



# June 2010 Quarterly Report



## Alcyone Resources Ltd

### Directors:

Charles Morgan – Non Exec Chairman  
Andrew King – Managing Director  
Eric de Mori – Non Executive Director

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### Capital Structure:

769,555,407 shares  
140,601,652 options

### Top 10 Shareholders:

ANZ Nominees Limited	7.7%
Deck Chair Holdings	6.9%
Mahsor Holdings Pty Ltd	6.7%
Seaspin Pty Ltd	5.6%
Lyandji Super Fund	4.6%
Golden Matrix Holdings	3.3%
Austock Investments Pty Ltd	2.2%
Zero Nominees Pty Ltd	2.1%
Seivad Investments Pty Ltd	1.6%
Fullerton Private Capital Pty Ltd	1.6%
<b>Total for Top 10</b>	<b>42.3%</b>

ASX Code: **AYN**

## HIGHLIGHTS

- Metallurgical testwork confirms overall silver extraction of +69% underpins technical viability of Texas Silver Project
- Final equipment selection in progress including consideration of grinding rolls alternative for crushing circuit
- Final mining optimisations and economic review nearing completion – to be released in September Quarter 2010
- Diamond drilling commences at the priority Harrier copper prospect
- Second rig to commence in July as part of new regional exploration at Texas
- \$3.7 million capital raising finalised with Alcyone Chairman Charles Morgan injecting \$1 million

## OVERVIEW



Alcyone continued to make excellent progress during the June Quarter towards realising its objective of becoming a significant silver producer with outstanding exploration upside.

Work progressed on several fronts to prepare for the planned resumption of heap leach silver production at the Twin Hills mine, part of the Company's flagship Texas Project in south-east Queensland.

Following the completion of an updated JORC compliant Mineral Resource inventory of 5.9Mt grading 79g/t Ag for 15.1Moz of contained silver last Quarter, a key highlight of the June Quarter was the finalisation of metallurgical testwork which confirmed the technical viability of the Twin Hills mine. This data is currently being incorporated into a revised process flow sheet and economic model which is now due for completion in the September Quarter 2010.

Despite the challenging market environment, subsequent to the end of the quarter, the Company completed a \$3.7 million capital raising to underpin a major new exploration initiative at its Texas Project in south-east Queensland. This program, which commenced in June with diamond drilling at the Harrier copper prospect, is targeting massive sulphide base metal mineralisation as well as additional heap leach silver resources.

## 1.0 OPERATIONS

### 1.1 Texas Project

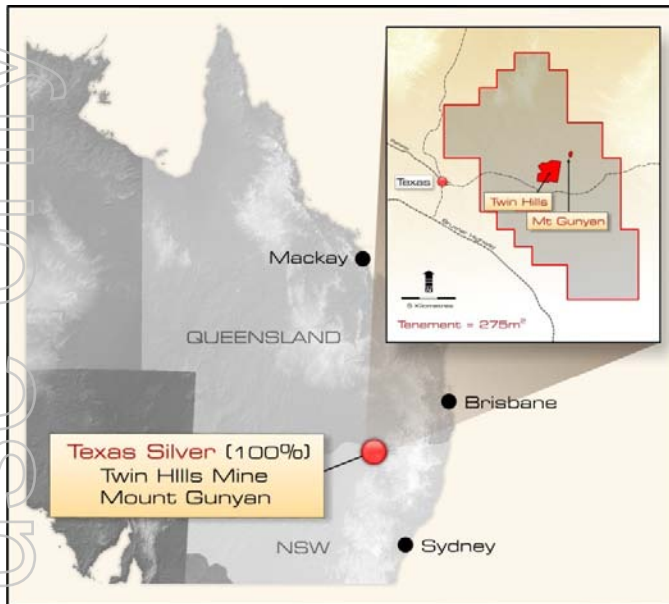


Figure 1 – Texas Project Area

Alcyone continued to progress key mining studies and planning for the re-commencement of silver production at Texas before the end of 2010.

The Company also commenced a major new exploration initiative during the Quarter targeting both additional heap leach silver resources and base metal and polymetallic mineralisation within the Texas Project tenements.

#### 1.1.1 Metallurgical Testwork Program

The Company received an important set of results from the metallurgical testwork program for the Twin Hills Project, providing a strong foundation for its plans to resume silver production at Texas by the end of calendar 2010.

##### Metallurgical Recovery

Following the completion of a 75-day Column Leach Testwork Program, the overall silver extraction for that period was established at 69.8%. More importantly, 60% silver extraction was achieved within the first 30 days.

For expediency, the program was stopped at 75 days, although leaching was still occurring at acceptable rates when testing was ceased. As reported previously, two separate column tests were being run – one based on the product from a High Pressure Grinding Rolls (HPGR) circuit and the other from a conventional three-stage crushed product.

