encounter RESOURCES LIMITED

Quarterly Report June 2010

A highly active exploration company with projects in Western Australia prospective for base metals, uranium, manganese and gold

ASX Code

ENR

Market Cap (29/07/10)

A$25.7m ($0.325/share)

Issued Capital (30/06/10)

79.2 million ordinary shares
2.7 million employee options

Cash (30/06/10)

A$2.4M

Board of Directors & Management

Mr. Paul Chapman
Non-Executive Chairman

Mr. Will Robinson
Managing Director

Mr. Peter Bewick
Exploration Director

Dr. Jon Hronsky
Non-Executive Director

Mr. Kevin Hart
Company Secretary

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HIGHLIGHTS

PATERSON PROVINCE

Yeneena - Major ground position between the Nifty copper mine, the Woodie Woodie manganese mine and the Kintyre uranium deposit

- **BM1 Copper Discovery**
  - An aircore drill program has outlined a +3km long copper regolith anomaly that remains open to the north, south and east.
  - High grade copper mineralisation intersected within the large scale anomaly including;
    - 4m @ 5.45% Cu from 66m
    - 8m @ 1.09% Cu from 24m
    - 6m @ 1.41% Cu from 54m to EOH
  - Detailed gravity survey has commenced
  - 10,000m aircore / RC drill program commencing in August 2010
- **MN1 Manganese Prospect**
  - Broad spaced aircore drilling has intersected near surface manganese mineralisation over a strike length of 2.5kms with results including;
    - 1m @ 21.2% Mn from 9m
    - 3m @ 16% Mn from 21m
- **BM2 Copper, BM5 Zinc, MN2 Manganese Prospects**
  - Aircore drilling programs at BM2 and MN2 and two diamond drill holes were completed at BM5. Assays are expected in August 2010.

CORPORATE

- Encounter acquired 100% of the Yeneena project during the quarter through the purchase of Barrick (Australia Pacific) Limited's remaining 25% interest.
- The Company's cash balance at the end of the quarter was $2.4 million.

EXPLORATION

Encounter Resources Limited (**Encounter**) is a Western Australian (**WA**) based exploration and resource development company with projects in three geological regions of WA. Encounter's portfolio covers over 4,750km^2 of strategically located and highly prospective exploration projects (Figure 10). The portfolio includes:

- A major ground position in the Paterson mineral province between the Nifty copper mine, Woodie Woodie manganese operation and the Kintyre uranium deposit, considered highly prospective for Proterozoic copper and silver-lead-zinc mineralisation, unconformity related uranium and carbonate hosted manganese deposits;
- 11 million pounds of near surface, calcrete style uranium resources in the Yilgarn Province; and
- Six projects targeting base metals in the Bangemall Basin.

PATERSON PROVINCE

YENEENA (100% Encounter)

The Yeneena project covers a 1,300km^2 tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine and the Kintyre uranium deposit (Figure 1). The project is considered highly prospective for Nifty/Isa style copper mineralisation, silver-lead-zinc mineralisation, Woodie Woodie style manganese mineralisation and unconformity related uranium mineralisation. During the quarter Encounter acquired 100% of the Yeneena project through the purchase of Barrick Australia Pacific Limited's remaining 25% interest.

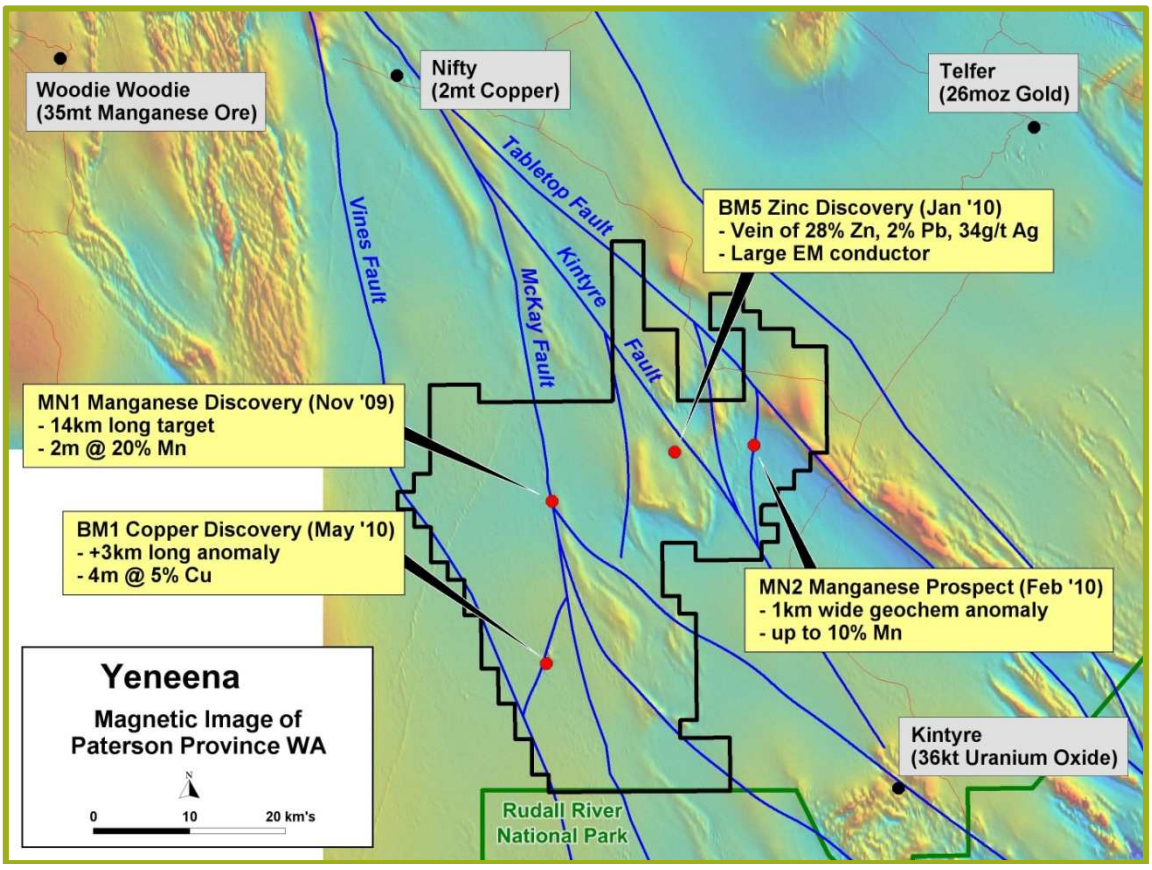

Figure 1: Yeneena targets and major structures over magnetics

Simplified geological stratigraphy for the region comprises the Palaeo-Proterozoic Rudall Complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst Formation sits stratigraphically above the Coolbro Sandstone and is the host to the base metals targets and the Nifty copper mine. The Kintyre uranium deposit sits directly below the unconformity between the Coolbro Sandstone and the Rudall Complex.

