

31 January 2008

Company Announcements Officer  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Re: QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007**

We enclose herewith a copy of an announcement in relation to the above.

Yours faithfully



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER

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#### **CORPORATE DIRECTORY**

##### **Director / Senior Management**

David Singleton	Chief Executive Officer
Andrew Forrest	Non-Executive Chairman
Richard Monti	Non-Executive Director
Chris Indermaur	Non-Executive Director
Ross Kestel	Company Secretary

##### **Corporate Enquiries**

Mr David Singleton - CEO  
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E: [admin@poseidon-nickel.com.au](mailto:admin@poseidon-nickel.com.au)

##### **Shareholder Enquiries**

Enquiries concerning shareholdings should be addressed to:

Computershare Investor Securities  
GPO Box D182, Perth WA 6840  
Tel: 61 8 9323 2000

##### **Principal Office**

Unit 8, Churchill Court  
331-335 Hay Street  
SUBIACO WA 6008  
Tel: 61 8 9382 8799  
Fax: 61 8 9382 4760

##### **Registered Office**

Level 1, South Mill Centre  
9 Bowman Street  
SOUTH PERTH WA 6151  
Tel: 61 8 9367 8133  
Fax: 61 8 9367 8812

##### **Home Exchange**

The Company's shares are listed on the Australian Stock Exchange and the home exchange is Perth ASX code: POS

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ASX Announcement

31 January 2008

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**Quarterly Report for the Period Ended 31 December 2007**

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**HIGHLIGHTS**

- Targeting a 1 million tonne per annum Nickel Sulphide ore process plant for the Windarra mine site
- 'Fast Start' engineering process plant prefeasibility completed
- Capital cost of a Ball Mill and Flotation Circuit of circa \$35m ( $\pm 35\%$ )
- First JORC compliant Indicated Resource announced. Initial mine capacity milestone met.
- Positive results from Diamond and Reverse Circulation (R.C.) drilling programmes announced
- Primary disseminated nickel sulphides intersected at Denny Bore
- A differentiated ultramafic intrusion has been identified at Weebo Well
- Sampling of WMC Ni tailings dump completed
- Sterilisation of proposed tails pond area completed
- AGM held and all resolutions unanimously passed
- RC, RAB and diamond drilling programmes completed 104 holes in total for 6705.7m

**1. REVIEW OF NICKEL OPERATIONS**

The Company announced at the AGM held on 28<sup>th</sup> November that a targeted one million tonne per annum Nickel Sulphide ore processing plant is envisaged for the Windarra mine site. This is in line with the processing capacity originally built at the site serving the Western Mining Operation.

To achieve this, the Company will remain focussed on initiating early production through the "Fast Start" concept to provide the mines initial 300,000 tonnes processing capability and continue to invest heavily in expanding exploration activity to develop the known resource. The "Fast Start" plant is designed to be fully upgradeable to one million tonnes per annum with minimal operational downtime.

The "Fast Start" concentrator prefeasibility study undertaken by GR Engineering Services Pty Ltd has now been completed. GR Engineering Services senior key personnel have

completed over 20 similar studies for concentrator plants in Australia. The study was intended to confirm the optimum plant design and construction schedule in addition to defining the capital and operating costs. A key part of the study was to test the availability of major items of equipment against a schedule to meet the Company's timeline. The study also reviewed design options for constructing the plant into prefabricated, road transportable modules. This concept is intended to reduce onsite construction time, thereby reducing the overall project implementation schedule.

The study identified an overall installed capital cost for the Ball Mill and Flotation Circuit of circa \$35 million to a projected accuracy of  $\pm 35\%$ . This figure excludes the crushing and screening of ore which the company has recently issued to tender on a BOO basis. Other key areas of capital equipment including a process water supply system, additional tailings storage capacity, general infrastructure and mine refurbishment costs have been assessed independently by the Company.

In order to complete a full feasibility study for the processing plant, the Company is currently undertaking ore testing at an independent laboratory. The Company drilled in excess of 300m of ore body core over the 2007/08 Christmas period to provide a fresh sample for this testing. The laboratory work is essentially confirmatory since the processing of Windarra ore is well known from previous operations. The Company is however reviewing up to date processing options to ensure that Nickel recovery is optimised. In addition to this testing work the Company has completed an independent geotechnical evaluation of the ore bodies which are intended to be mined during the first year of operations. This evaluation has confirmed that the ore body can be economically mined and has provided operational cost data to support the feasibility study.

