

29 April 2011

## **QUARTERLY REPORT– 31 MARCH 2011**

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 31 March 2011.

Yours faithfully  
Cape Lambert Resources Limited

Tony Sage  
**Executive Chairman**

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in mining and exploration companies.

The Company continues to focus on investment in early stage resource projects and companies, primarily in iron ore, copper and gold. Its "hands on" approach is geared to add value and position assets for development and/or sale.

The Board and management exhibit a strong track record of delivering shareholder value.

### **Australian Securities Exchange Code: CFE**

Ordinary shares  
571,849,603

Unlisted Options  
7,850,000 (\$0.45 exp 30 Sep 2011)

### **Board of Directors**

Tony Sage	Executive Chairman
Tim Turner	Non-executive Director
Brian Maher	Non-executive Director
Ross Levin	Non-executive Director

Claire Tolcon  
Company Secretary

### **Key Projects and Interests**

Marampa Iron Ore Project  
Pinnacle Group Assets  
Sappes Gold Project  
African Iron Limited  
International Goldfields Limited

### **Cape Lambert Contact**

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Executive Chairman

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## HIGHLIGHTS

### **Corporate**

- At 31 March 2011, the Company had approximately \$70 million in cash at bank.
- Sale of the Company's 25% interest in the Lady Loretta Project for \$30 million cash completed.
- Repayment of \$6.5 million facility by Chameleon Mining NL.
- Non-core securities sold during the quarter generating \$2.7 million cash.
- Increased stake in Pinnacle Group Assets Limited to 46.1% through the purchase of 12 million shares for \$13 million.
- On market buy-back of 54,059,653 fully paid ordinary shares completed for expenditure of \$31.9 million.

### **Projects**

#### ***Marampa Iron Ore Project***

- Scoping study completed and concluded that with an initial capital investment of US\$655 million to produce 5 million tonnes per annum ("Mtpa") of 65% Fe concentrate, Marampa could deliver a pre-tax NPV<sub>8%</sub> of US\$715 million at a FoB iron ore sale price of US\$100/dmt.
- Mineral resource estimate update commenced by independent geological consultant, Golder Associates. The resource update is planned to be released to the market in the June 2011 quarter.
- Technical and engineering studies commenced to investigate an early, low capital cost start-up by processing near surface, soft oxide mineralisation.
- Environmental and social studies advancing with submission of the Environmental Impact Study targeted for the September 2011 quarter.

#### ***Pinnacle Group Assets Limited***

- Induced Polarisation survey completed at Kukuna (to prioritise drill targets) with data interpretation in process.
- Seven exploration targets over a strike length of >20km identified at the Sandenia Iron Ore Project.

#### ***Sappes Gold Project***

- Greek based General Manager appointed.
- Processing of the Preliminary Environment Impact Statement by the Ministry of Environment commenced.

#### ***Leichhardt Copper Project***

- Drilling of heap leach pads to define remaining recoverable copper completed with samples despatched to Perth for testwork.
- Drilling of transitional mineralisation at Mt Watson commenced to assess its suitability for heap leaching.

## CORPORATE

### **Strategy and Business Model**

Cape Lambert Resources Limited (“**Cape Lambert**” or the “**Company**”) (**ASX: CFE**) is an Australian domiciled, cashed up resources and investment company, with interests in a number of resource projects and companies.

Through acquisitions including the acquisition of CopperCo Limited’s assets, and subscriptions to convertible notes, the Company has exposure to iron ore, copper, gold, uranium, phosphate and vanadium assets in Australia, Greece, Africa and South America (refer Figure 1).

The Company’s strategy is to acquire and invest in undervalued and/or distressed mineral assets and companies (“**Assets**”), and to add value to those Assets through a hands on approach to management, exploration and evaluation to enable the Assets to be converted into cash at a multiple, and to retain exposure to the Assets through a production royalty and/or equity interest. As Assets are converted into cash, the Company intends to follow a policy of distributing surplus cash to shareholders.

### **Asset Divestments**

#### ***Sale of 25% interest in Lady Loretta Project***

On 31 March 2011, the Company completed the sale of its 25% interest in the Lady Loretta Project located in northwest Queensland to Noranda Pacific Pty Ltd, a wholly owned subsidiary of Xstrata plc, for \$30 million cash.