Two new and significant geological domains have been recently identified at the project. These domains were recognised through a review of independent geophysical datasets, the diamond drill core from the 2009 program and re-logging historical aircore drilling.

Palaeo-Proterozoic Rudall Complex metamorphic basement rocks have been identified at the T4 Prospect. In addition, a shallow water, stromatolitic, carbonate shelf depositional environment has been recognised to the west of the McKay fault. This significantly increases the prospective project area for carbonate hosted Woodie Woodie style manganese mineralisation. Importantly, neither of these two newly recognised geological domains had been documented in previous regional geological mapping.

During the quarter Encounter was successful in its application for co-funded drilling under the WA Government Exploration Incentive Scheme. This funding will contribute up to $150,000 towards the drilling costs of a planned diamond drill program at the Yeneena Project. The co-funding recognises the quality and the potential of these exciting drill targets.

A 10,874 metre aircore and RC drill program that tested targets at BM1, BM2, MN1 and MN2 was completed during the quarter. A 994 metre diamond drilling program at the BM5 Prospect was also completed during the quarter.

BM1 Copper Discovery.

The BM1 prospect is located along the McKay Fault approximately 60km south of the Nifty copper mine (Figure 1). The BM1 copper mineralisation is hosted within the Broadhurst Formation and is almost entirely overlain by 2-10 meters of transported cover.

Aircore drilling completed at the BM1 Prospect during the quarter (3,907 meters) has significantly extended the area of near surface, copper mineralisation that was first identified in June 2009. The area of anomalism in excess of 0.2% copper now extends over 3kms in strike and remains open to the north, south and east (Figure 2). In addition, zones of high grade copper mineralisation were intersected in the recent drill program which include:

- 4m @ 5.45% Cu from 66m in EPT 220
- 8m @ 1.09% Cu from 24m in EPT 219
- 6m @ 1.41% Cu from 54m to end of hole in EPT 181

To date only shallow aircore drilling has been completed at a 400m by 100m spacing with a few infill drill holes completed.

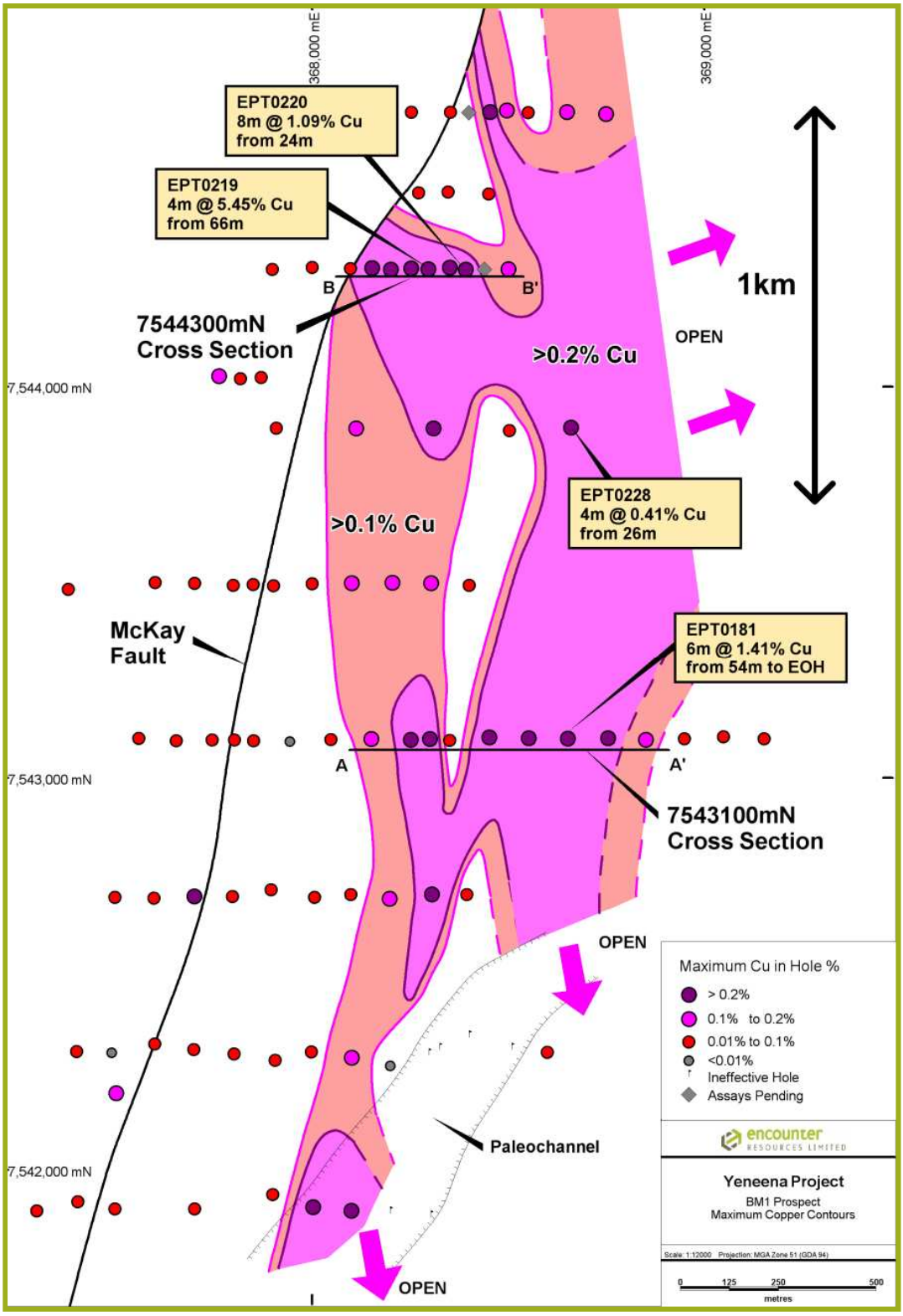

Figure 2: BM1 prospect showing drill hole locations and maximum copper in hole

This significant area of copper anomalism indicates that the primary source of the regolith hosted copper at BM1 is possibly very large or a series of multiple sources. While the mineralisation remains open in three directions the BM1 prospect already has a world class copper regolith footprint.