## 2. EXPLORATION

During the quarter the company completed the following drilling activities.

Diamond drilling: 15 holes *incl* wedges (PND009-PND016, and METG004) for 3870.4m at Mt Windarra.

1 hole for 633.3m (PND014) at Denny Bore.

RAB Drilling: 40 holes for 609m (PNRB001-PNRB030 & PWB5-PWB13) on E38/1450 for sterilisation of proposed tails pond area, and water monitoring bores around the tails pond site.

8 holes for 168m (PNRB037-PNRB044) at Mt Windarra for Ni tailings dump sampling.

27 holes for 438m (WWRB001-007, WWRB010-029) at Weebo Well.

RC Drilling: 13 holes for 987m (PNRC036-PNRC048) at Mt Windarra.

### 3. WINDARRA NICKEL PROJECT (WNP) EXPLORATION

On 17 December, 2007, Poseidon Nickel announced further positive results from its diamond and Reverse Circulation (R.C.) drilling programme. As previously announced, the current 2 rig diamond drilling programme has been undertaking confirmatory and near mine exploration activities to support the “Fast Start” production programme. Significant results reported during the quarter are shown in Table 1 at the end of this document.

The drilling programme has confirmed grades and widths of mineralisation at the G Shoot and A Shoot hanging wall zones. In addition drill hole PND011 intersected mineralisation 75m below the current definition of the A Shoot Hanging Wall, potentially extending the mineralised zone originally identified by Western Mining. Further drill testing is underway to identify the full extent of the potential extension to this mineralised zone.

The Company believes that the current drilling programme has met its initial aim in providing sufficient confirmatory evidence that both the current and historical assay results can be utilised in calculating JORC compliant resources. As a result the Company is able, for the first time, to state a JORC compliant Indicated and Inferred resource of 50,734 tonnes as show in the tables below. This resource statement includes an indicated resource of 10,919 tonnes of Nickel in ore which is deemed by the Company as sufficient to meet the initial mine production target. This is a critical milestone for the Fast Start Project plan.

It should be noted that the resource stated does not include all of the known mineralisation at Mount Windarra or any of the mineralisation at South Windarra. In these areas, confirmatory drilling has not yet been undertaken and therefore the Company is not in a position to define associated JORC compliant resources.

UNDERGROUND DEPOSITS	SULPHIDE RESOURCES			
	Tonnes	Ni% Grade	Ni Metal t	Category
Upper G Shoot	552,441	1.03	5,690	Indicated
A HW Shoot	339,500	0.99	3,361	Indicated
F Shoot	111,186	1.68	1,868	Indicated
<b>SUB TOTALS</b>	<b>1,003,127</b>	<b>1.09</b>	<b>10,919</b>	Indicated
Windarra Deeps	3,063,633	1.10	33,700	Inferred
<b>TOTALS</b>	<b>4,066,760</b>	<b>1.10</b>	<b>44,619</b>	

*The following parameters were used in the Indicated and Inferred Resource calculations:  
Cut-off grade of 0.75% Ni using IDW<sup>2</sup> block modelling.*

OXIDE DEPOSITS	OXIDE RESOURCES			
	Tonnes	Ni% Grade	Ni Metal t	Category
Sth Windarra Dumps	311,312	0.78	2,439	Indicated
Woodline Well	266,382	1.38	3,676	Inferred
<b>TOTALS</b>	<b>577,694</b>	<b>1.06</b>	<b>6,115</b>	

*The following parameters were used in the Indicated and Inferred Oxide Resource calculations:  
Cut-off grade of 0.50% Ni using IDW<sup>2</sup> block modelling.*

The next stage of the drilling programme is to complete infill drilling and resource definition of the Windarra Deeps Inferred Resource mineralisation below the 550m decline level

where the Company believes that higher grades will be encountered at depth. This belief is underpinned by historic drill intersections as shown in Table 1 and Figure 1 and confirmation drilling completed by the Company in 2006 (NMD0001 series holes). Drilling completed by WMC below the workings and within the Windarra Deeps Inferred Resource zone is wide spaced and minimal. The Company believes that with infill drilling around the higher grade intersections and the use of modern exploration techniques (i.e. DHEM and navigational drilling) that higher grade zones can be delineated and exploited within the Windarra Deeps Inferred Resource zone as defined above.