### **Equity Investments and Divestments**

#### ***Pinnacle Group Assets Limited***

Cape Lambert is the Manager of Pinnacle Group Assets Limited (“**Pinnacle**”) and funds its working capital. The working capital funding is provided through a mezzanine debt structure, which at Cape Lambert’s election can either be repaid or converted into equity.

Pinnacle’s principal assets are two early stage iron ore projects located in the Republic of Guinea and Sierra Leone, West Africa.

During the quarter, the Company increased its equity interest in Pinnacle from 37.2% to 46.11% through the purchase of 12 million shares for \$13 million.

#### ***Speewah Metals Limited***

During the quarter, the Company sold its remaining shareholding in Speewah Metals Limited (previously Niplats Australia Limited) realising \$2.7 million.

#### ***Monitor Energy Limited***

On 22 February 2011, the Company acquired 250,000,000 shares in Monitor Energy Limited (“**Monitor**”) (**ASX: MHL**) for \$500,000 increasing its stake in Monitor from approximately 9% to 15.2%. In addition, the Company’s nominated representative, Mr Paul Kelly joined the Board of Monitor. Monitor is an oil and gas exploration company with interests in the Cooper Basin and the Kyrgyz Republic.

## **Convertible Notes and Other Loan Facilities**

### ***Repayments***

During the quarter, CopperCo Limited (Receivers and Managers Appointed) repaid the final instalment of \$1.5 million in respect of a funding facility, which had been provided by the Company in February 2009.

### ***Subscriptions***

During the quarter, the Company, through its wholly owned subsidiary, Dempsey Resources Pty Ltd, subscribed for a \$2 million convertible note in Cauldron Energy Limited (**ASX: CXU**). The note bears interest at 10% per annum and may be converted into equity at any time prior to the repayment date of 16 March 2012.

## **Chameleon Mining**

Cape Lambert entered into a strategic alliance with Chameleon Mining NL ("**Chameleon**") (**ASX: CHM**) in August 2010. As part of the alliance, Cape Lambert is entitled to a share of any judgement sum received by Chameleon arising out of, or in connection with, the Federal Court proceedings relating to Murchison Metals Ltd and the ownership of the producing Jack Hills iron ore project.

On 15 March 2011, Chameleon announced that the New South Wales Supreme Court of Appeal had delivered a landmark decision, which upheld Chameleon's appeal against International Partners Pte Ltd ("**IPL**") and confirmed Chameleon's claim that IPL required an Australian Financial Services Licence to fund Chameleon's litigation and therefore Chameleon was entitled to rescind its agreement with IPL and was not obligated to pay IPL an early termination fee (of approximately \$9 million).

The Company had previously provided a loan facility of \$6.5 million to Chameleon, which may be drawn down should the funds be needed to pay IPL. The advance has been repaid to the Company as a consequence of the outcome of Chameleon's appeal against IPL.

## **MCC Legal Action**

On 8 September 2010, Cape Lambert announced that it had commenced legal action against MCC Australia Sanjin Mining Pty Ltd, and its parent company, Metallurgical Corporation of China Limited (collectively "**MCC**") to recover the final \$80 million payment from the sale of the Cape Lambert magnetite iron ore project in mid-2008. Cape Lambert received payments totalling \$320 million in 2008, with the final payment due on the grant of mining approvals, or if MCC has not used its reasonable endeavours to procure the mining approvals, within two years. A writ was lodged with the Supreme Court on 7 September 2010, with a Status Conference hearing held on 8 October 2010 and a Chamber Summons heard on 23 November 2010. The Company is waiting on a decision by the Supreme Court regarding the jurisdiction of where the dispute will be determined and the requirement of MCC to pay \$80 million into a trust account pending the resolution of the action. Whilst the proceedings are still continuing, Cape Lambert remains confident that it will be successful in establishing that the final payment is due and payable by MCC.

## **Capital Management**

### ***On Market Buy-Back***

During the quarter, Cape Lambert completed an on market share buy-back of 54,059,653 shares for \$31.9 million, of which \$25.7 million was paid in the current quarter.

## ***Sale of Unmarketable Parcels of Shares***

During the previous quarter, Cape Lambert established a sale facility for unmarketable parcels of shares. The Company completed the sale process in January 2011 and 178,836 shares were sold on market on behalf of the shareholders with unmarketable parcels.

