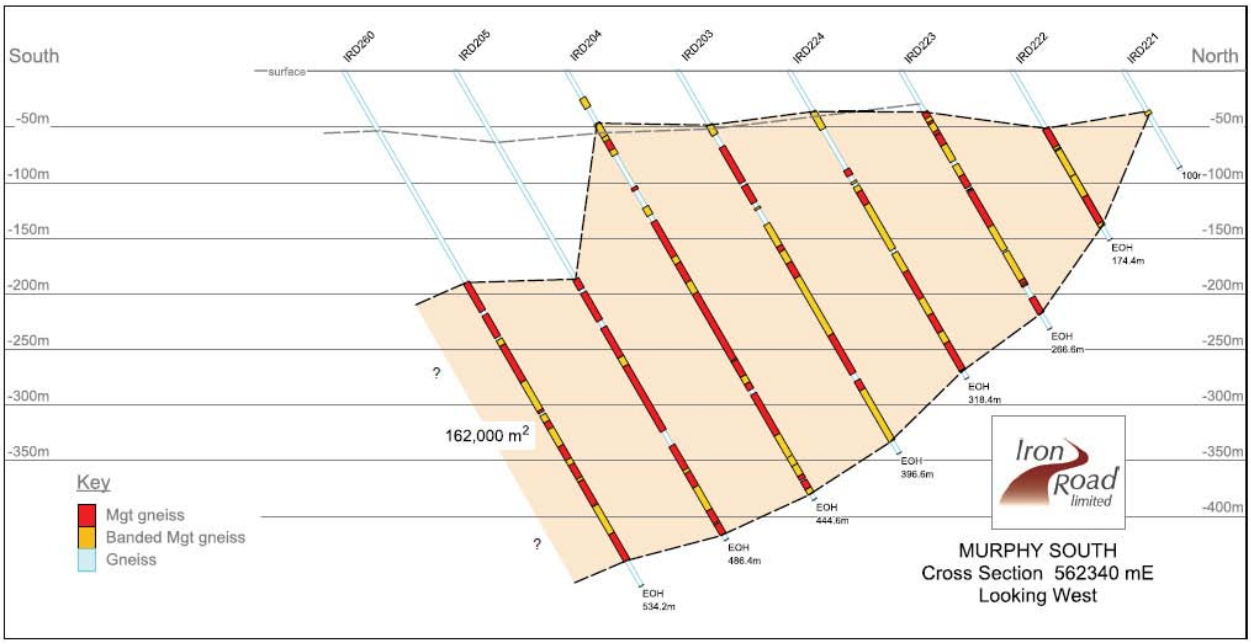


Figure 7 Schematic cross-section of traverse C located on 562340mE at Murphy South (excludes oxide).

From inversion modelling and existing drill data at the Murphy South prospect (Stage I and IV), an exploration target of 400-800Mt at a grade of 17-20% iron[1] was estimated for the area defined by the current Stage V drilling programme. In addition it is likely that magnetite gneiss extends outside of this area, both east and west along strike and down dip.

Due to an additional hole and the deepening of several planned holes, resource drilling is expected to be completed by mid-December 2010. The Stage V programme inferred mineral resource estimate report at Murphy South is therefore anticipated to be submitted in late January 2011.

Metallurgical Test Work

Iron Road engaged Mineral Engineering Technical Services (METS) to comprehensively investigate the metallurgical characteristics of the Warramboo mineralisation as a major component of the prefeasibility study (PFS) at the Central Eyre Iron Project. The metallurgical test work is producing excellent results, with significant positive benefits for the project.

Oxide – The Wet High Intensity Magnetic Separation (WHIMS) test work programme was conducted at four grind sizes of -500, -212, -106 and -75µm. For each grind size, the magnetic separation was undertaken at four levels of magnetic field strength, including 2,000, 3,000, 6,000 and 12,000 Gauss to determine the optimum magnetic field strength and grind size required to permit effective upgrading of the oxidised sample.

The sample was amenable to upgrading by magnetic separation with effective liberation attained at -212µm. At this optimum grind size, a concentrate that meets the specification of a saleable hematite concentrate with 60% iron and less than 5% silica was produced. Increasing the magnetic field improved the mass and iron recovery, though the quality of the magnetic concentrate decreased accordingly.

Balancing the quality of the magnetic concentrate and the recovery data, the best performance was achieved at magnetic field strength of 8000-10000 Gauss (Figure 8). At -212µm and a magnetic field strength of 10000 Gauss, a concentrate containing ~60% iron and ~5% silica was generated. About 60% of the iron was being recovered in 30% of the mass.

[1] *Refer Competent Person's Statements on page 17.*

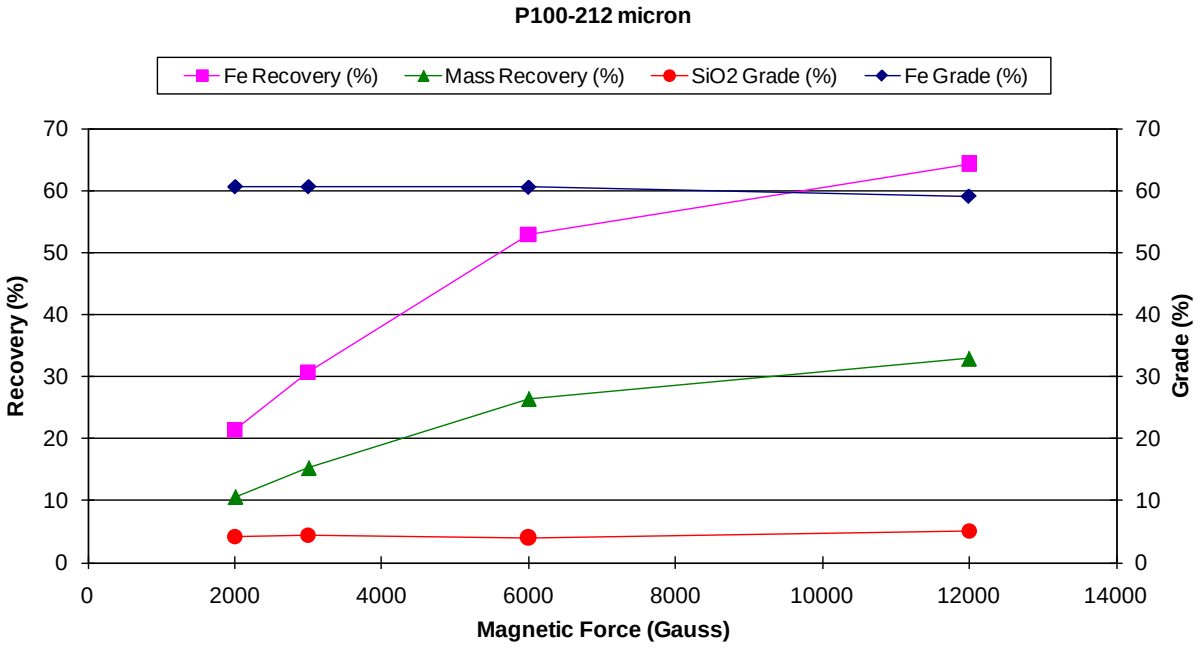


Figure 8 **Graph showing Fe grade, SiO2 grade, mass recovery and Fe recovery for oxide ore from RC chips at various magnetic field strength (grind of -212µm).**

The Wilfley table test work programme was conducted at four different grind sizes of -500, -212, -106 and -75µm. The ore was amenable to upgrading by Wilfley table for all grind sizes investigated. At -500µm, the material was upgraded from 31% to 61.7% iron, with 19.9% of the iron being recovered in 10% of the feed mass.