The figures reported above are from the HPGR product.

The standard three-stage crush product reported a 60% extraction after the 75-day period but only 43% extraction at 30 days based on the calculated head grades (see Figure 2).

These are excellent results and in keeping with the original testwork undertaken in 2000 by the previous operator of the Texas Project, which was reviewed at the time by Kappes Cassiday. This work indicated recoveries of between 60% and 72% at 90 days for the samples with various head grades.

##### Product Sizing

Considerable work has also been undertaken as part of the testwork program to gain an understanding of the impact of product sizing and fracture style on silver extraction.

This work has shown that good recovery and extraction rates are directly dependent on the product size distribution. It has been confirmed that achieving product sizing of 100% passing -4mm and 50% being less than 1mm results in faster leaching rates (see Figure 2 below).

In order to further improve the understanding of past operational issues in relation to sizing, a series of samples were taken from the historical heap leach pads. The sizing analysis of these historical samples showed that they were coarser than 100% passing 4mm and accordingly did not achieve 50% passing 1mm.

Based on the Alcyone test results, the inability to achieve the smaller crushing size was the major contributing factor to a slower extraction rate thus impacting negatively on the overall silver recovery and project economics.

As sizing alone did not appear to explain the difference in the leach rates between the HPGR and conventional crushed products, Alcyone decided that it would also undertake quantitative microscopic examination of the column leach residues. This review has shown that the HPGR product has significantly more micro-fractures in the particles. The net effect of this is that more of the silver is exposed to the leachate, therefore improving its ability to deliver a faster extraction rate (Figure 2).

The Company intends to continue with further testing and reviews in this area while simultaneously progressing the final plant design and equipment selection.

### Silver Extraction – Selection of Merrill Crowe

Following laboratory scale testwork and assessment of the various alternatives, Alcyone has decided to install a Merrill Crowe circuit as part of the silver recovery process.

It has been demonstrated that Merrill Crowe can achieve in excess of 99% recovery of silver from the leachate, has low technical risk and is easy to operate. This recovery is a significant improvement on the previous operations and will further enhance overall project economics.

Alcyone considers that the production of silver bullion will be the most cost effective final end product. This will involve the installation of a bullion furnace and associated infrastructure at site.

### Equipment Selection

Based on the metallurgical results, Alcyone is currently undertaking a complete review of suitable equipment for the Texas Project. A range of potential throughput rates are under consideration, however it is anticipated that the final plant capacity will be somewhere between 800,000tpa and 1mtpa. While much of the existing equipment can be incorporated into the new circuit, a number of key components will need to be sourced and installed.

### *HPGR or Equivalent Comminution Component*

It has been demonstrated that the style of breakage being achieved by HPGR style equipment delivers quicker and more effective leaching. Discussions are being held with a number of suppliers regarding the suitability of their product to deliver the required sizing and breakage style.

During June, Alcyone identified an alternative rolls crushing system that had the potential to deliver the same results at a reduced capital and operating cost. To test the viability of this process, the decision was made to take a sample to the Korean manufacturer, undertake a trial crushing, then bring the product back to AMMTEC in Western Australia for an assessment of its metallurgical recovery and micro-fracture generation.

At the time of writing this report the sample is back in Australia and undergoing the test work at AMMTEC. It is expected that results will be available during the September Quarter.

### *Screening*

Additional screening capacity will need to be incorporated into the final circuit design to deliver the required product sizing and throughput rate. It is currently estimated that an additional triple deck screen will be required with final selection to be linked to the HPGR decision.

### *Silver Extraction Circuit*

As a result of the decision to use a Merrill Crowe (MC) Circuit and produce silver bullion, the silver recovery section of the existing plant will need to be substantially re-worked. While a modular MC circuit can be purchased as a complete package there will still be the need to install the necessary furnaces, retorts, and bullion room together with the associated support services.

### *Conveying and Stacking*

Additional conveyors will need to be installed as part of the process of re-configuring the crushing circuit. A more cost effective method of delivering product to the Leach Pads will also be established.

Design work and discussions are already underway regarding the installation of a light-weight conveyor-based stacking system to suit the completion of the current heaps and meet the longer term needs of the Texas operation.

### *Current Equipment*

A critical review of the site mobile processing equipment is underway. Consideration will be given, if appropriate, to utilising more cost effective plant and equipment. The power generation facilities are also under review with an assessment being undertaken of the viability to connect to the local grid power system.

Subject to the outcome of these reviews, some of the plant may be considered for sale with any funds generated being used to offset the overall capital cost of the upgrade

The current Electrowinning Circuit will remain on a care and maintenance program. Its potential future use will depend on the success of the current base metals exploration program (*see below*).