## **PROJECTS**

### **Marampa Iron Ore Project (100%) ("Marampa")**

Marampa is a brownfields hematite iron ore project at feasibility assessment stage and is located 90km north east of Freetown, Sierra Leone, West Africa (refer Figure 2). Marampa comprises a granted exploration licence (EXPL09/06 "**Lunsar**", 305km<sup>2</sup>) held by Marampa Iron Ore Limited, a wholly owned subsidiary of Cape Lambert.

Seven prospects hosting hematite schist mineralisation have been identified within the Marampa licence (refer Figure 3). As at 31 March 2011, a total of 36,637 metres of diamond and reverse circulation ("**RC**") drilling has been completed at Marampa comprising resource definition drilling at Matukia, Gafal West, Mafuri and Rotret, and initial drilling at the Petifu prospect.

### ***Scoping Study***

During the quarter, the Company completed the Marampa scoping study ("**Scoping Study**"). The Scoping Study examined a standalone, open pit mining development at Marampa producing 5Mtpa of hematite concentrate.

The Scoping Study base case concluded that on an un-g geared (100% equity), pre-tax basis, an open pit mining and beneficiation operation producing 5Mtpa of high-grade hematite concentrate, with an initial capital investment estimated at US\$655 million could deliver:

- NPV<sub>8%</sub> of pre-tax, free cash flow = US\$1.37 million; and
- Project pre-tax NPV<sub>8%</sub> = US\$715 million.

Full Scoping Study assumptions and conclusions are set out in the Company's ASX Announcement dated 18 March 2011.

### ***Drilling***

The first phase of resource definition drilling at the Rotret and Mafuri prospects is scheduled to be completed in April 2011. A total of 2,641 metres of diamond drilling and 9,120 metres of RC drilling in 83 holes were completed during the quarter at both prospects. Extensive hematite schist mineralisation has been discovered, with particularly thick, high-grade oxide mineralisation at Rotret.

### ***IP Survey***

An Induced Polarisation ("**IP**") survey was completed over the Toma prospect, south of the Rokel River (refer Figure 3), where an isolated outcrop of hematite schist has been mapped. The survey consisted of five survey traverses lines totalling 10 line kilometres. The data from the survey is currently being interpreted by independent geophysics consultant, Core Geophysics of Perth, Australia.

## **Resource Estimate**

Independent geological consultants, Golder Associates of Perth, Australia commenced an update of the Marampa resource estimate for the Matukia and Gafal West deposits, and maiden resource estimates for the Rotret and Mafuri prospects. The updated Marampa resource estimate is planned to be released to the market in the June 2011 quarter.

## **Rail and Port Infrastructure**

Marampa is connected to the stockpiling and ship loading facility at Pepel Port via the 84km Marampa railway ("**Marampa Infrastructure**"). African Minerals Limited ("**African Minerals**") has a 99 year lease for the operation of, and is currently refurbishing, the Marampa Infrastructure.

African Minerals has granted the Company access to the Marampa Infrastructure to export 5Mtpa of iron ore, under the following terms (refer ASX Announcement dated 31 January 2011):

- African Minerals will provide third party access rights on commercial terms to transport up to 2Mtpa of iron ore production from the Company's Marampa mine on the Marampa Infrastructure; and
- Cape Lambert will have an option to increase this transport capacity to 5Mtpa once African Minerals' new Tagrin Infrastructure Facilities are in full operation.

## **Metallurgy**

Metallurgical testwork to optimise the process flowsheet, which utilises staged size reduction in combination with wet, high intensity magnetic separators ("**WHIMS**"), continues. The Company is targeting a flowsheet that will consistently yield concentrates >65% Fe, with iron recoveries of >85% and mass recoveries of >40% from all ore type variations encountered at Marampa.

A range of comminution tests undertaken to date has demonstrated that the fresh ore will require significantly less power to grind versus that assumed in the Scoping Study. The data from this work is currently being modelled to generate several crushing and grinding circuit options. The total energy required to mill the fresh ore is expected to be as much as half that assumed in the Scoping Study, which is expected to significantly reduce the overall capital and operating costs.