Variability – These studies assess the presence of any variation in the performance of samples from the Boo-Loo – Dolphin prospect to upgrading by magnetic separation. Numerous magnetite ore samples from across the deposit are selected for analysis – in this instance eight diamond core samples were selected from across Boo-Loo – Dolphin (Figure 9).

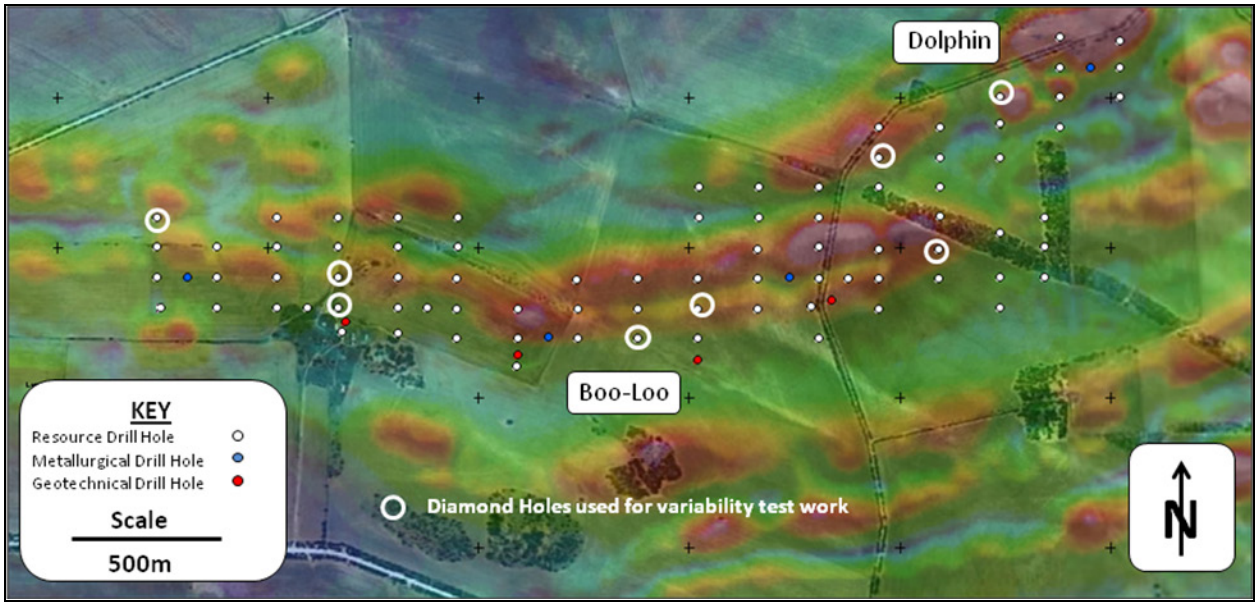


Figure 9 **Locality of variability test work samples (diamond core) from the Boo-Loo – Dolphin prospect.**

Test work confirms that a high grade blast furnace quality concentrate, average 68.5% iron, may be produced at a coarse grind of -125µm. At this grind the silica content is low, averaging 2.4%. Average iron recovery is 79.8% and the mass recovery recorded is 24.9%, with low variability across the deposit (Figure 10). At a finer grind size, in the order of 50µm, direct reduction (DR) grade magnetite concentrate may be produced from all samples.

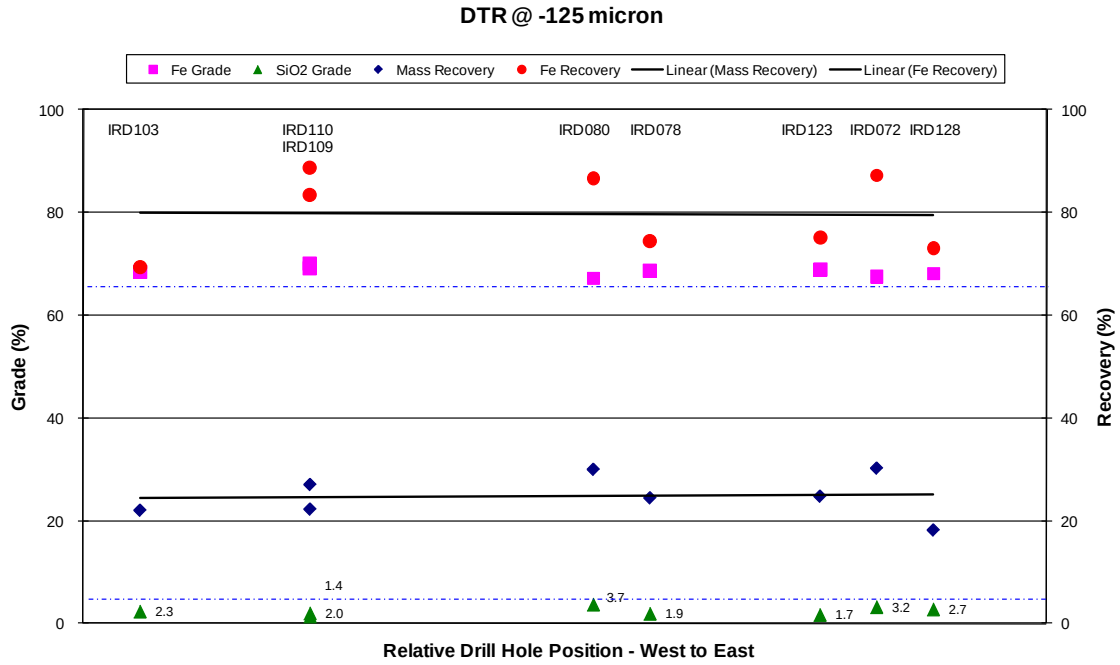


Figure 10 **Graph showing low variability of iron grade, silica grade, mass recovery and iron recovery for samples arranged west to east across the Boo-Loo – Dolphin prospect (grind of -125µm).**

From test work the optimum concentrate is regarded as 68.9% iron with 1.9% silica (P80 at ~75µm; Figure 11).