### *Equipment and Consumables Purchase*

While preliminary costings had been received during the quarter, clarification of several issues including availability and delivery times needed to be undertaken.

At the end of the quarter, discussions were continuing with a number of suppliers regarding costings and final equipment recommendations. Once these are completed, the Company will be in a position to announce the overall economics for the project.

Where appropriate, preparation of tenders for both construction and consumable supplies is underway.

### 1.1.2 Economic Review

Alcyone is continuing to develop an overall economic model for the Texas Project as the various capital and operating pricing alternatives for the revised processing plant flowsheet are received and considered.

Following the completion of the metallurgical testwork, the next phase of Mine Planning assessments is also being undertaken.

This work has highlighted the potential to develop a Starter Pit to reduce the need for up-front working capital. This option together with the completion of the resource re-optimisation, detailed scheduling of the proposed mine and the calling of tenders for the supply of contract mining services is well underway.

Once all the technical studies and test work on the rolls crusher have been completed, the economic model will be finalised and a formal recommendation made to the Board regarding the viability of re-starting commercially viable silver production at the Texas Silver Project. It is expected that this will occur during the September Quarter 2010.

### 1.1.3 Exploration

In May 2010 Alcyone announced plans to commence a significant new exploration initiative designed to unlock the broader exploration potential of the Texas Project for epithermal and massive sulphide base metal mineralisation, as well as to increase its existing inventory of heap leach silver resources.

The commencement of exploration followed a detailed review of part of the Company's 275 sq km tenement package which revealed a considerable number of targets. Of these, four priority base metal targets and two heap-leach style silver targets have already been confirmed from the reviews completed to date.

The new exploration program opens up an exciting new growth opportunity for Alcyone to be pursued in parallel with its plans to resume mining operations and silver production at Twin Hills by the end of 2010.

The successful delineation of these styles of mineralisation could open up the potential for significant new resource development opportunities in the Texas region alongside the heap leach silver operation.

Drilling will initially be targeted at verifying and extending known copper and polymetallic mineralisation at the Harrier, Mt Gunyan and Silver Spur targets.

Geophysics will be utilised to improve target definition at Tomcat, before moving on to drill out extensions to the known heap leach silver mineralisation at the Mt Gunyan and Twin Hills prospects.

Alcyone has completed a partial review of the available historical information from the tenements – including some limited drilling undertaken by the previous operator which returned significant results – and is currently integrating this with comprehensive structural and geological models that are being developed for the mineralisation at Texas.

The Company has initially identified geophysics – in particular Downhole Electromagnetics (DHEM) and 3D Electromagnetic (3DEM) surveys – as key targeting tools. Airborne geophysics is also being considered with a final decision on any work program and timing to be made in the third quarter 2010.

The Company has confirmed the presence of two distinct sedimentary sequences within the project area, the "Silver Spur Beds" and the underlying "Texas Beds" (see Figure 3). Both of these sequences host epithermal-style mineralisation (analogous to other known epithermal systems such as Cracow and Pajingo).

The initial focus has been on the Silver Spur Beds, where the epithermal-style mineralisation has been identified as occurring in veins and breccia zones within siliceous alteration and more structurally controlled massive sulphide zones. This model has been used to assist the Company to define a number of priority exploration targets.

Alcyone is also reviewing the potential to locate both the "source" of the mineralising fluids and sedimentary-hosted mineralisation in the style of SEDEX (SEDimentary EXhalative) and volcanogenic massive sulphides (VMS). The focus for this work will be directed towards the 'Texas Beds' and will form part of the next phases of the Company's exploration strategy.

Diamond drilling started in late June, with an initial program comprising 3,000 metres. It has commenced with a 9-hole program (850 metres) at the priority Harrier copper prospect, located approximately 5.5km north-east of the Twin Hills Silver Mine (see Figure 4).

The first holes are targeting the central zone to improve the integrity of the interpretation of the mineralisation in that area and assess the potential for additional parallel zones. The second stage holes will systematically test the known down-plunge development of the copper-zinc mineralisation before investigating strike extensions to the north and south (see Figure 5).

Drilling by the former owner of the Texas Project returned a best intercept of 5m @ 6.0% Cu and 3.4% Zn from 93m down hole (Hole TUD002). Additional holes delivered 9m @ 2.5% Cu and 0.4% Zn from 40m down hole (TUD001) and 9m @ 2.3% Cu and 0.5% Zn from 32m down hole (TUP007) (see Figure 5 as reported previously in an ASX announcement dated 30 September 2004).

The initial drilling is designed to verify and extend the known copper mineralisation at Harrier and underpin an initial JORC compliant Mineral Resource estimate. The Harrier prospect includes old shallow copper workings (to a maximum depth of 40 metres) over a strike length of approximately 500 metres, where Government records suggest that only 81 tonnes of ore at 11% Cu was mined between 1920 and 1922.