Wet scrubbing tests on near surface oxide ore types has confirmed that this material breaks down, close to the optimal liberation size without the need for any grinding. Preliminary tests on this scrubbed ore have shown that a lower cost, simplified WHIMS circuit is potentially feasible, whilst still achieving or exceeding targeted concentrate grades, and iron and mass recoveries.

## **Environmental and Social Impact Assessment**

Field surveys to support the Environmental and Social Impact Assessment ("**ESIA**") were conducted during the quarter, which included:

- SRK Consulting ("**SRK**") completing a round of soil geochemistry, noise, air quality and social consultation surveys, and a detailed social survey of the Marampa area;
- Ecorex Consulting Ecologists completing a second round of flora and fauna surveys; and
- Nexus Heritage completing a cultural heritage survey of the project area.

It is planned to submit the ESIA to the authorities for approval in the September 2011 quarter.



## ***Other Project Studies***

Bateman Engineering Pty Ltd ("**Bateman**") was re-engaged to commence and manage further technical and engineering studies. To assist with these studies, Coffey Mining Ltd was engaged to investigate in detail the proposed tailings storage facility, as well as complete geotechnical and hydrogeological studies. Scott Wilson was engaged to investigate the rail head and rolling stock requirements.

As part of its studies, Bateman is also investigating the opportunity for the early start-up of production from processing near surface oxide material, as well as increasing Marampa's scale from 5Mtpa to 10Mtpa of concentrate production.

## **Pinnacle Group Assets Limited (46.1% interest and Manager) ("**Pinnacle**")**

Cape Lambert is the Manager of Pinnacle and funds its working capital. The working capital funding is provided through a mezzanine debt structure, which at Cape Lambert's election can either be repaid or converted into equity.

Pinnacle's principal assets are two early stage iron ore projects located in the Republic of Guinea and Sierra Leone, West Africa (refer Figure 2).

### ***Kukuna Iron Ore Project – Sierra Leone***

The Kukuna Iron Ore Project is located 120km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68km<sup>2</sup> ("**Kukuna Project**") (refer Figure 2). The licence is located 70km due north of the Marampa Infrastructure.

The Kukuna licence straddles the eastern boundary of the Neoproterozoic Rokel-Kasila Belt and contains rocks correlated with the Marampa Group, which host the specular hematite schist iron mineralisation at Marampa.

An IP survey covering the entire extent of mapped hematite schist mineralisation on the Kukuna tenement was completed during the quarter, with the aim of identifying consistent, large zones of mineralisation as potential drill targets. The survey consisted of 26 survey traverses lines totalling 71.2 line kilometres. The data from the survey is being interpreted by independent geophysics consultant, Core Geophysics of Perth Australia, with a final report expected early in the June 2011 quarter. The initial results of the IP survey are highly encouraging.

### ***Sandania Iron Ore Project – Guinea***

The Sandania Iron Ore Project is located 290km east northeast of Conakry in the central south of the Republic of Guinea and comprises two exploration permits covering 608km<sup>2</sup> ("**Sandania Project**") (refer Figure 2).

SRK delivered its final report on the geological mapping completed in December 2010. Seven exploration targets over an aggregate strike length of >20km containing weathered and fresh magnetite Banded Iron Formation have been identified. Regional mapping and sampling has also confirmed in-situ iron grades of up to 48.5% (refer to ASX Announcement dated 11 April 2011). SRK confirmed that the mineralisation is hosted by the same rocks as those of the 3.7Bt Kalia deposit owned by Bellzone Mining plc located on the adjacent tenement to the north. Initial drilling at Sandania is planned for the September 2011 quarter.

## **Sierra Leone – Regional Exploration**

Metal Exploration (Mauritius) Limited, a wholly owned subsidiary of Cape Lambert, holds a land package of granted licences and applications in Sierra Leone covering more than 2,800 km<sup>2</sup> in the region to the north and south of Marampa, which are prospective for the discovery of new iron ore deposits similar to Marampa (refer Figure 2).

An IP survey was completed over the Kumrabai prospect on the Marampa East tenement (refer Figure 3), with the aim of identifying thick and consistent hematite schist mineralised zones as potential drill targets. The survey consisted of 11 survey traverse lines totalling 21.8 line kilometres. The data from the survey is being interpreted by independent geophysics consultant, Core Geophysics of Perth, Australia with a final report expected early in the June 2011 quarter.