A detailed ground gravity survey has commenced at BM1 which has been designed to provide additional structural and stratigraphic information to assist with the planned follow up drill program.

The next aircore and RC drill program (10,000m) will commence in early August 2010. This drill program will target the northern and eastern extents of the copper regolith anomaly as well as testing below and adjacent to the areas where high grade copper mineralisation has been intersected. The program is expected to be completed by the end of September 2010.

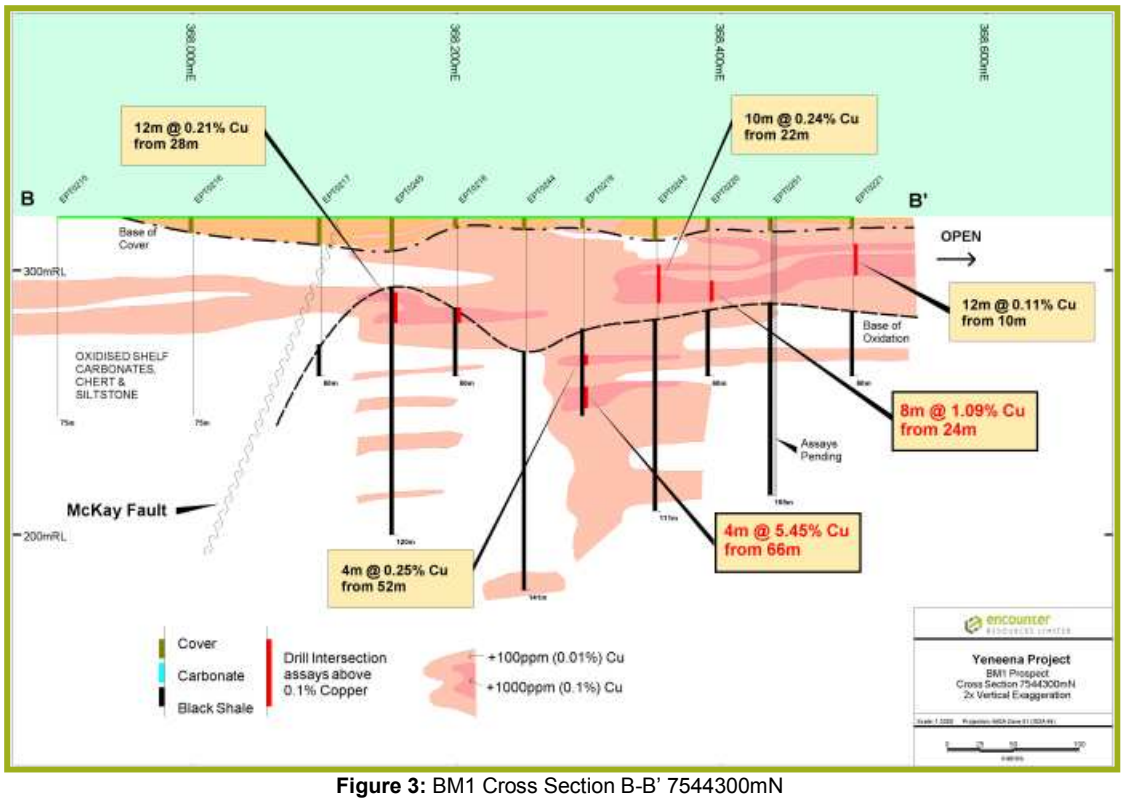

Figure 3: BM1 Cross Section B-B' 7544300mN

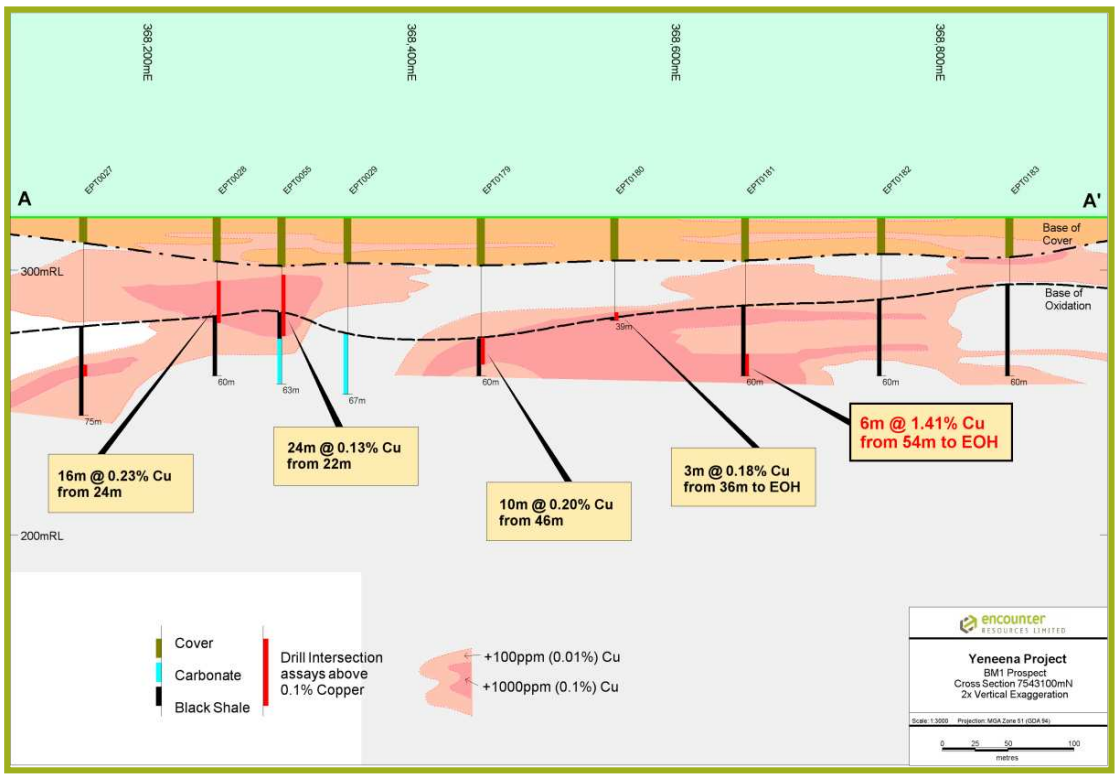

Figure 4: BM1 Cross Section A-A' 7543100mN

BM5 Prospect

The BM5 Prospect is located along the regionally extensive Kintyre Fault (Figure 1). During the quarter two diamond drill holes were completed at the prospect to test a downhole EM conductor beneath a gossanous iron manganese horizon associated with copper-lead-zinc-silver geochemical anomalism. The drill holes were designed to test to the west of a vein of massive sulphide containing sphalerite and galena that was intersected by Encounter in hole EPT 062 in late 2009. Assay results for the interval of massive sulphide returned **0.1m @ 28.5% zinc, 2.3% lead and 33.9g/t silver**.

A downhole electromagnetic survey from drill hole EPT062 identified a significant +500m long, offhole conductor approximately 60m below the bottom of hole. A detailed ground gravity survey was completed in April 2010 over an extensive area surrounding the BM5 Prospect to help resolve structure, geology and help define drill targets. Results showed an excess mass feature occurs in close proximity to the identified offhole EM conductor at BM5.