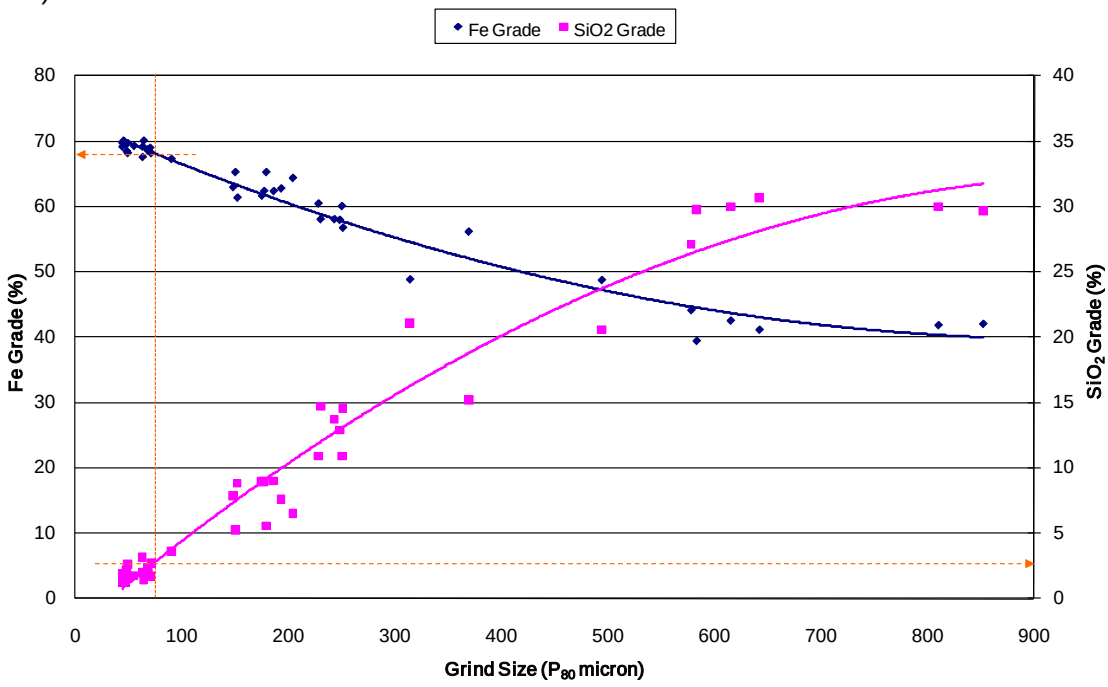


Figure 11 **Graph showing optimum iron concentrate of 68.9% Fe and 1.9% SiO2 (P80 at -75µm).**

Dry Low Intensity Magnetic Separation – Dry Low Intensity Magnetic Separation Dry LIMS) test work has produced exceptional results (Figure 12). Rarely do magnetite ores crushed to sizes greater than 5mm produce reasonable results indicating suitability for coarse cobbing. Ore from Boo-Loo produced on average 30% mass rejection with minimal iron losses at a -25mm. This is an exceptional result and has major implications for reducing operating costs for downstream processing.

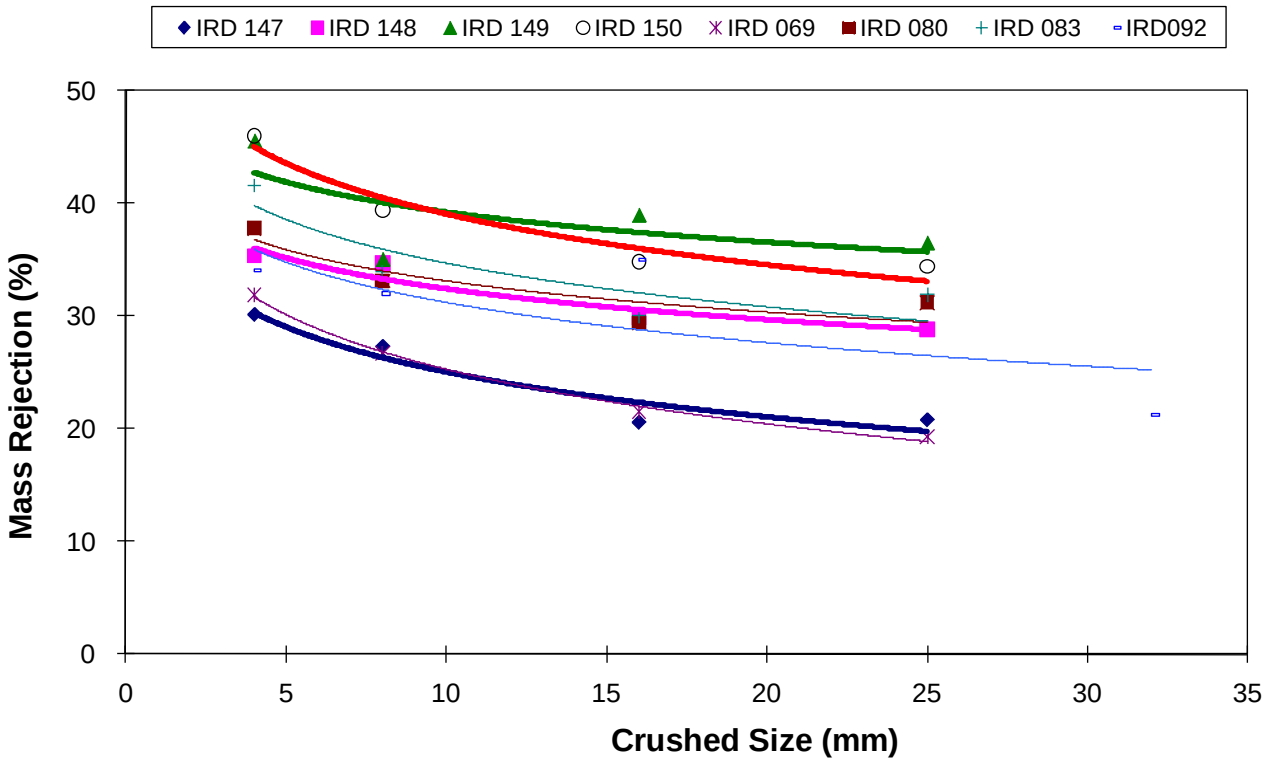


Figure 12 **Graph showing coarse cobbing results at various crush sizes.**

HPGR – Test work indicates the suitability of Boo-Loo ore for crushing using a High Pressure Gyratory Rolls (HPGR) crusher. The coarse crystalline nature of the magnetite and gneissic host rock at the CEIP may be the reason for the excellent test results. A considerable advantage of HPGR over alternatives such as SAG milling is the relative cost saving associated with significantly lower power consumption. It is estimated that the power requirement for HPGR to be approximately 30% of that required for a comparable SAG mill.

Benchmarking – Diamond core samples from the CEIP produce similar quality magnetite concentrate (in terms of iron and silica content) as other magnetite projects although at a significantly coarser grind (Figures 13, 14). Since a reduction in grind size is associated with an exponential increase in power consumption, this means that the production of a high grade blast furnace concentrate from the Boo-Loo – Dolphin prospect at the relative coarse grinds will result in further significant operating cost savings.