In addition to drilling, geophysics will be employed to enhance both the current targets and identify any adjacent targets. The geological modelling developed to date will be used to further improve the targeting of drill holes for the program.

Once drilling has been completed at Harrier, the drill rig will be relocated to test the Mt Gunyan and Silver Spur base metal targets. Geophysics will be utilised to improve target definition at Tomcat, before moving on to drill out extensions to the known heap leach silver mineralisation at the Mt Gunyan and Twin Hills prospects.

## 1.2 Other Projects

Outside the Texas Project area, Alcyone is continuing an assessment of the Company's portfolio of exploration projects with a view to prioritising key targets. These are the Tally Ho and Mt Scott projects near Mackay in Central Queensland and the Rivertree Project in Northern New South Wales.

## 2.0 CORPORATE

Following the approvals received at the General Meeting in June, the Company proceeded to complete the \$3.7 million capital raising to underpin exploration activities at the Texas Silver Project and provide working capital.

The raising comprised the placement of 148 million ordinary fully paid shares at 2.5 cents each.

The Company initially considered a capital raising of between \$2 million and \$3 million but received such a strong response from the investment market that it was decided to accept over-subscriptions to a total of \$3.7 million.

The placement was managed by Cygnet Capital and was completed in two tranches. Tranche One, comprising 92,000,000 shares (\$2.3 million) was completed pursuant to the Company's 15% placement capacity.

Tranche Two, comprising 56,000,000 shares (\$1.4 million), was subject to shareholder approval, at the General Meeting, both for the quantity and to allow a Director, Mr Charles Morgan to participate in the placement. The placement, finalised subsequent to the end of the quarter, was strongly supported by its Chairman, Mr Morgan, who subscribed for \$1 million of shares representing more than a quarter of the total \$3.7 million raised.

As a result of his participation in the share placement, Mr Morgan has increased his holding in Alcyone from 3,000,000 previously to 43,000,000 shares.

The Board is delighted with Mr Morgan's participation, which represents a very strong vote of confidence in the Company's assets, management team and growth strategy.

## 3.0 OUTLOOK

The September 2010 Quarter will be a pivotal period for Alcyone as site activities accelerate ahead of the planned recommencement of production at Twin Hills before the end of the calendar year.

The Company is also on track to deliver an economic model for the Twin Hills development during the Quarter.

Exploration drilling will continue across a range of base metal, polymetallic and heap leach silver targets, ensuring a strong news flow. This regional exploration push is expected to provide a major insight into the broader prospectivity of the Texas region as the basis for a potential polymetallic mining centre.