A graphical representation of the above resource data with spatial reference to the current underground development is presented in Figure 2.

RAB drilling was completed on tenement block E38/1450 which adjoins the Windarra Nickel Project to the east of the operations. 30 RAB holes for 302m (PNRB001-PNRB030) were completed over the proposed tails pond area to the east of the existing tails ponds. 10 water monitoring bores (PWB5-PWB13) were also drilled and fitted with slotted PVC for a total of 307m around the tails pond site. This RAB drilling has effectively sterilised the area and tested the ground water prior to development, paving the way for the tails dump planning/development which will support the "Fast Start" production programme.

A further 8 RAB holes were drilled for 168m (PNRB037-PNRB044) on top of the WMC nickel tailings dump and Mt Windarra. Samples were collected and bagged in 1m intervals and sent off for metallurgical and floatation test work to determine if the tails can be retreated. The nickel bearing material in the tailings could provide a cost effective source of nickel to compliment the "Fast Start" production programme over a number of years.

RC drilling of the near surface oxide material at Mt Windarra was completed, with 13 holes for 987m (PNRC036-PNRC048) being drilled during the quarter. Oxidised mineralisation was intersected over D & G Shoots but has not, at this stage, been included in the resource statement.

In addition to the Windarra Deeps infill and resource definition drilling programmes, near mine and regional exploration programmes are underway with initial progress focussed on Denny Bore, Woodline Well and Weebo Well, all of which have provided encouraging anomalous nickel results to date as detailed below.

#### **4. DENNY BORE**

One diamond drill hole (PND0014) was completed to a depth of 633.3m at Denny Bore to follow up on the previously announced high grade remobilised nickel sulphide intersections WED4, WED4A, NMD4 & NMD4A). Down Hole Electro-Magnetics (DHEM) was completed in these earlier drill holes, and a DHEM anomaly was outlined to the north-west and up dip of these intersections. PND0014 was drilled up dip and 250m to the NW in order to provide a new DHEM platform as well as to test for primary nickel sulphides away from the high grade remobilised sulphide zone. The hole intersected primary disseminated nickel sulphides (Table 1) between 536.70-541.00m towards the base of the Windarra Ultramafic unit, returning intersections of 0.65m @ 1.57% and 2.00m @ 0.99% Ni. These intersections highlight that the ultramafic channel at Denny Bore is fertile and therefore highly prospective for the deposition of primary nickel sulphides. DHEM completed in PND0014 identified 2

weak off-hole anomalies to the north of the hole which are associated with the sulphides intersected in the hole.

Further drilling will be completed at Denny Bore during the March quarter in order to define the extent of the primary sulphides within the ultramafic lava channel and to find the source of the high grade remobilised nickel sulphides.

## **5. WOODLINE WELL PROJECT**

RC drilling has been completed at Woodline Well for nickel oxide material and for its nickel sulphide potential. A total of 44 holes for 3,336m (PWRC001-044) were completed on the project last quarter, over and along strike from the historically discovered remnant ultramafic raft within the granites to the NW of South Windarra. Assay results were returned during the current quarter, highlighting that anomalous oxidised nickel sulphides were intersected (Table 1) within 30m of the surface and within the oxidised zone. Initial resource calculations estimate that there is an Inferred oxide resource of 266,382t @ 1.38% Ni for 3,676t of contained Ni metal.

Whilst the results from the RC drilling programme are encouraging, there is approximately 180m of spacing between drill sections and more drilling will be required to further define the resource. Diamond drilling will also be planned later in the year so as to explore the depths for the source of the nickel oxide material.

## **6. WEEBO WELL**

RAB drilling was undertaken over a sand covered aeromagnetic anomaly at Weebo Well, 7km SSW of Mt Windarra. A total of 27 of the 29 planned holes were completed for 438m (WWRB001-007, WWRB010-029) along 2 drill traverses. Initial interpretations suggest that a differentiated intrusion occurs in this area. The intrusion appears to have a magnetic ultramafic rim and a less magnetic mafic core. Geochemical analysis of the returned assays confirms the presence of ultramafics, with best results of 2m @ 0.44% Ni from WWRB007 (16-18m), and 2m @ 0.43% Ni in WWRB015 (18-20m). 3D inversion modelling of the aeromagnetics has highlighted a deep rooted source for this intrusion in the Weebo Well area. This is encouraging for a first pass drilling programme and further drilling will be planned to test this ultramafic for its nickel sulphide potential.