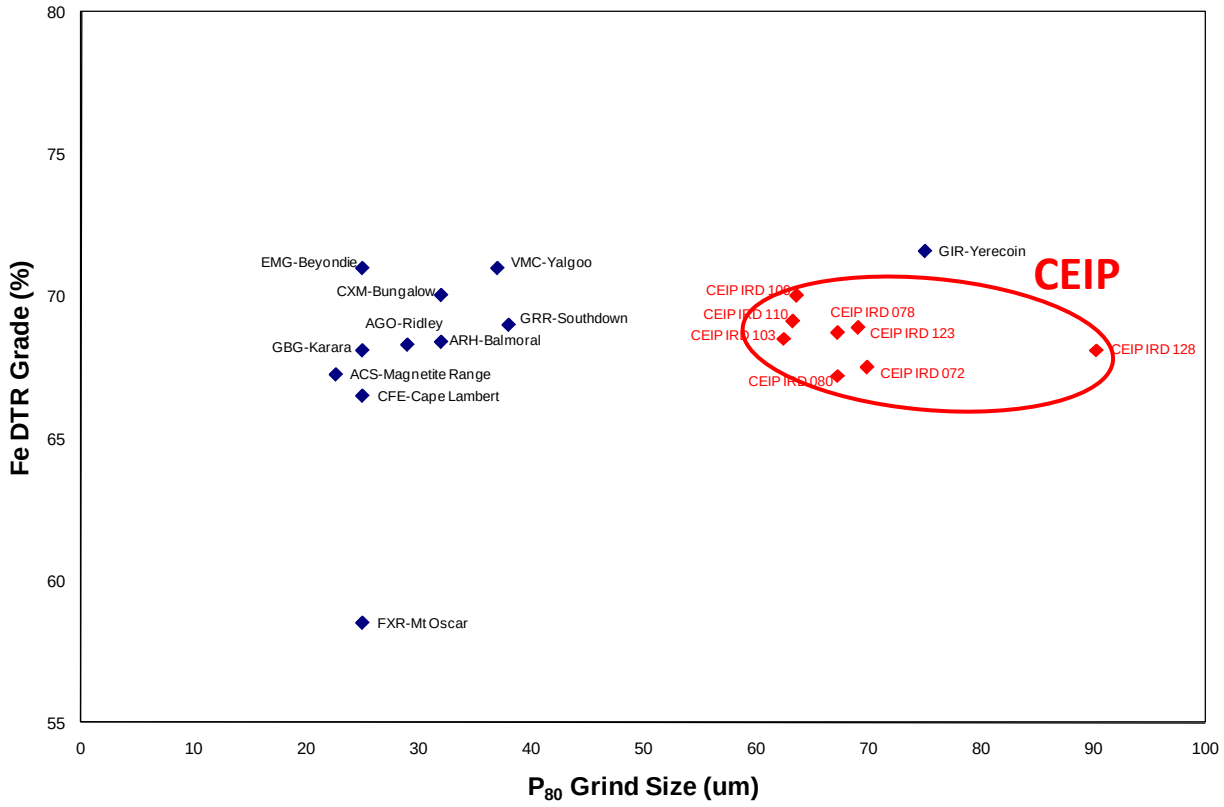


Figure 13 **Graph showing Fe DTR grade (%) vs P80 grind size for the CEIP compared to industry peers.**

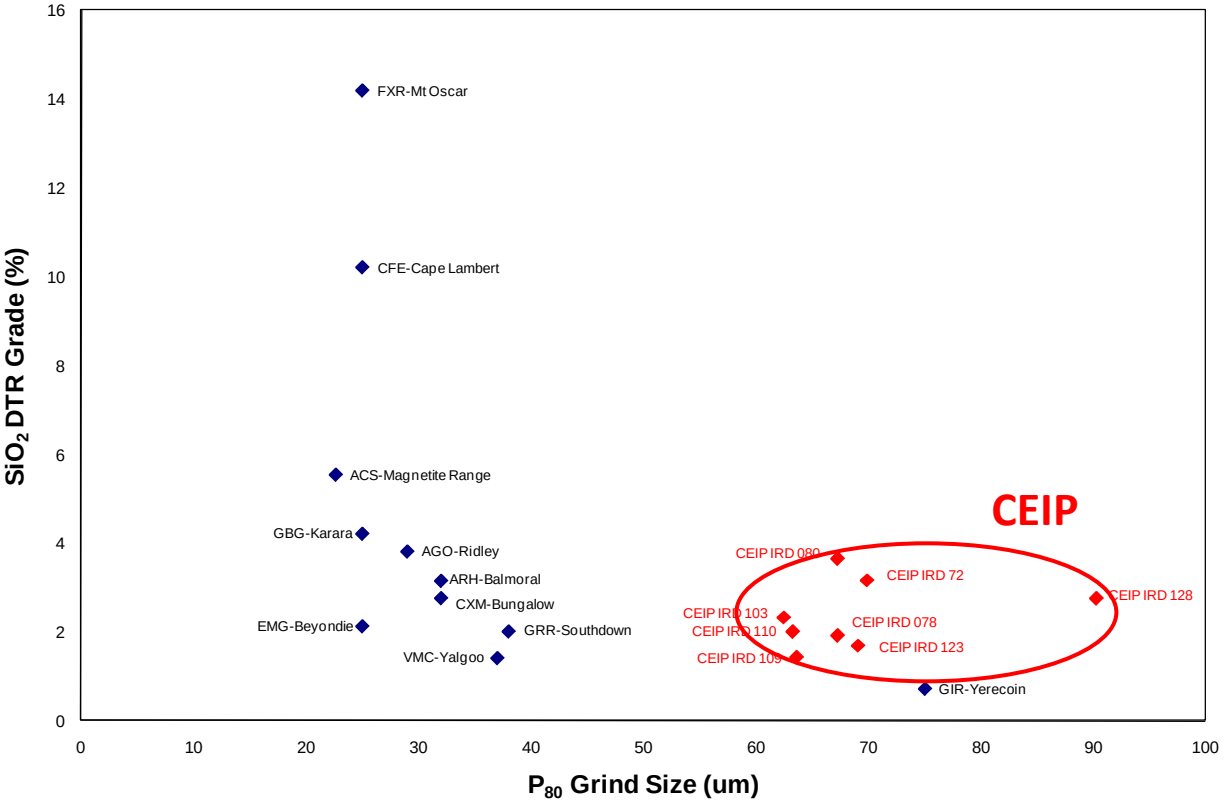


Figure 14 **Graph showing SiO2 DTR grade (%) vs P80 grind size for the CEIP compared to industry peers.**

Beneficiation Studies for High Grade Blast Furnace Product – Several options for beneficiation studies are being investigated as part of the prefeasibility study. One such scenario is presented in Figure 15 below. This is a relatively simple process using proven technology, with early rejection to tails, HPGR secondary crushing and a coarse grind; all factors that favour low operating costs.