Andrew King  
Managing Director  
27 July 2010

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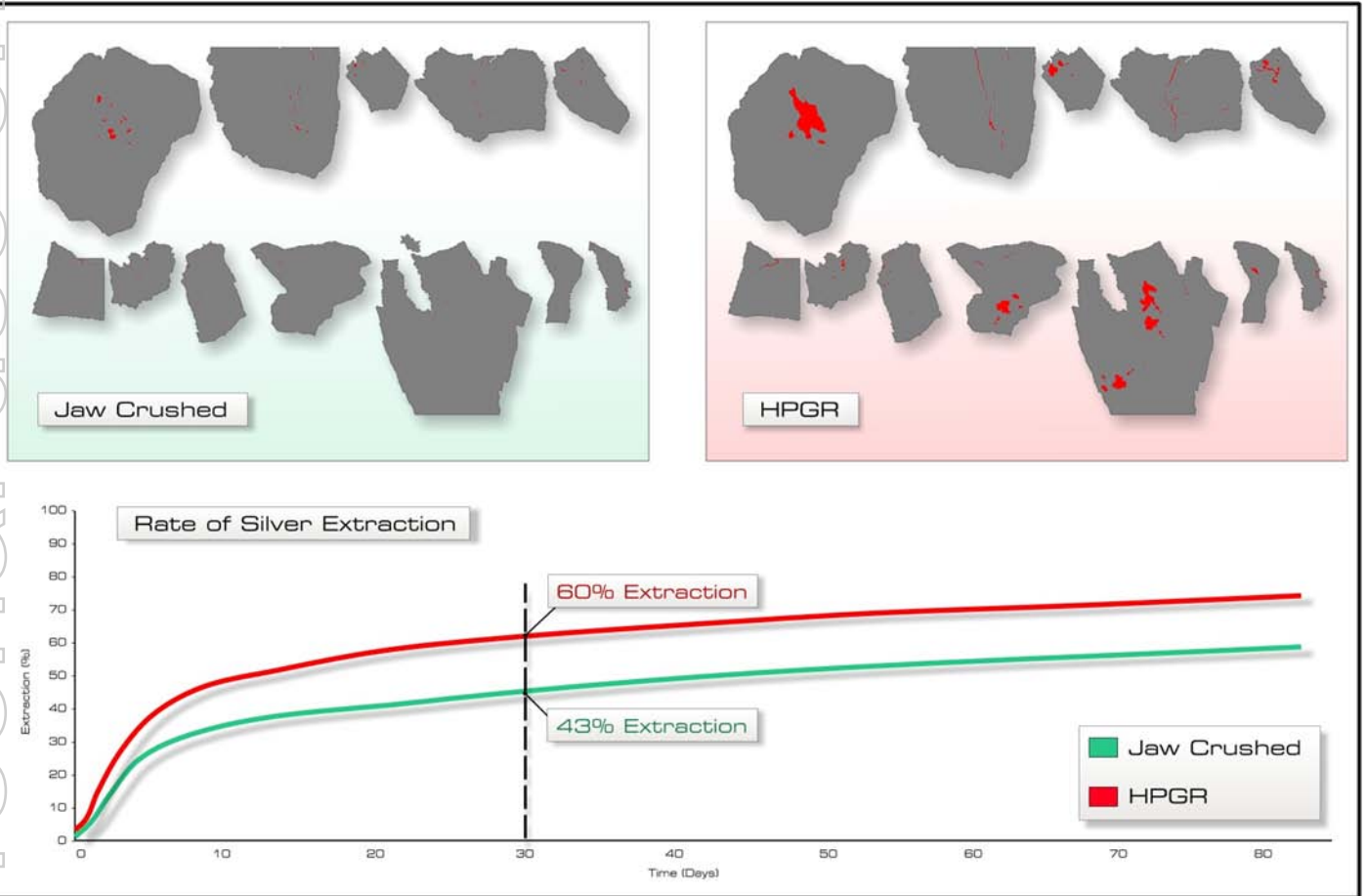