Processing of the 17 applications for Exploration Licences submitted in the December 2010 quarter covering the areas of the granted Reconnaissance Licences (917km<sup>2</sup>) and applications (1,942km<sup>2</sup>) continues. A granted exploration licence is required for the purpose of trenching and drilling works.

## **Sappes Gold Project (100%) (“Sappes”)**

Sappes is a gold development project located in north eastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandroupoulos, on a 20.1km<sup>2</sup> mining lease granted until 2023 (refer Figure 4). The Company's strategy is to progress the permitting of Sappes, to enable its sale with a significant portion of the pre-permitting discount removed.

Sappes' development is based around the high-grade, underground Viper deposit and an open pit nearby at the St Demetrios deposit.

A Greek based General Manager was appointed during the quarter. The Company has re-opened its local office in the town of Sappes, and has commenced a socialisation program in respect of project development with the local community and authorities.

Processing of the Preliminary Environmental Impact Study at the Ministry of Environment continues.

## **Australis Exploration Limited (100% interest) (“Australis”)**

Australis holds a portfolio of mineral rights, tenements and subsidiaries (refer Figure 5), which presently comprises:

- The exclusive rights to explore for and retain any value associated with rock phosphate on the tenements held by CST Minerals Lady Annie Pty Ltd (“**CSTLA**”) (“**Lady Annie Phosphate Rights**”);
- 11 granted Exploration Licences totalling 14,600km<sup>2</sup> in the eastern Northern Territory (one application granted 25<sup>th</sup> February 2011);
- 14 applications for Exploration Permits totalling 6,990km<sup>2</sup> in north west Queensland; and
- 100% of Mojo Mining Pty Ltd, which holds 15 granted Exploration Permits totalling 3,609km<sup>2</sup>, located 150km south of Mt Isa.

The CSTLA tenements cover part of the Lady Annie, Lady Jane and Galah Creek phosphate deposits. These deposits were discovered during the late 1960's and early 1970's and are hosted in the Cambrian Beetle Creek Formation, which is part of the Georgina Basin. The Lady Annie and Lady Jane deposits are located in an outlier 10km east of the present margin of the Georgina Basin. The East Galah Creek deposit lies adjacent to the D-Tree deposit, presently being explored by Legend International Holdings Inc.



Current work on the Lady Annie Phosphate Rights is focused on compiling and evaluating available historical and recent exploration information. An attempt to access the ground to commence reconnaissance was unsuccessful due to excessive rain.

Five grassroots rock phosphate targets have been identified on the granted Northern Territory licences. These lie along the northern margin of the Georgina Basin and on a basement high, <50km from the Wonarah rock phosphate project being developed by Minemakers Limited.

### **Leichhardt Copper Project (100%) ("Leichhardt")**

Leichhardt, which is currently on care and maintenance, is located approximately 100km northeast of Mt Isa in the highly prospective Mt Isa Inlier (refer Figure 5) and comprises:

- The Leichhardt process plant at Mt Cuthbert – a heap leach, solvent extraction and electrowinning facility with installed capacity of 9,000 tpa of copper cathode;
- A package of 43 granted tenements of approximately 850km<sup>2</sup> located within the highly prospective Mt Isa Inlier;
- A further 11 Exploration Permit applications for an additional 500km<sup>2</sup>, also located within the Mt Isa Inlier;
- The established Mt Watson oxide, open pit located approximately 30km north of the Leichhardt process plant; and
- Mineral resources at Leichhardt, Mighty Atom Group, Hidden Treasure, Ned Kelly and Mt Cuthbert, together with advanced exploration prospects at Mt Earl and Prospector.

The Company continued its systematic evaluation of the exploration dataset, with the objective of identifying drill targets and commencing drill programs to define additional oxide copper inventory.

Drilling of the heap leach pads finished late in the quarter, with 261 sonic holes completed for a total 2,736m. The drilling program was designed to determine the remaining recoverable copper inventory within the leach pads. At the time Matrix Metals Ltd (Receivers and Managers appointed) (previous owners) went into administration in November 2008, it was estimated that some 1,900 tonnes of copper remained within the leach pads.