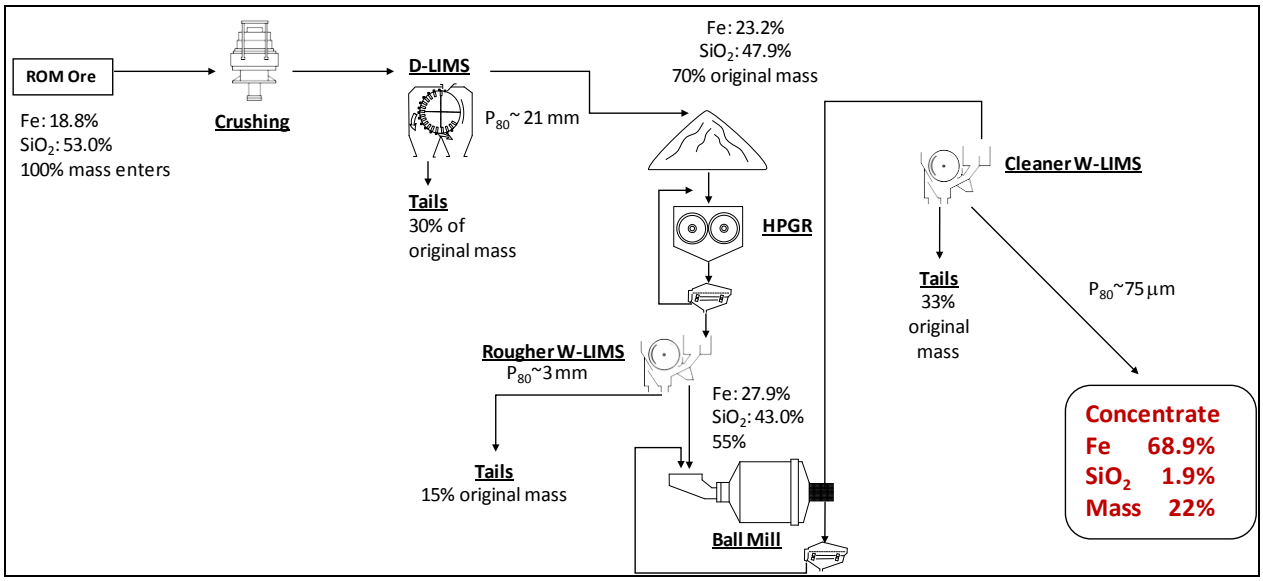


Figure 15 **Conceptual process flow for the CEIP based on current PFS work.**

Infrastructure and Concentrate Transport – Numerous options and routes are under review for the transportation of concentrate. A slurry pipeline of approximately 160km is currently the preferred option (Figure 16). Studies include the option of a dedicated power line from Port Augusta. Iron Road are in discussions with other parties concerning shared common infrastructure, including power.

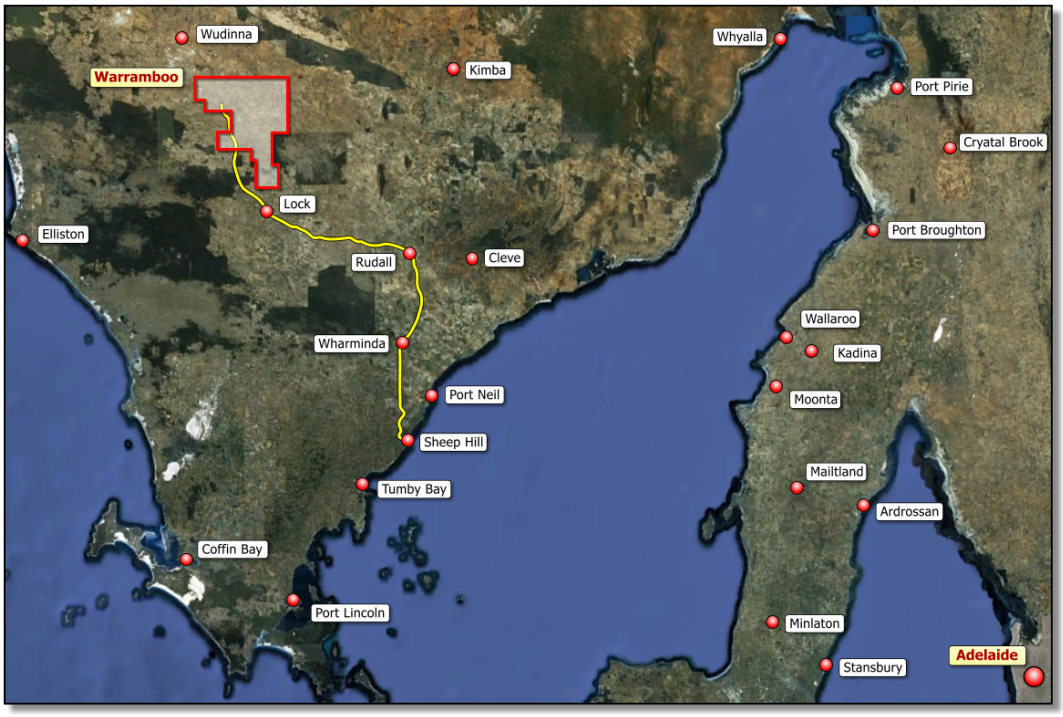


Figure 16 **Conceptual route for a slurry pipeline from the CEIP to port.**

South Australia – Gawler Iron Project

The Gawler Iron Project is located 25 kilometres north of the Trans Australian Railway and within 100 kilometres of the Central Australia Railway in South Australia. Iron Road has a farm-in agreement with tenement holder Dominion Gold Operations to earn up to 90% interest in the iron ore rights.

Stage I RC Drilling

Stage I reconnaissance RC drilling investigated ten high-priority geophysical targets, employing 16 drill traverses, for a total of 71 holes and 6,101m (Figure 17). Magnetite gneiss capped by a 10-55m thick zones of oxidized hematite-rich material was encountered at all target areas.