**Table 1: Significant Drill Intersections**

Drill Hole Details								Intersection Summary		
Hole ID	Prospect Locations	Target Names	Hole Depth	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intersection Ni%
PND0004	Mt Windarra	G Shoot	220.4	425280	6848823	-60	259.2	157.13	165.00	7.87m @ 1.25%
								<i>incl</i>	157.13	159.45
PND0005	Mt Windarra	G Shoot	240.6	425282	6848823	-65	259.2	175.58	179.93	4.35m @ 1.29%
								208.98	210.18	1.20m @ 1.25%
PND0006	Mt Windarra	G Shoot	341.0	425334	6848833	-60	259.2	240.80	241.45	0.65m @ 2.54%
								291.10	293.10	2.00m @ 1.25%
PND0007	Mt Windarra	A Shoot HW	315.3	425130	6848250	-57.5	259.2	249.40	256.25	6.85m @ 0.79%
PND0008	Mt Windarra	G Shoot	379.1	425334	6848833	-65	257.2	315.65	316.34	0.69m @ 2.46%
								373.00	377.12	4.12m @ 1.65%
PND0009	Mt Windarra	A Shoot HW	345	425130	6848250	-60	259.2	287.94	294.10	6.16m @ 1.00%
								<i>incl</i>	292.50	294.10
PND0010	Mt Windarra	Lower G Shoot	858.6	425459	6848659	-73	259.2	817.00	822.00	5.00m @ 1.74%
								<i>incl</i>	820.55	820.85
PND0010A	Mt Windarra	Lower G Shoot	770	425459	6848659	-73	259.2	670.48	671.08	0.60m @ 2.11%
PND0010C	Mt Windarra	Lower G Shoot	726.2	425459	6848659	-73	259.2	673.00	674.00	1.00m @ 1.12%
								697.00	698.55	1.55m @ 5.33%
								701.00	703.00	2.00m @ 1.30%
PND0011	Mt Windarra	A Shoot HW	462.3	425150	6848254	-67	259.2	394.70	397.00	2.30m @ 1.20%
PND0013	Mt Windarra	A Shoot HW	321.3	425134	6848293	-58.5	259.2	257.00	262.85	5.85m @ 1.69%
PND0014	Denny Bore	Denny Bore	633.3	430210	6839550	-75	270	536.70	537.35	0.65m @ 1.57%
								539.00	541.00	2.00m @ 0.99%
PWRC002	Woodline Well	RC Oxide Drilling	78	414829	6837799	-60	215	6.00	15.00	9.00m @ 0.78%
								19.00	20.00	1.00m @ 0.81%
PWRC037	Woodline Well	RC Oxide Drilling	78	414682	6837900	-60	215	3.00	31.00	28.00m @ 1.43
								<i>incl</i>	3.00	17.00
PWRC038	Woodline Well	RC Oxide Drilling	78	414693	6837918	-60	215	13.00	24.00	11.00m @ 1.82%

**Note:** All results are downhole not true width intersections.

**Table 2:** Windarra Deeps higher grade diamond drill results as shown in Figure 1:

Drill Hole	Drill Intersection (m)	Ni%
<b>A Shoot</b>		
Q518	7.34	2.10
<b>C Shoot</b>		
CE550 No.1C	12.50	2.16
<i>including</i>	6.10	3.14
DE546 No.1	10.0	2.68
W940 No.10	7.00	2.15
V5444 No.2	4.60	2.49
XE568 No.2B	7.70	1.32
	10.50	1.34
<b>D Shoot</b>		
NMD0001	9.82	6.06
	2.54	3.97
	11.60	1.32
BE554 No.1C	43.85	4.38
EE554 No.3B	10.15	2.05
EE554 No.4D	14.30	4.02
XE568 No.2F	9.90	2.28
WRU920 No.17	6.00	1.68
	15.30	1.83
<i>including</i>	7.60	2.89
WRU920 No.1B	12.00	1.40
<b>E Shoot</b>		
O552 No.7	5.00	3.64
O552 No.8	5.00	3.00
<b>F Shoot</b>		
AE544	7.68	2.42
W562 No.10	4.00	3.34
IE578 No.1A	5.50	2.42
<b>G Shoot</b>		
EE554 No.3A	68.9	1.35
<i>including</i>	9.20	2.35
Y580 No.5	3.55	6.67
NMD0010	1.10	2.05