Diamond drilling during the quarter successfully tested the modelled EM conductor and excess mass feature identified in the ground gravity survey at the prospect. Two holes were drilled EPT 105 and EPT 106 for a total of 994 meters (Figure 5).

Geological logging indicates the modelled EM conductor represents an apparent westerly dipping contact between the upper carbonate unit and carbonaceous shales below. Geological observations suggest that this contact is structurally controlled and includes zones of strong faulting and veining. Primary stratigraphic layering in the carbonate unit is observed to apparently dip shallowly to the east. A thick sequence of brecciated carbonate including pervasive disseminated pyrite is present at the modelled position of the excess mass anomaly on the drill section.

Assay results are pending and expected in August 2010.

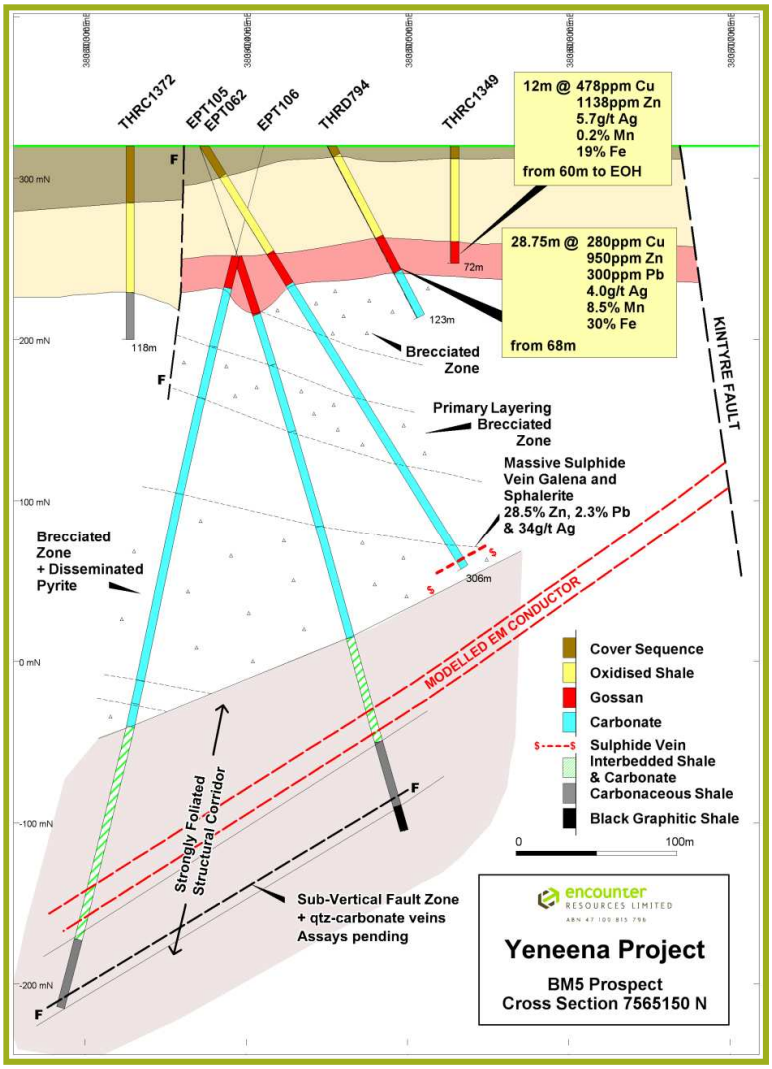

Figure 5: BM5 Cross Section 7565150mN

MN1 Prospect

The MN1 Prospect is located 70kms to the south east of the Woodie Woodie manganese mine (Figure 1). In November 2009, Encounter announced the discovery of high grade manganese at the MN1 prospect. Two high grade, near surface manganese intersections were reported, 200m apart in adjacent vertical aircore holes at the southern end of a 14km long regional gravity anomaly. The gravity anomaly sits to the west of, and parallel to, the regionally extensive McKay Fault. Intersections include **2m @ 20% Mn** from 25 metres in YNAC 168 (incl. 1m @ 28% Mn from 26m) and **3m @ 16% Mn** from 21 metres in YNAC 169.

The geology in the MN1 area is masked by sand cover with only isolated surface outcrops. Manganese anomalism occurs within the newly recognised geological domain of shallow marine carbonates bounded to the east by the McKay Fault. This new geological interpretation significantly increases the potential for manganese discoveries within this extensive area of prospective stratigraphy.