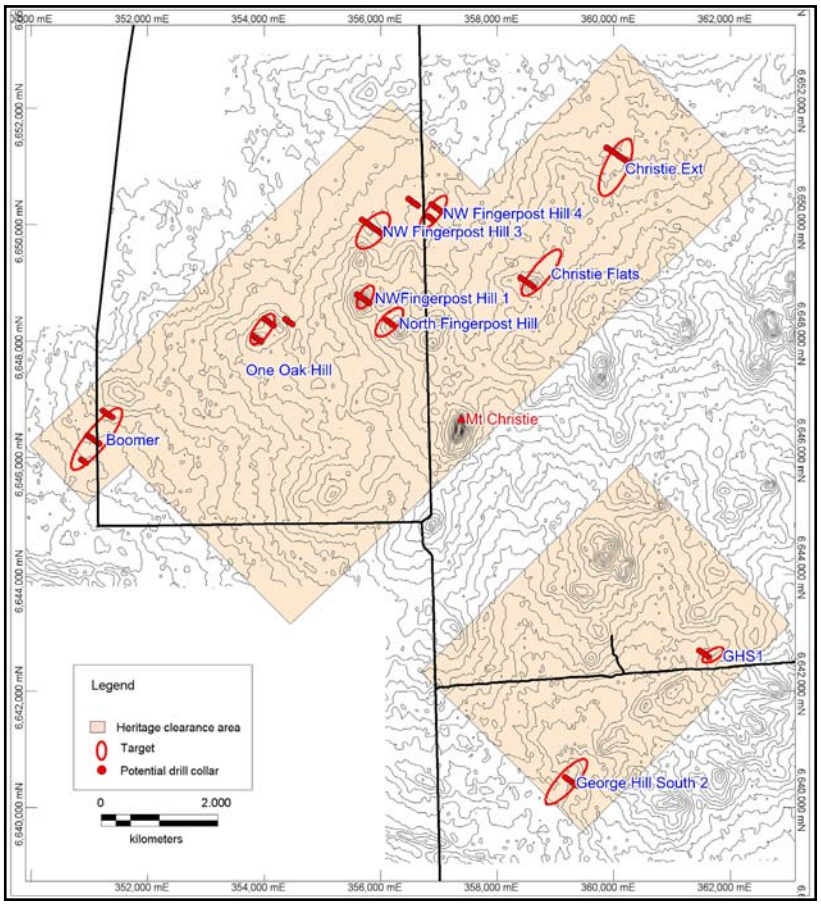


Figure 17 – Location of drilling at the Gawler Iron Project – ten priority targets were identified for testing.

Drill samples were collected at one metre intervals using a conventional riffle splitter and were analysed (XRF) by ALS laboratories in Perth for the standard iron ore suite of elements. A summary of iron grades in the 43 drill holes that intersected significant widths of magnetite gneiss are tabulated in an announcement released 7 September 2010.

Northwest Fingerpost Hill 1 is situated in a large-scale antiform which forms a distinct hill with some of the best outcrops of small-scale second-order folding in the project area. It contains significant near-surface hematite-rich mineralisation which extends over a 250m wide zone to a depth of 55m and occurs as a cap on folded magnetite gneiss (Figure 18).

Notable intersections include:

- 61m @ 43.5% Fe
- 60m @ 43.4% Fe
- 57m @ 39.6% Fe
- 39m @ 42.5% Fe

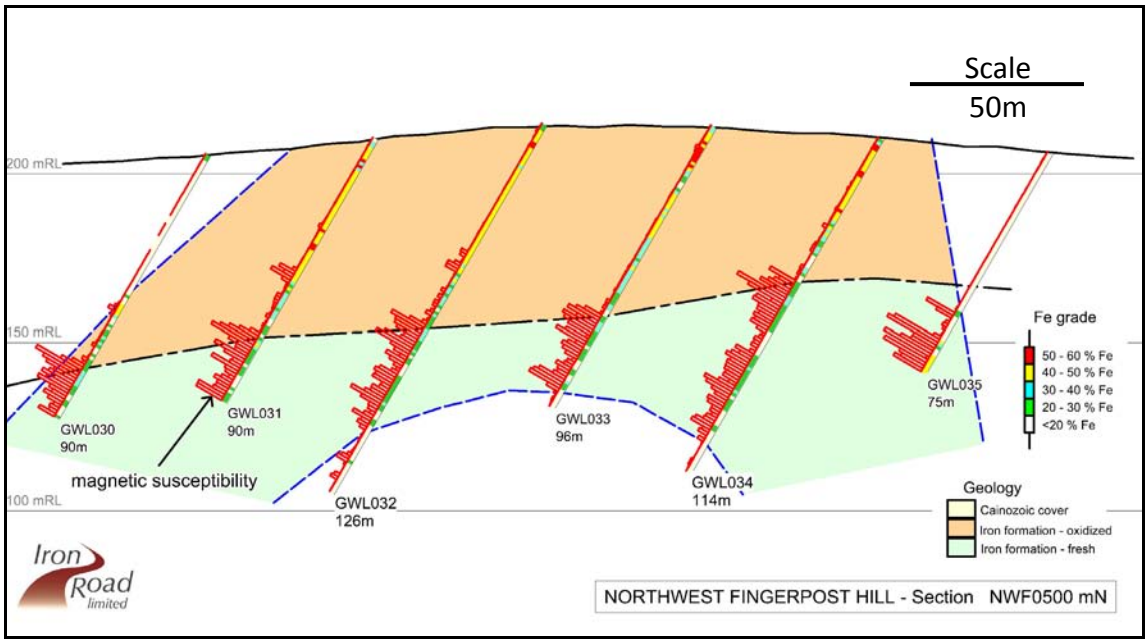


Figure 18 Cross section through NW Fingerpost Hill showing extensive hematite cap to a depth of approximately 55m.

Boomer is situated below 25 metres of Cainozoic cover. The magnetite mineralisation has a thin cap of hematite-rich mineralization and occurs within a 110 metre wide zone of steeply dipping and folded/faulted magnetite gneiss (Figure 19). The magnetite gneiss has been traced along strike for at least 500 metres and is open at depth.

Notable intersections include:

- 17m @ 40.6 % Fe
- 20m @ 39.0 % Fe
- 42m @ 40.8 % Fe
- 31m @ 42.6 % Fe

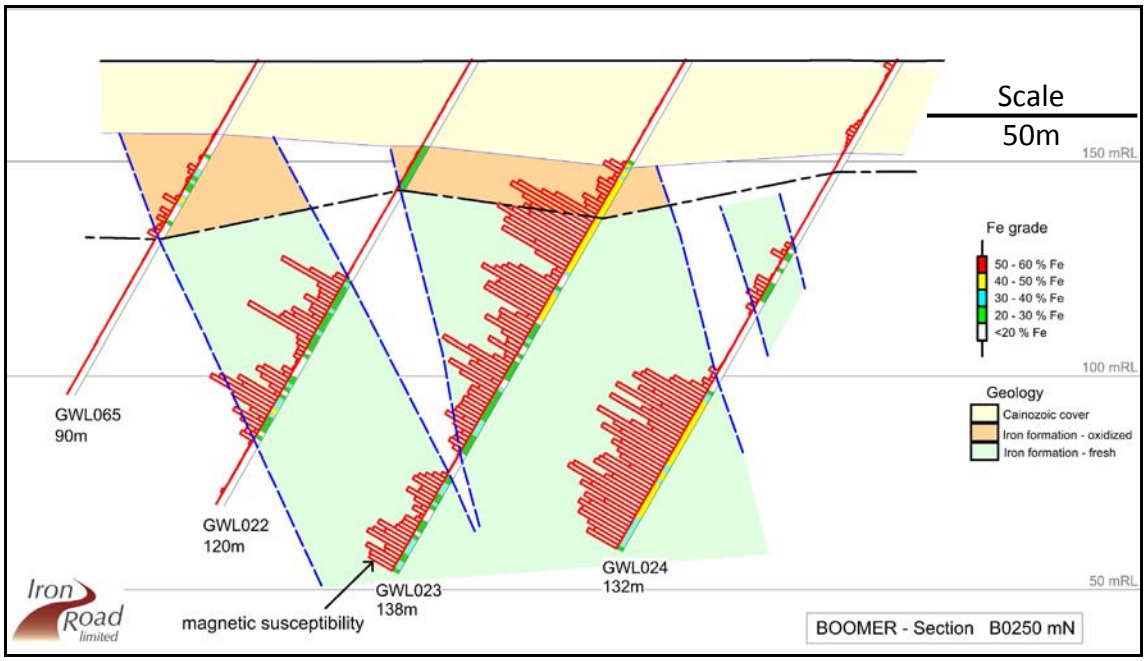


Figure 19 Cross section through Boomer showing thin hematite cap on coarse grained magnetite gneiss.