Figure 2 : Twin Hills - Jaw Crush Versus Grinding Rolls

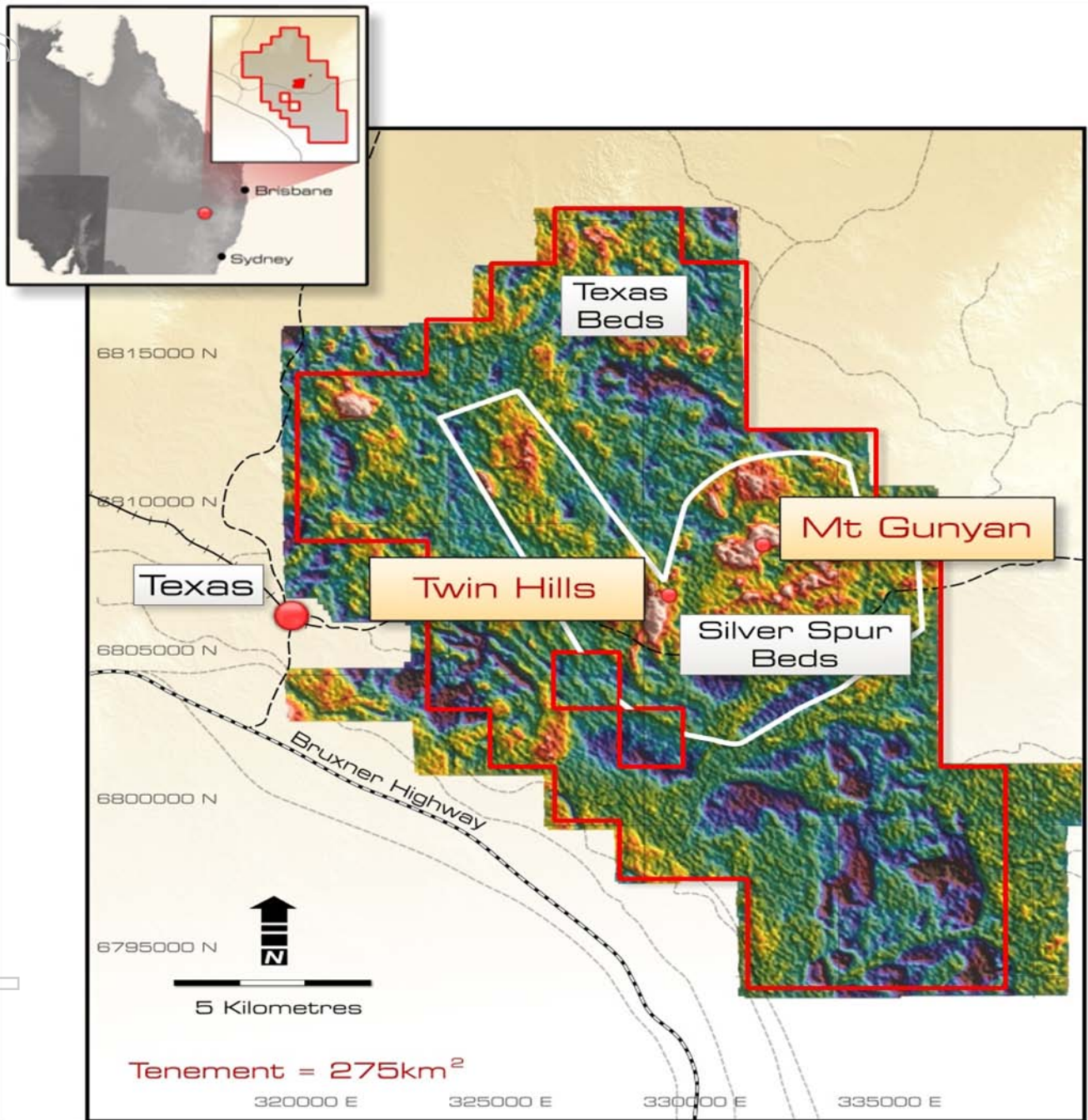


Figure 3 : Silver Spur Beds and Texas Bed Delineation Overlain by Geophysics

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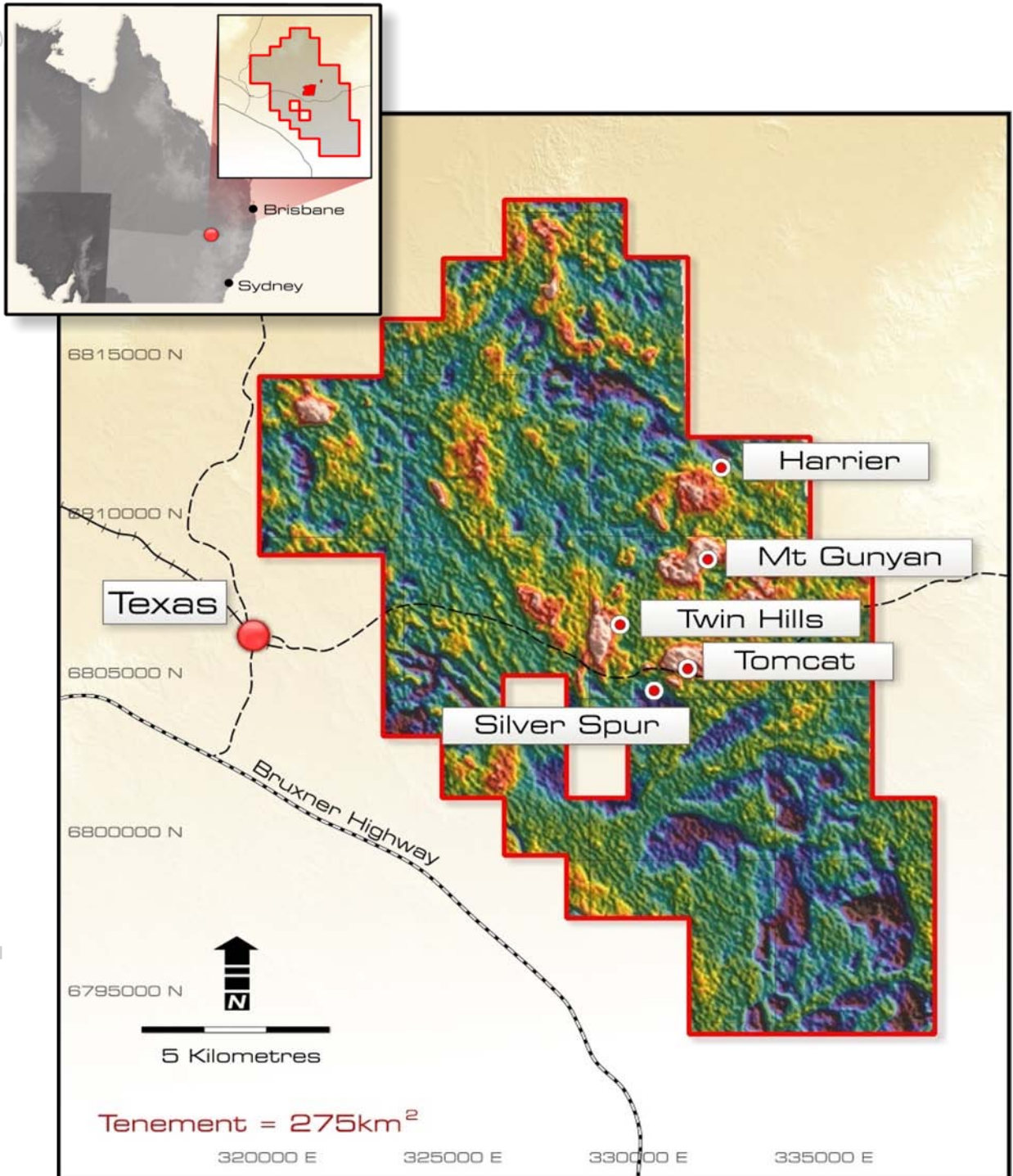