*Note: All results are down hole not true width intersections.*



**Figure 1:** Windarra Deeps long section showing historic higher grade drill intersections.

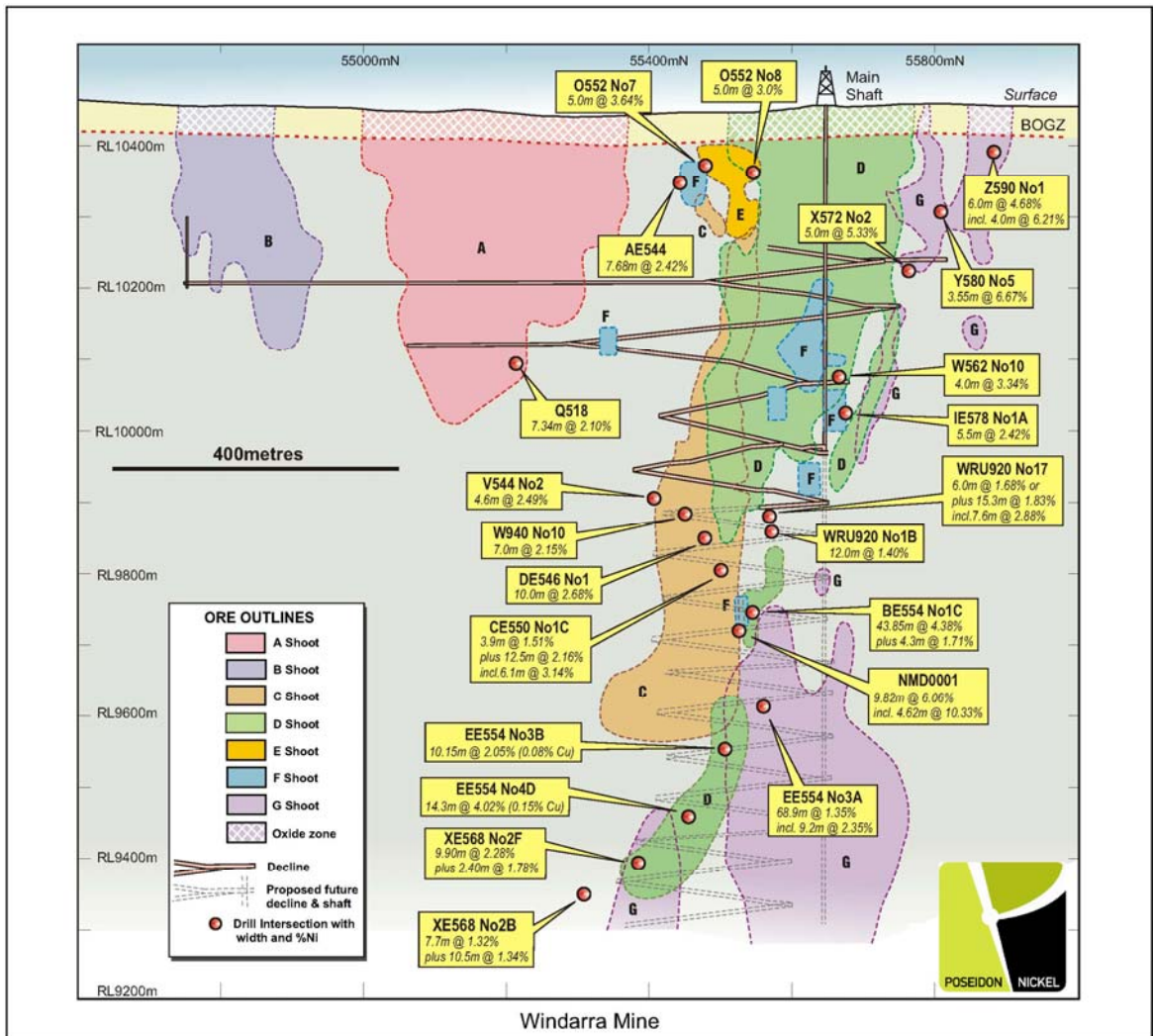
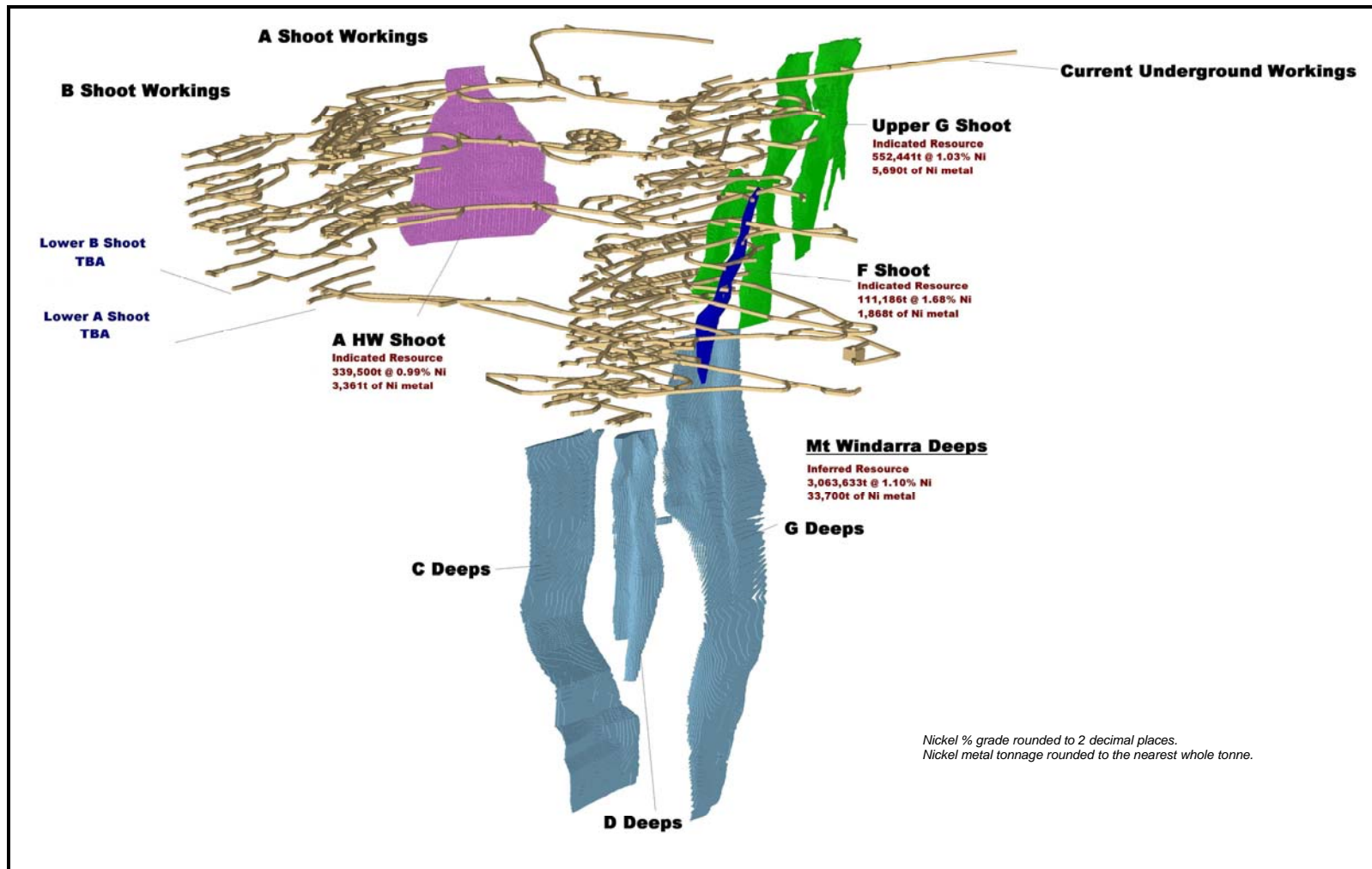


Figure 2: Mt Windarra Underground Nickel Sulphide Resources January 2008



## 7. CORPORATE

The Company held the Annual General Meeting of shareholders on 28<sup>th</sup> November where all Resolutions were unanimously passed. These Resolutions included the re-election of Richard Monti as Non-Executive Director, the approval of a Director Share Plan in lieu of fees, the approval of an Employee Share Option plan and the appointment of KPMG as the new Company auditor.