Metallurgical Test Work

Davis Tube Recovery – A total of eighty two samples of magnetite gneiss from four drill holes were selected for a pilot metallurgical study of the beneficiation characteristics of the magnetite mineralisation. Metallurgical testing was conducted at ALS laboratories in Perth and comprised Davis Tube Recovery (DTR) test work of 4m composites at -75µm.

The results of the initial study suggest excellent beneficiation characteristics of the magnetite. Average iron content of magnetite concentrate is in the range 69-70% iron with 1.1-2.0% silica, 0.6-1.4% alumina and 0.00% phosphorous. Most concentrates are of high quality, meeting the DR grade specification. The concentrates are suitable for direct reduction and blast furnace feed (table 1). Further optimisation showed that effective liberation was achieved at P_{80} -106µm.

Table 1 **Results of DTR composites**

Target	Drill hole	Interval (m)	Mass Recovery	Fe Rec. %	Conc. % Fe	Conc. % SiO_2	Conc. % Al_2O_3
Boomer	GWL020	41-161	30.1	76.1	69.9	1.3	0.9
Boomer	GWL023	43-107 116-138	33.7	76.0	69.7	1.4	1.0
NW Fingerpost Hill 1	GWL032	68-104	27.2	77.7	68.8	2.0	1.4
George Hill South 2	GWL070	40-83	23.5	71.9	70.0	1.1	0.6
Average			**28.6**	**75.4**	**69.6**	**1.5**	**1.0**

Benchmarking – drill samples from Gawler produce similar quality of magnetite concentrate (in terms of iron and silica content) to other magnetite projects but at a significantly coarser grind (Figure 20). Since the power consumption increases exponentially with reduction in grind sizes, the production of high grade blast furnace concentrate from the Gawler deposits will result in significant cost savings.

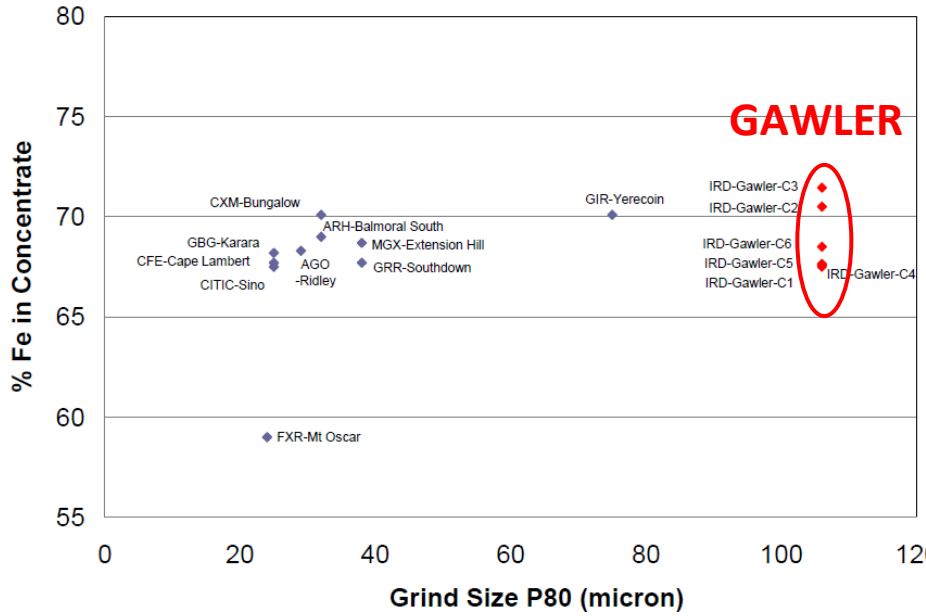


Figure 20 – Graph showing Fe DTR grade (%) vs P80 grind size for Gawler compared to industry peers.

Ongoing Exploration and Test Work

Results from Stage I drilling are very encouraging and warrant further exploration. The Stage II diamond drilling programme will provide important new information on the structural geology and metallurgy of the known target areas and will test a limited number of new targets that were identified during the Stage I drilling programme. This programme is likely to commence early in 2011. This drilling will be partly funded by the South Australian Government as part of the PACE Theme 2 – Drilling Collaboration between PIRSA and Industry. Only 23 projects from 63 proposals were successful and are viewed by PIRSA "as the highest quality exploration targets based on sound technical, scientific and commercial criteria".

An oxide (hematite) and magnetite test work programme has been planned to follow the Stage II drilling. These studies will assess the metallurgy and mineralogy of each ore type and focus on cost-effective beneficiation methods, such as dry magnetic separation, that may allow for relatively simple upgrading of ore possibly producing a product suitable for sinter feed.

Western Australia – Windarling

The Windarling Peak Project is located approximately 85km north of Koolyanobbing, Western Australia. The tenure consists of three granted exploration licenses and four prospecting licences.

The Company entered into an agreement with Convergent Minerals Limited (ASX: CVG) during September whereby CVG may earn up to a 75% interest in the project by meeting certain expenditure and management criteria. Activities focused on locating near surface high grade haematite similar to that mined nearby by Cliffs Natural Resources Inc have commenced.

CORPORATE

Eyre Peninsula Mining Alliance (EPMA)

The Company joined the EPMA as a founding member, along with three other resource companies active on the Eyre Peninsula. The EPMA is committed to collaborating towards two clear objectives.

First, members will use their resources to work closely with all levels of Government to promote the development of suitable infrastructure so that the full potential of mining as a major new industry throughout the region may be achieved.

The second objective is to responsibly promote minerals development in the region by engaging all communities and stakeholders, so that all may benefit from the potential that mining in the region will bring, most notably the creation of both direct and indirect long-term employment.

Industrial Partners

Iron Road continued discussions with potential partners with a view to further accelerating activities at its Central Eyre Iron Project.

ADDITIONAL INFORMATION

Glossary

DTR – Davis Tube Recovery testing is used to separate ferromagnetic and non-magnetic fractions in small samples of approximately 20g at a time. The test is suited to establishing the recoveries likely from a magnetic separation process. This can assist mineral body assessment for magnetite, hematite or combinations thereof.

XRF – X-Ray Fluorescence spectroscopy is used for the qualitative and quantitative elemental analysis of geological and other samples. It provides a fairly uniform detection limit across a large portion of the Periodic Table and is applicable to a wide range of concentrations, from 100% to few parts per million (ppm).

Hematite – Hematite is a mineral, coloured black to steel or silver-gray, brown to reddish brown or red. Hematite is a form of Iron (III) oxide (Fe_2O_3), one of several iron oxides.