An orientation ground gravity program covering the southern 4kms of the 14km long regional gravity ridge at the MN1 prospect was completed in December 2009 to define drill targets within the broad regional anomaly. The program successfully resolved the regional anomaly into a number of discrete pod-like anomalies (Figure 6).

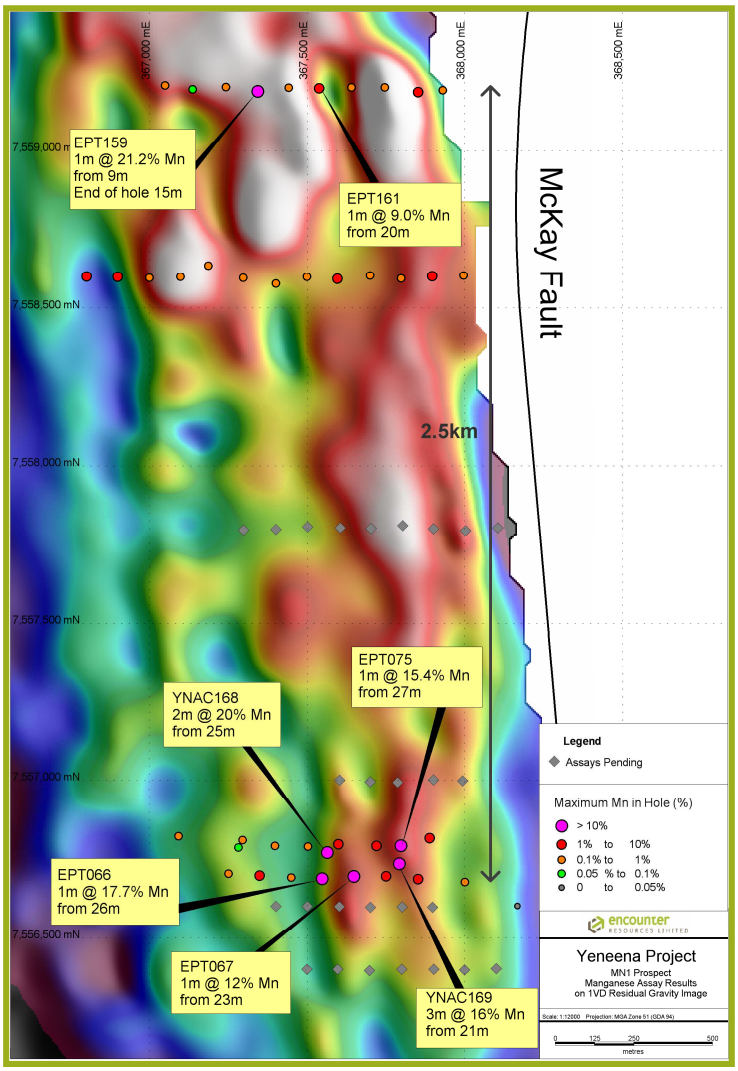

Figure 6: MN1 prospect showing drill hole locations and maximum manganese in hole

Aircore drilling completed during the quarter at MN1 (2,152 meters) intersected extensions to the manganese mineralisation intersected in YNAC 168 and YNAC 169. The new intersections include 1m @ 17.7% Mn from 26m and 1m @ 15.4% Mn from 27m. The cluster of significant manganese intersections is broadly coincident with a residual gravity anomaly in this Southern Zone.

The most northern drill traverse at the MN1 prospect intersected near surface high grade manganese over a residual gravity feature. Drill hole EPT159 intersected 1m @ 21.2% Mn from 9m depth. The hole terminated in hard, massive silicified carbonate at a depth of 15m.

A deeper RC drill program to test for a potential hydrothermal ore system below the identified manganese mineralisation was also completed at the MN1 prospect during the quarter (1,506 meters). Assay results are pending for this drilling.

The discovery of high grade manganese over a length of 2.5km along the regionally significant McKay Fault is encouraging. High grade manganese also exists up to 1km west of the fault. The aircore drill results received during the quarter have expanded the area of manganese prospectivity at the MN1 target. This initial drill program has only focused on the southern 3km of the 14km long target zone.

MN2 Prospect

During the March 2010 quarter, a second area of manganese anomalism was identified at MN2, 20km to the east of the MN1 Prospect.

Logging descriptions of historic holes drilled at the MN2 Prospect noted the presence of a shallow, flat lying layer of manganese oxide in five adjacent, 200m spaced aircore holes (Figure 7). This 1km wide zone of manganese oxide is located in an area of extensive sand cover and no surface outcrop. The highly anomalous manganese starts 30m below the surface and is 2-9m thick.