Figure 4 : Texas Project Tenements showing geophysics coverage and location of key exploration targets,



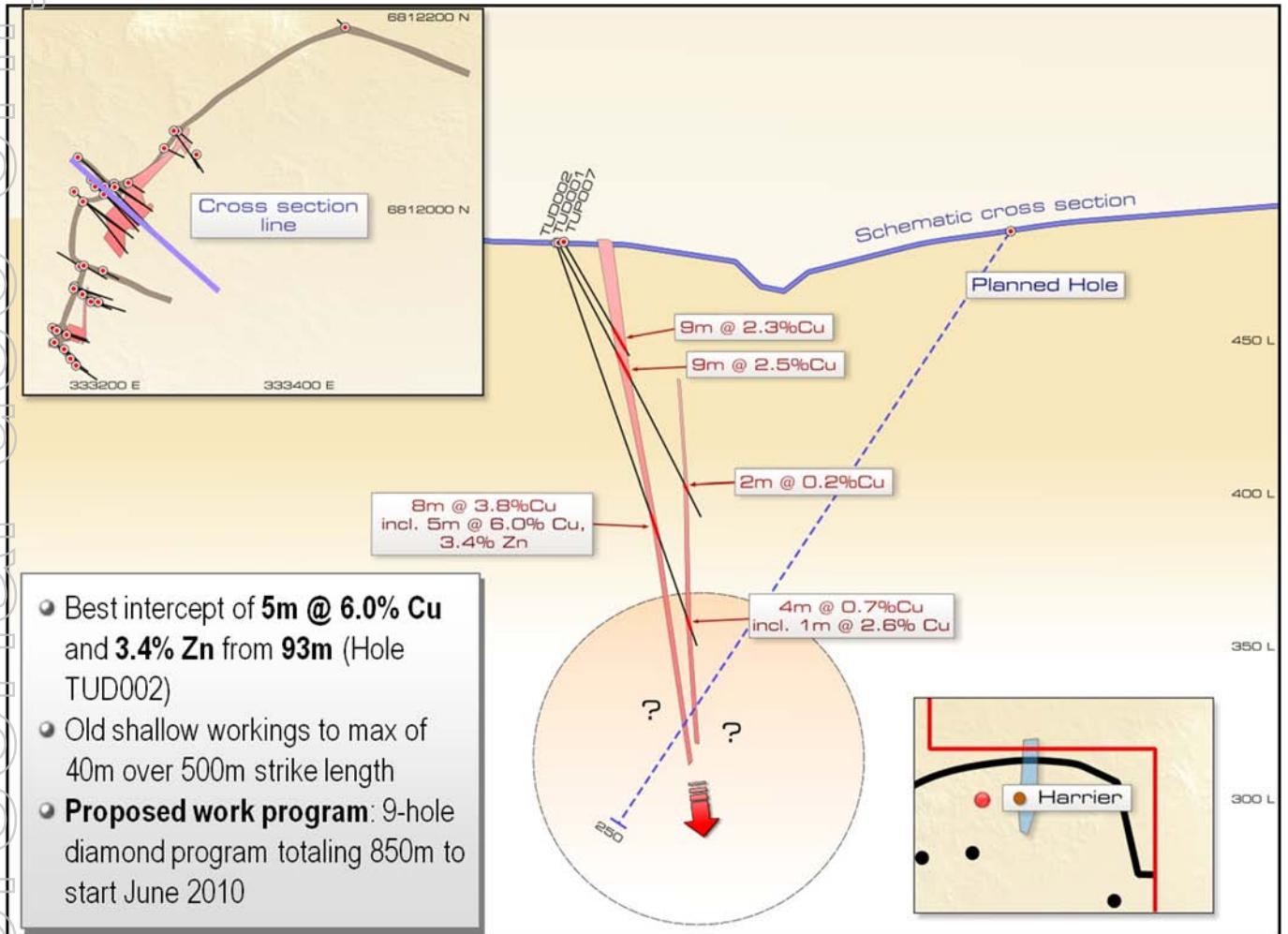


Figure 5 : Harrier Copper Prospect showing historical intercepts and planned new drilling