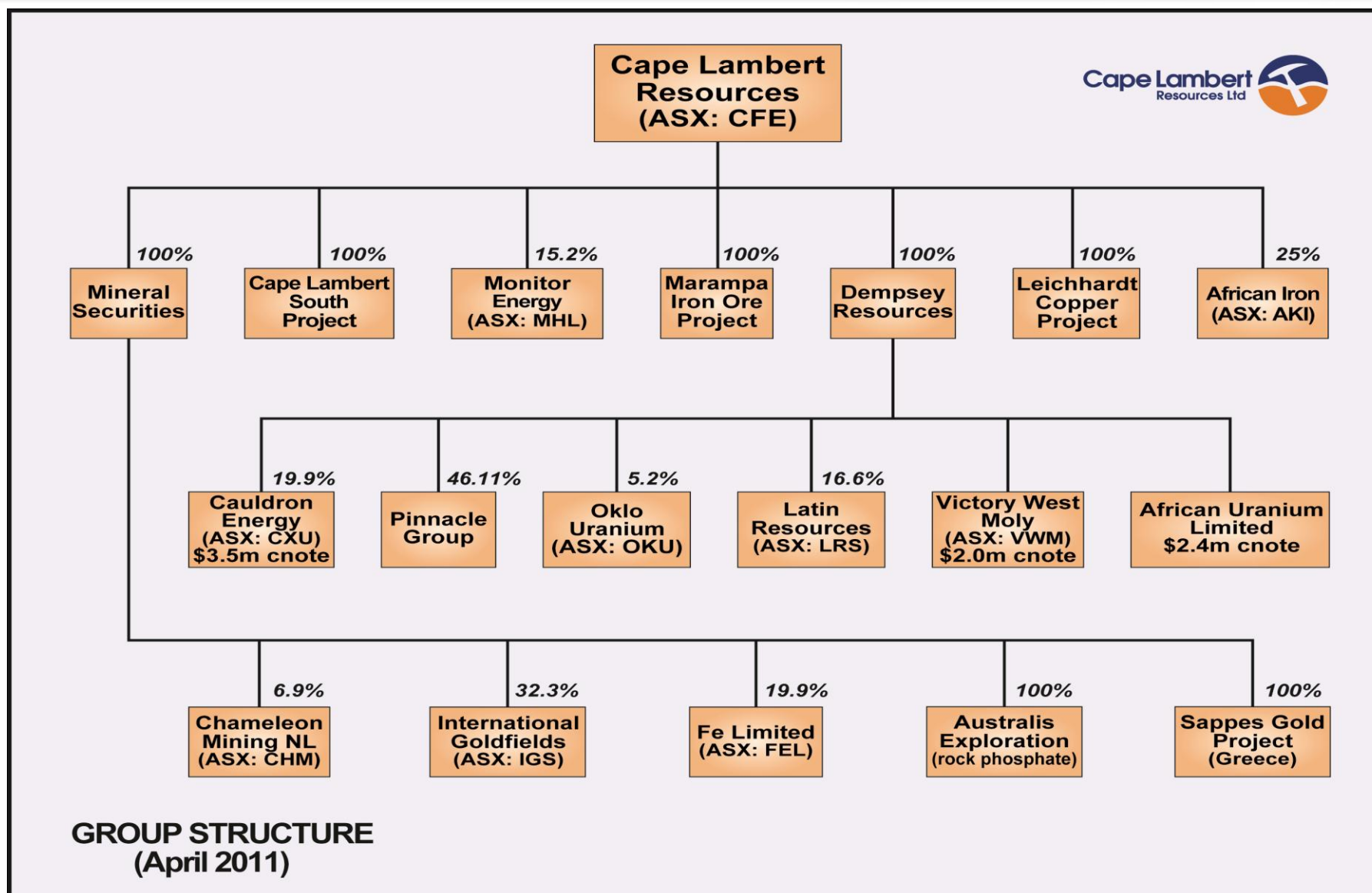
Metallurgical diamond drilling under the Mt Watson West Pit commenced during April 2011. This drilling is aimed at providing sufficient material to conduct column leach test work on the transitional material to determine its suitability to be processed through the heap leach/solvent extraction process at Leichhardt, which will allow an update in the resource classification and the determination of an ore reserve from this transitional material.