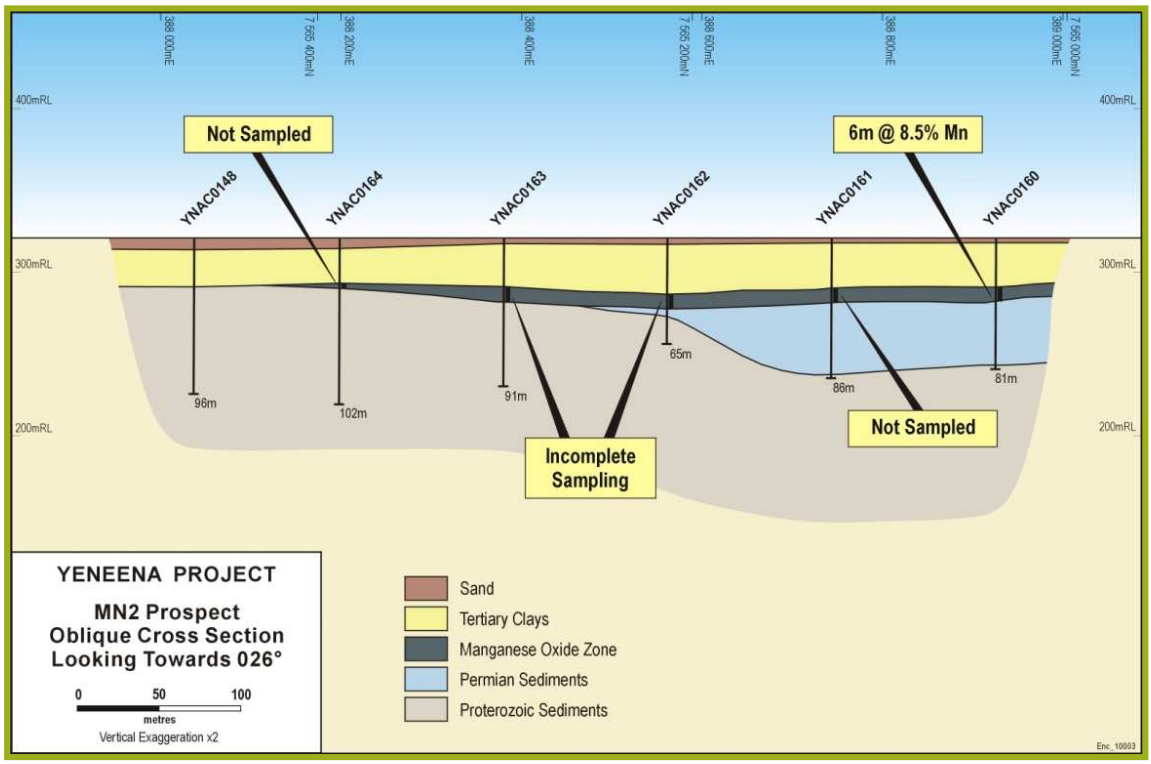

Figure 7: Zone of manganese oxide logged at MN2

Geological descriptions for holes YNAC160 to YNAC164 indicate the manganese anomalism is located at the boundary between the overlying Tertiary and the underlying Permian sediments. This infers that the manganese may have been deposited through hydromorphic dispersion from a primary manganese-rich source area.

Two aircore drilling traverses were completed at the MN2 prospect during the quarter (2456 meters) aimed at identifying vectors towards the potential primary source. Assays for this drilling are pending and expected in August 2010.

BM2 Target

The BM2 target is located at the intersection of a north-south trending, westerly dipping fault and the regionally extensive Tabletop Fault (Figure 1). AEM data indicates a clear structural termination along the eastern margin of a conductive horizon against the Tabletop Fault.

The BM2 target area is also extensively sand covered however sparse broad spaced historical drill holes define base metal regolith anomalism over an interpreted strike of 3km including up to 521ppm Copper.

Aircore drilling was completed at the BM2 target during the quarter (853 meters). Assay results are pending.

T4 Prospect

Encounter has confirmed the presence of a horst block of Palaeo-Proterozoic basement rocks (5.5km x 3.5km) in an area of no outcrop at the T4 Prospect which is located approximately 5kms north of the BM5 Prospect. The block was observed in three independent datatsets (magnetics, gravity and AEM) (Figure 8).

Re-logging of isolated historical drill chips confirmed the presence of metamorphic schists similar to Rudall Complex rocks known in the area. Sedimentary units on the margins of the horst block are considered highly prospective for SEDEX Cu and Pb-Zn mineralisation.

During the quarter Encounter was successful in its application for co-funded drilling under the WA Government Exploration Incentive Scheme. This funding will contribute up to $150,000 towards the drilling costs of a planned diamond drill program at the T4 and MN1 targets at the Yeneena Project.

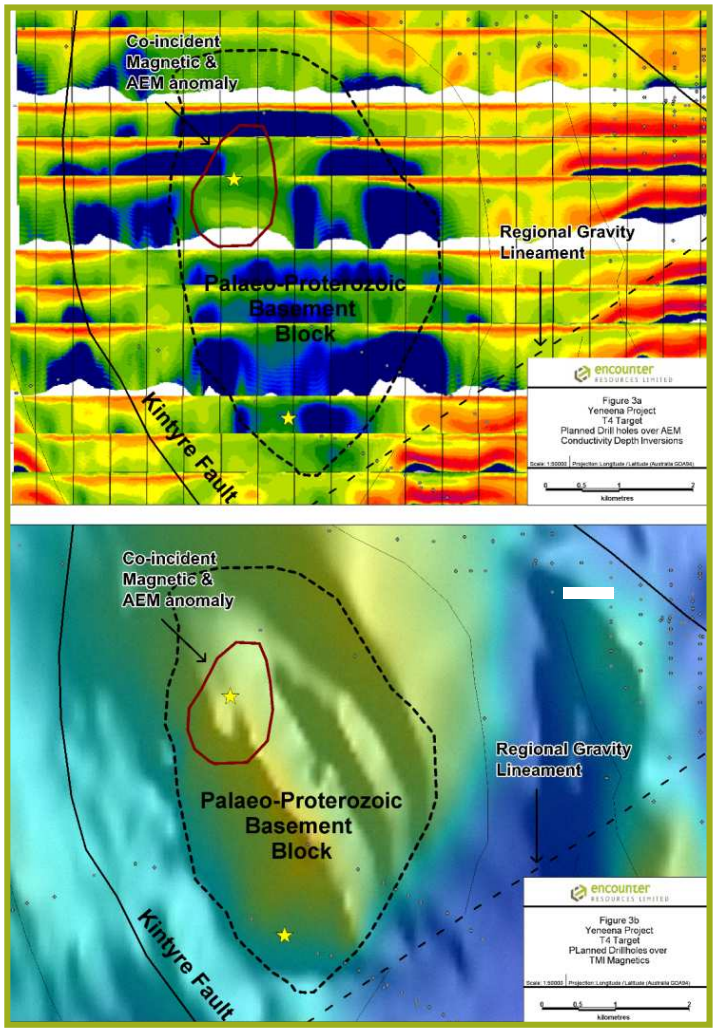

Figure 8: T4 Palaeo-Proterozoic basement block interpretation over AEM Conductivity Depth Inversions & TMI Magnetics Image.