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## About Alcyone

*Alcyone Resources Limited (ASX Ticker: AYN) is an Australian-based resource company focused on the reassessment and re-development of the Twin Hills Silver Mine, located south-west of Brisbane near the town of Texas in south-east Queensland.*

*Alcyone has commenced work on a program targeting the resumption of silver production at Twin Hills by the end of 2010. This includes metallurgical test work to confirm the parameters for a re-design of the processing system, as well as a complete review of all available geological data. Based on this review, the Company delivered a JORC-compliant resource statement of 5.9Mt @ 79g/t Ag for 15.1Moz of contained silver in March 2010.*

*The Twin Hills mine remains fully developed and is in a position to immediately recommence operations following a decision to start commercial silver extraction. Alcyone is aiming to recommence mining at Twin Hills in the Fourth Quarter of calendar 2010.*

*In addition to the resumption of production at Twin Hills, Alcyone is also focused on assessing and capitalising on the significant exploration potential within its 275 sq km tenement package at Texas, including the potential for polymetallic and base metal mineralisation.*

## Competent Person Statements

*The information in this report that relates to data used for and the resultant mineral resources for the Texas Silver project is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy and Director of DataGeo a mining and exploration consultancy.*

*Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".*

*Mr Ball consents to the inclusion in this Report of the information compiled in the form and context in which they appear.*

*The information in this Report that relates to Exploration is based on information also compiled by Mr Ball.*

## Forward-Looking Statement

*Certain statements made during or in connection with this communication, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Alcyone's exploration operations, economic performance and financial condition. Although Alcyone believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Alcyone undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.*

## APPENDIX 1 : MINERAL RESOURCE ESTIMATION

**Table 1: Texas Silver Project, JORC Compliant Mineral Resources – March 2010**

Deposit	Resource Category	Tonnes	Grade (g/t Ag)	Contained Silver (oz)
Twin Hills	Measured	1,762,000	86	4,868,000
	Indicated	1,466,000	79	3,722,000
	Inferred	614,000	81	1,602,000
	<b>TOTAL:</b>	<b>3,842,000</b>	<b>83</b>	<b>10,192,000</b>
Mount Gunyan	Indicated	1,756,000	76	4,267,000
	Inferred	350,000	58	650,000
	<b>TOTAL:</b>	<b>2,106,000</b>	<b>73</b>	<b>4,917,000</b>
<b>TOTAL</b>	<b>ALL CATEGORIES</b>	<b>5,948,000</b>	<b>79</b>	<b>15,109,000</b>

**Note:** Specific comment regarding the method of calculation for the Resource and the role of external consultants was detailed in the March 2010 Quarterly Report (23 April 2010).

## 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

Alcyone Resources Ltd

ABN

53 056 776 180

Quarter ended ("current quarter")

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	-	757
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(751) - - (374)	(1,832) - - (1,645)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	60	182
1.5 Interest and other costs of finance paid	(4)	(26)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - Payments to Creditors' Trust	-	(1,608)
<b>Net Operating Cash Flows</b>	<b>(1,069)</b>	<b>(4,172)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (22)	- - (37)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- 26 21
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) - Security Deposits	(1)	(67)
<b>Net investing cash flows</b>	<b>(23)</b>	<b>(57)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,092)</b>	<b>(4,229)</b>

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

1.13	Total operating and investing cash flows (brought forward)	(1,092)	(4,229)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	3,300	7,560
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1)	(193)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(141)	(522)
<b>Net financing cash flows</b>		<b>3,158</b>	<b>6,845</b>
<b>Net increase (decrease) in cash held</b>		<b>2,066</b>	<b>2,616</b>
1.20	Cash at beginning of quarter/year to date	1,675	1,125
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,741</b>	<b>3,741</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	90
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees and 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

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

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### 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	391
4.2 Development	-
4.3 Production	-
4.4 Administration	264
<b>Total</b>	<b>655</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	1,241	175
5.2 Deposits at call	2,500	1,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,741</b>	<b>1,675</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	No changes		
6.2	Interests in mining tenements acquired or increased	No changes		

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

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

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	753,555,407	753,555,407	Fully paid
7.4	Changes during quarter (a) Increases through issues - 31 May 2010 - 26 Jun 2010 (b) Decreases through returns of capital, buy-backs	92,000,000 40,000,000	92,000,000 40,000,000	
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> <i>(description and conversion factor)</i>	139,000,000 667,902 260,000 423,750 250,000	667,902	<i>Exercise price</i> 1 cent each \$1.60 each \$5.60 each \$9.00 each \$9.60 each  <i>Expiry date</i> 30 Sept 2012 30Sept 2011 29 Nov 2010 14 Aug 2011 09 Nov 2012
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			

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7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

### 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: 27 July 2010  
(Director/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 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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