36,822 Fully Paid Ordinary Shares were issued in lieu of Directors fees for the quarter under the Director Share Plan. The shares are issued at nil consideration but have a deemed issue price of \$1.1184, based upon the volume weighted average sale price (VWAP) for the 90 days prior to the expiration of the quarter. The Company also issued 419,000 October 2012 Unlisted Employee Options under the Employee Share Option Scheme.

The Company announced to the ASX on the 26<sup>th</sup> October that it has completed the acquisition of the Laverton Nickel Project tenements from Dynasty Metals Australia Ltd. The acquired land adjoins Poseidon's existing tenements and brings its total land holding to approximately 470km<sup>2</sup>. The land acquired includes the area around Woodline Well and to the west of Denny Bore. These two sites have previously reported encouraging nickel intercepts. In addition, the extended land holding will provide improved options for key infrastructure to support the "Fast Start" project. This includes an option for a shorter water pipeline route from the South Windarra open pit and options for an alternative location for a new tailings disposal system.

The acquisition follows a previous announcement of a conditional agreement with Dynasty Metals Australia Ltd. The acquisition consideration is \$400,000 of fully paid shares in Poseidon. The shares are valued at \$1.755 which is the Weighted Average Price over the five days preceding the date the agreement was signed on 23 July, 2007.



**David P.A. Singleton**  
CHIEF EXECUTIVE OFFICER

*Note: The information in this report relates to Exploration Results and Mineral Resources based on information compiled by Mr N Hutchison who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is 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.' He has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The Australian Stock Exchange has not received and does not accept responsibility for the accuracy or adequacy of this release.*

# 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

Poseidon Nickel Limited

ABN

60 060 525 206

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(2,500)	(3,761)
(b) development	(1,566)	(3,020)
(c) production	-	-
(d) administration	(947)	(1,909)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	167	335
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	73	213
<b>Net Operating Cash Flows</b>	<b>(4,773)</b>	<b>(8,142)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(204)	(359)
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	921	921
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>717</b>	<b>562</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,056)</b>	<b>(7,580)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,056)	(7,580)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	3,185
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(15)	(23)
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	(15)	3,162
	<b>Net increase (decrease) in cash held</b>	(4,071)	(4,418)
1.20	Cash at beginning of quarter/year to date	10,126	10,473
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>6,055</b>	<b>6,055</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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

On 14 December 2007, 36,882 ordinary shares were issued at a price of \$1.1184 per share, to the Directors in lieu of Directors Fees for the September 2007 quarter as approved by the Shareholders at the Annual General Meeting in November 2007. This is not been included in the above cash flow.

**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

On 26 October 2007 227,978 ordinary shares were issued at a price of \$1.7545574 per share as consideration for the acquisition of Laverton Nickel Project Tenements.

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

N/A

+ 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	2,700
4.2 Development	1,900
<b>Total</b>	<b>4,600</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	6,055	10,126
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,055</b>	<b>10,126</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.

### Issued and quoted securities at end of current quarter

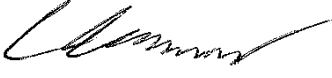
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	157,211,446 5,777,200	157,211,446 5,777,200	\$0.102	\$0.002
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	265,360	265,360		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
<i>Listed</i>	6,157,403	6,157,403	\$0.81	5 December 2009
<i>Listed</i>	6,157,904	6,157,904	\$0.92	5 December 2011
<i>Unlisted</i>	1,000,000	-	\$2.00	30 June 2008
<i>Unlisted</i>	1,000,000	-	\$1.96	2 July 2011
<i>Unlisted</i>	2,500,000	-	\$0.40	31 July 2012
<i>Unlisted</i>	115,000,000	-	\$0.40	19 September 2012
	419,000	-	\$1.41	22 October 2012
7.8 Issued during quarter	419,000	-	\$1.41	22 October 2012
7.9 Exercised during quarter	500	500	\$0.81	5 December 2009
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 Act 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: 31 January 2008  
(Director)

Print name: Christopher Indermaur

## 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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