BANGEMALL BASIN

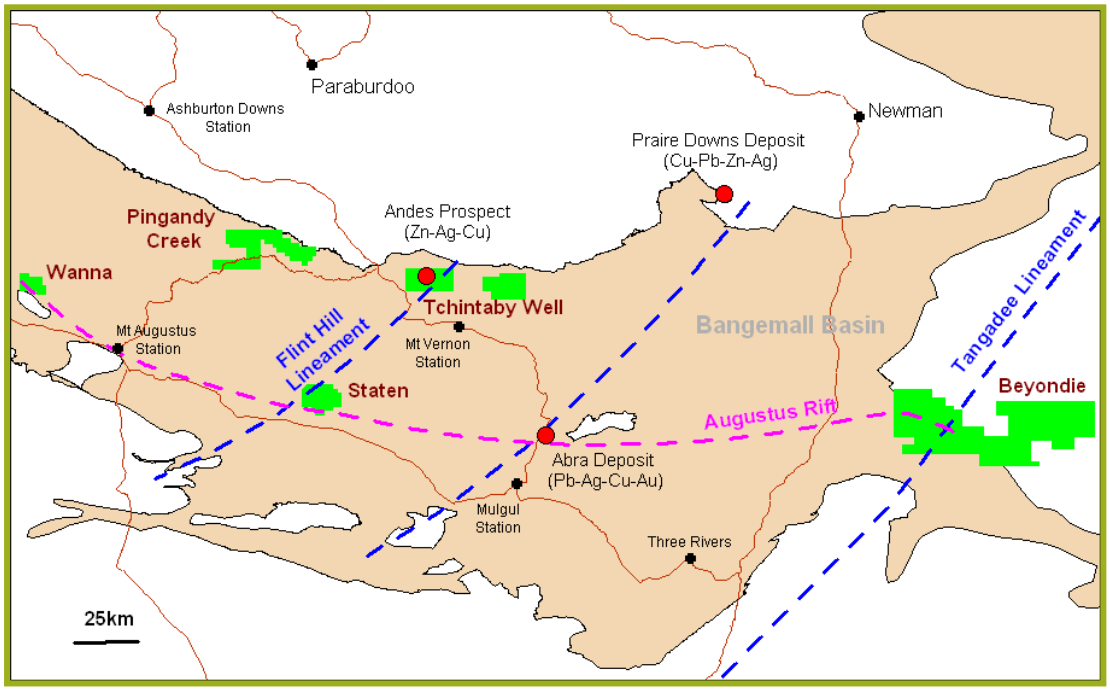

Figure 9: Bangemall Basin leasing plan

WANNA (E08/1779 - 80% Encounter, 20% Avoca

The Wanna project is located 120kms SW of Paraburdoo on the southern margin of the Bangemall Basin, approximately 40kms WNW of Mt Augustus. The project sits along the interpreted western extension of the Augustus Rift, to the east of the Gifford Creek Complex. The stratigraphy and key structures that host the Abra base metal deposit are interpreted to extend through the Wanna project area (Figure 9).

A hydrogeochemical survey, utilising existing pastoral bores, defined a coincident Pb-Mo-As-Ba anomaly at Koorabooka Spring. This suite of anomalous elements in the groundwater is indicative of the type of response that could be seen proximal to a zone of base metal mineralisation.

A ground gravity survey was completed at the project and was designed to test the area of anomalous groundwater surrounding the Koorabooka Spring as well as along a WNW trending magnetic lineament where a series of outcropping lead occurrences within dolomitic rocks were identified. The results of the survey were very encouraging with a discrete bouguer gravity anomaly defined immediately upstream of Koorabooka Spring coincident with a base metal LAG geochemical anomaly. This excess mass anomaly does not show the magnetic character of a mafic dyke and therefore remains unexplained. It is interpreted that this gravity anomaly at Koorabooka Spring may represent the accumulation of dense base metal sulphide emplaced in the sedimentary sequence adjacent to the Augustus Rift.

During the quarter Encounter was successful in its application for co-funded drilling under the WA Government Exploration Incentive Scheme. This funding will contribute up to $100,000 towards the drilling costs of a planned diamond drill program at the coincident geochemical anomaly and unexplained Koorabooka Spring gravity anomaly within the Wanna project. Drilling is expected to be completed in the first half 2011. The co-funding provides recognition of the quality and the potential of this exciting drill target.

TCHINTABY WELL (E52/1882 - 80% Encounter, 20% Avoca)

The Tchintaby Well project covers over 335km^2 and is targeted for high grade SEDEX zinc mineralisation, similar to the Century and McArthur River deposits in eastern Australia. Initial drilling completed at the Tchintaby Well tenement discovered significant extensions to the Zn-Cu-Ag mineralised horizon but did not account for the 2g/cc (2mgal) excess mass anomaly targeted in the drill program.

Encounter is seeking expressions of interest from potential JV partners to progress the Tchintaby Well zinc project. Details of the opportunity have been posted on MinesOnline.com.

YILGARN DISTRICT

CALCRETE URANIUM RESOURCES

A strategic review of the calcrete uranium resource has been initiated by Encounter to consider the potential development and commercial alternatives to advance these projects.

HILLVIEW (E51/1127 - 80% Encounter, 20% Avoca)

The Hillview uranium project is located 50kms south east of Meekatharra and contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm U_3O_8 for a contained 10.6 million pounds of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

LAKE WAY SOUTH (E53/1232 – 60% Encounter, 40% Avoca Uranium rights only)

The Lake Way South project is located approximately 10kms south of Wiluna, between Toro Energy's Lake Way and Centipede uranium deposits. An Inferred Resource for the area of the Centipede resource within the JV tenement has been calculated. This resource contains 220,000t @ 244ppm U_3O_8 for 120,000lbs of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines

BELLAH BORE EAST (E53/1158 – 80% Encounter, 20% Avoca)

The Bellah Bore East project is situated in the upper reaches of the Yeelirrie Channel. An Inferred Resource of 350,000t averaging 210ppm U_3O_8 for 160,000lb of U_3O_8 has been calculated for the Bellah Bore East prospect. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines

CORPORATE

Encounter acquired 100% of the Yeneena project during the quarter through the purchase of Barrick (Australia Pacific) Limited's remaining 25% interest.

The main terms of the acquisition of Barrick's 25% interest are:

- Payment of A$400,000 in cash;
- Net smelter royalty of 1.5% on all minerals; and
- A gold clawback in the event of major discovery of gold >4 million oz. Barrick will then have the right to regain an interest in the gold discovery at a price of between US$40-100/oz.

The Company's cash balance at the end of the quarter was $2.4 million.