Magnetite – Magnetite is a form of iron ore, one of several iron oxides and a ferrimagnetic mineral with chemical formula Fe_3O_4 and a member of the spinel group. It is metallic or dull black and a valuable source of iron ore. Magnetite is the most magnetic of all the naturally occurring minerals on Earth, and these magnetic properties allow it to be readily refined into an iron ore concentrate.

Aeromag survey – Short for aeromagnetic survey, an aeromag survey is a common type of geophysical method carried out using a magnetometer aboard or towed behind an aircraft. The aircraft typically flies in a grid like pattern with height and line spacing determining the resolution of the data. As the aircraft flies, the magnetometer records tiny variations in the intensity of the ambient magnetic field and spatial variations in the Earth's magnetic field. By subtracting the solar and regional effects, the resulting aeromagnetic map shows the spatial distribution and relative abundance of magnetic minerals (most commonly magnetite) in the upper levels of the crust.

Gravity survey – A geophysical method undertaken from the surface or from the air which identifies variations in the density of the earth from surface to depth. It is used to directly measure the density of the subsurface, effectively the rate of change of rock properties. From this information a picture of subsurface anomalies may be built up to more accurately target mineral deposits. For iron exploration gravity surveys are commonly overlain on magnetic surveys to help identify and target fresh and oxidised iron ore (ie. magnetite and hematite).

Martite – The name given for Hematite pseudomorphs after Magnetite. More simply put, primary magnetite that has been totally replaced by secondary hematite through oxidation.

Specularite – A black or gray variety of hematite with brilliant metallic luster, occurring in micaceous / foliated masses or in tabular or disk-like crystals. Also known as specular iron.

Competent Person's Statements

The information in this report that relates to Exploration Results and exploration targets at Murphy South is based on and accurately reflects information compiled by Mr Larry Ingle who is a fulltime employee of Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ingle has sufficient experience relevant to the style of mineralisation and type of deposits 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ingle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

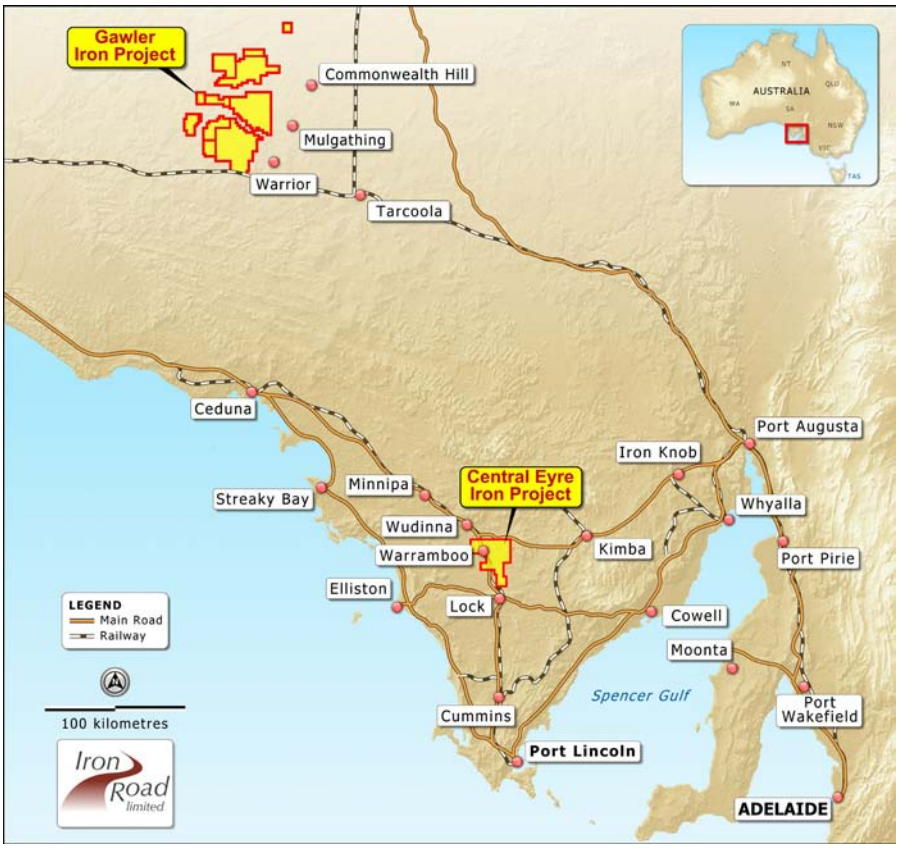


Figure 21 **Location of the Company's South Australian projects**

The information in this report that relates to exploration targets at the Central Eyre Iron Project is based on and accurately reflects information compiled by Mr Albert Thamm, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thamm has sufficient experience relevant to the style of mineralisation and the type of deposits 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thamm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears on 31 August, 2009 in West Perth. The potential quantity and grade of an exploration target is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Boo-Loo prospect.

The information in this report that relates to Mineral Resources is based on and accurately reflects information compiled by Mr Iain Macfarlane, Coffey Mining, who is a consultant and advisor to Iron Road Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Macfarlane has sufficient experience relevant to the style of mineralisation and the type of deposits 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macfarlane consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

IRON ROAD LIMITED

ABN	Quarter ended ("current quarter")
51 128 698 108	30 September 2010

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(4,264)	(4,264)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(269)	(269)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	34	34
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	315	315
	Net Operating Cash Flows	(4,184)	(4,184)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(68)	(68)
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)	-	-
	Net investing cash flows	(68)	(68)
1.13	Total operating and investing cash flows (carried forward)	(4,252)	(4,252)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,252)	(4,252)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,728	4,728
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 – capital raising costs	(105)	(105)
	Net financing cash flows	4,623	4,623
	Net increase (decrease) in cash held	371	371
1.20	Cash at beginning of quarter/year to date	3,072	3,072
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	3,443	3,443

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	101
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

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

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

+ 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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	2,000
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	2,150

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	3,443	1,072
5.2	Deposits at call	-	2,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	3,443	3,072

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	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

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.

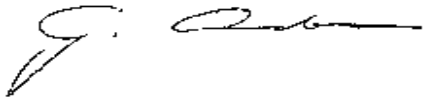
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	98,675,985	98,675,985		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,768,512	24,768,512	20 cents	Fully paid
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	7,125,000 7,500,000 2,000,000 3,000,000 1,250,000 1,250,000 1,250,000 1,250,000		*Exercise price* 20 cents 35 cents 20 cents 35 cents 20 cents 25 cents 30 cents 35 cents	*Expiry date* 22/1/13 22/1/13 11/3/13 6/8/13 15/12/14 15/12/14 15/12/14 15/12/14
7.8	Issued during quarter				
7.9	Exercised during quarter	24,768,512	24,768,512	20 cents	30/9/10
7.10	Expired during quarter	1,119,961	1,119,961	20 cents	30/9/10
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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 /does not* (delete one) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 October 2010
(~~Director~~/Company secretary)

Print name: GRAHAM DOUGLAS ANDERSON

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.

== == == == ==

+ See chapter 19 for defined terms.