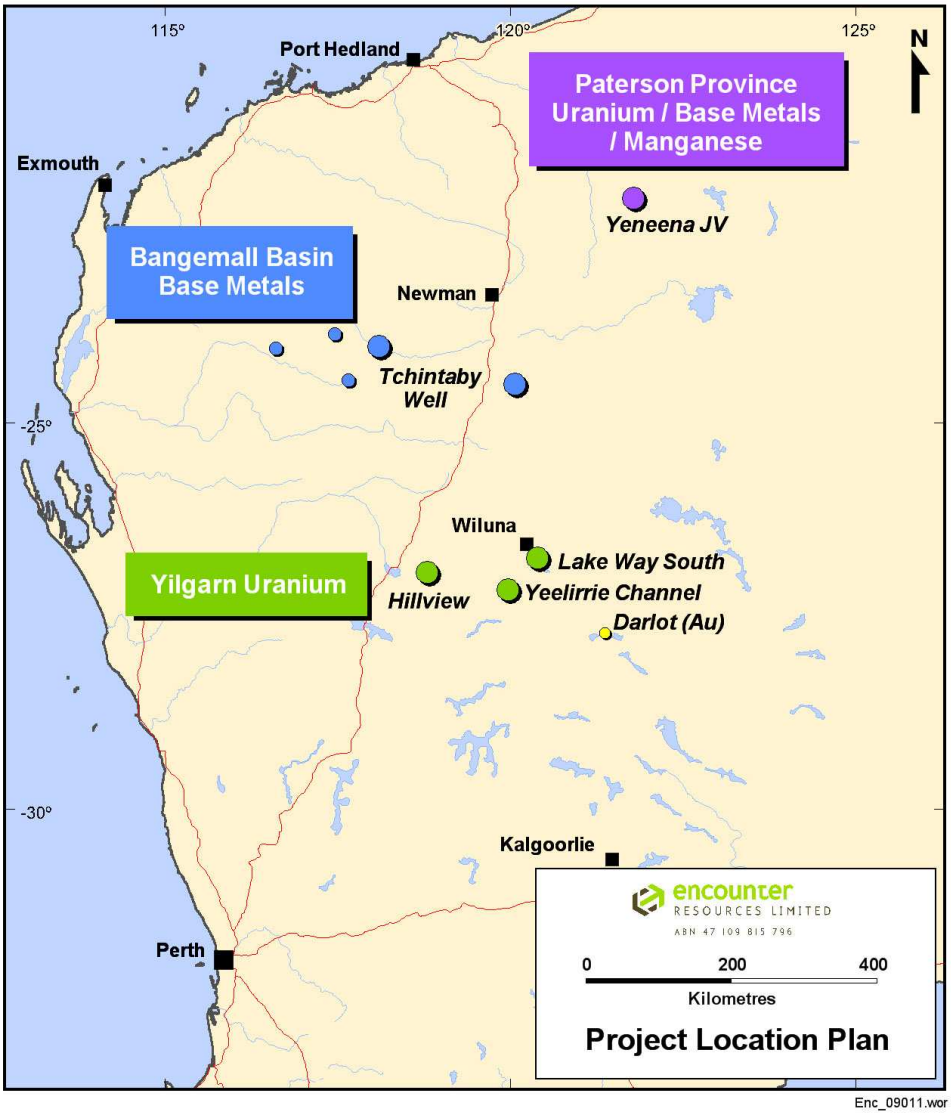

Figure 10: Encounter Resources Project Location Plan

Will Robinson
Managing Director

The information in this report that relates to Exploration Results and Mineral Resources at Lake Way South is based on information compiled by Mr Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to Mineral Resources for the Hillview Uranium Project is based on information compiled by Mr Neil Inwood who is employed by Coffey Mining Ltd. Mr Peter Bewick from Encounter has consented to a joint sign off for the Resource, Mr Bewick taking responsibility for the quality and reliability of the drillhole database and Mr Inwood is responsible for the grade estimate and classification of the resource. Messrs Inwood and Bewick have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have 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". Messrs Inwood and Bewick consent to the inclusion in the report of the matters based on the information compiled by them, 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.

Name of entity

Encounter Resources Limited

ABN	Quarter ended ("current quarter")
47 109 815 796	30 June 2010

Consolidated statement of cash flows

	Cash flows related to operating activities	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	(960)	(2,568)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(168)	(629)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	54	157
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – R&D tax concession refund	-	114
	Other – Grant – co-funded drilling	-	150
	Net Operating Cash Flows	(1,074)	(2,776)
	Cash flows related to investing activities		
1.8	Payment for purchases: (a) prospects	(400)	(400)
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(7)
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	(403)	(407)
1.13	Total operating and investing cash flows (carried forward)	(1,477)	(3,183)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,477)	(3,183)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	28	3,292
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	-	(12)
	Net financing cash flows	28	3,280
	Net increase (decrease) in cash held	(1,449)	97
1.20	Cash at beginning of quarter/year to date	3,824	2,278
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,375	2,375

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	148
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 - Remuneration of Directors.

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

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	600
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	**750**

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	63	126
5.2	Deposits at call	2,312	3,698
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,375	3,824

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	E51/1096	Relinquished	80%	0%
6.2	Interests in mining tenements acquired or increased	E45/2500 to E45/2503 E45/2561 E45/2657 E45/2658	Completed Earn In Agmt and Purchase of residual interest.	0% 0% 0% 0% 0%	100% 100% 100% 100% 100%

+ 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**	79,161,435	79,161,435		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from Escow	275,000 - -	275,000 - -		
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)*	100,000 100,000 250,000 50,000 500,000 400,000 400,000 125,000 325,000 500,000	- - - - - - - - - -	<u>*Exercise price*</u> 20 cents 45 cents 52.5 cents 50 cents 53.5 cents 55 cents 70 cents 50 cents 30 cents 10 cents	<u>*Expiry date*</u> 23/3/2011 15/5/2011 7/12/2011 9/8/2012 30/11/2012 30/11/2012 30/11/2012 30/11/2012 30/6/2013 28/2/2014
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	275,000	-	10 cents	28/2/2014

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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: 29 July 2010

(Company secretary)

Print name: Kevin Hart

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.