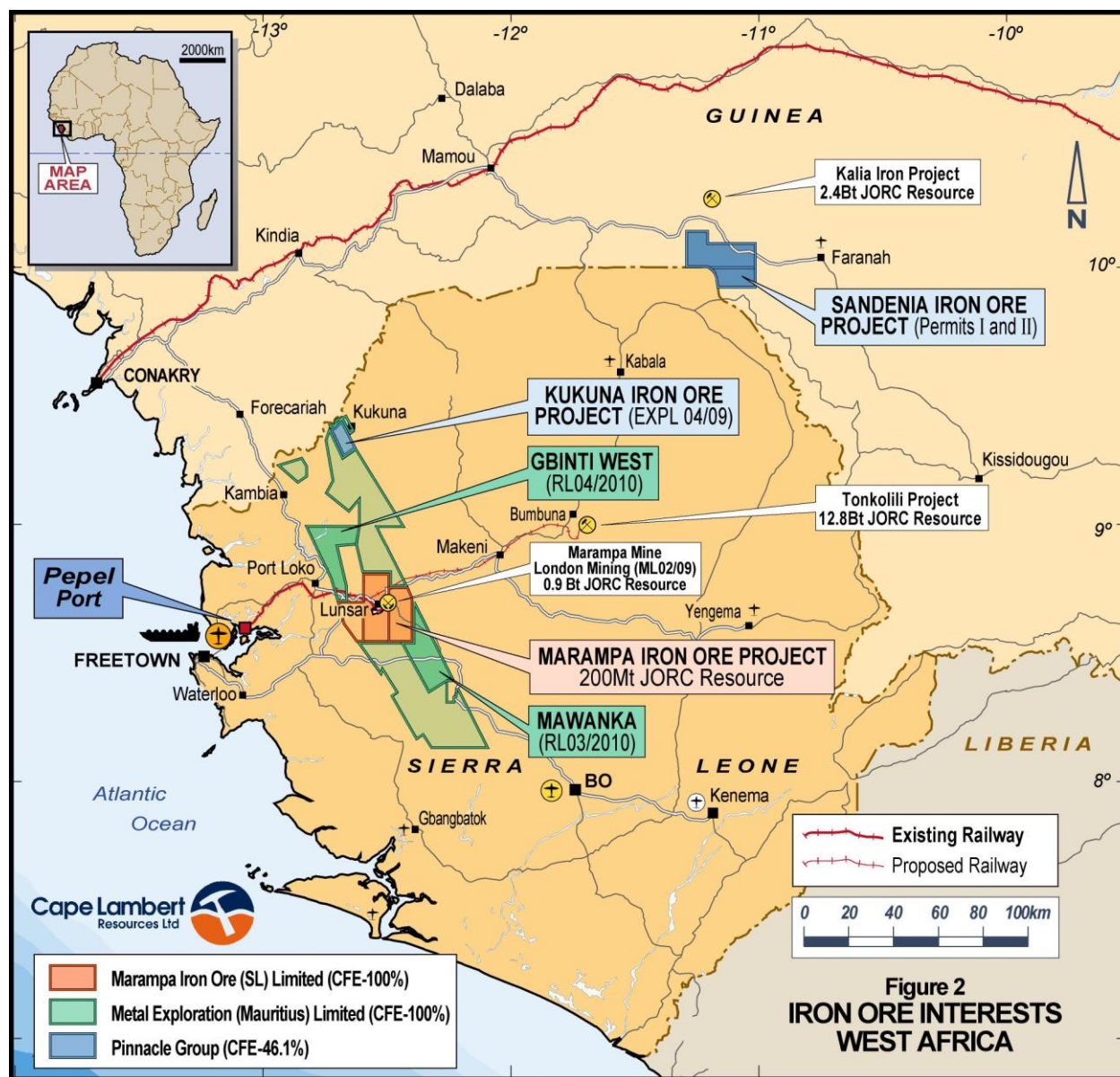
#### **Competent Person:**

*The contents of this report relating to Exploration Results, Mineral Resources and Ore Reserves are based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Cape Lambert and has sufficient experience relevant to the style of mineralisation and the deposit under consideration and to the activity 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 Bischoff consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.*

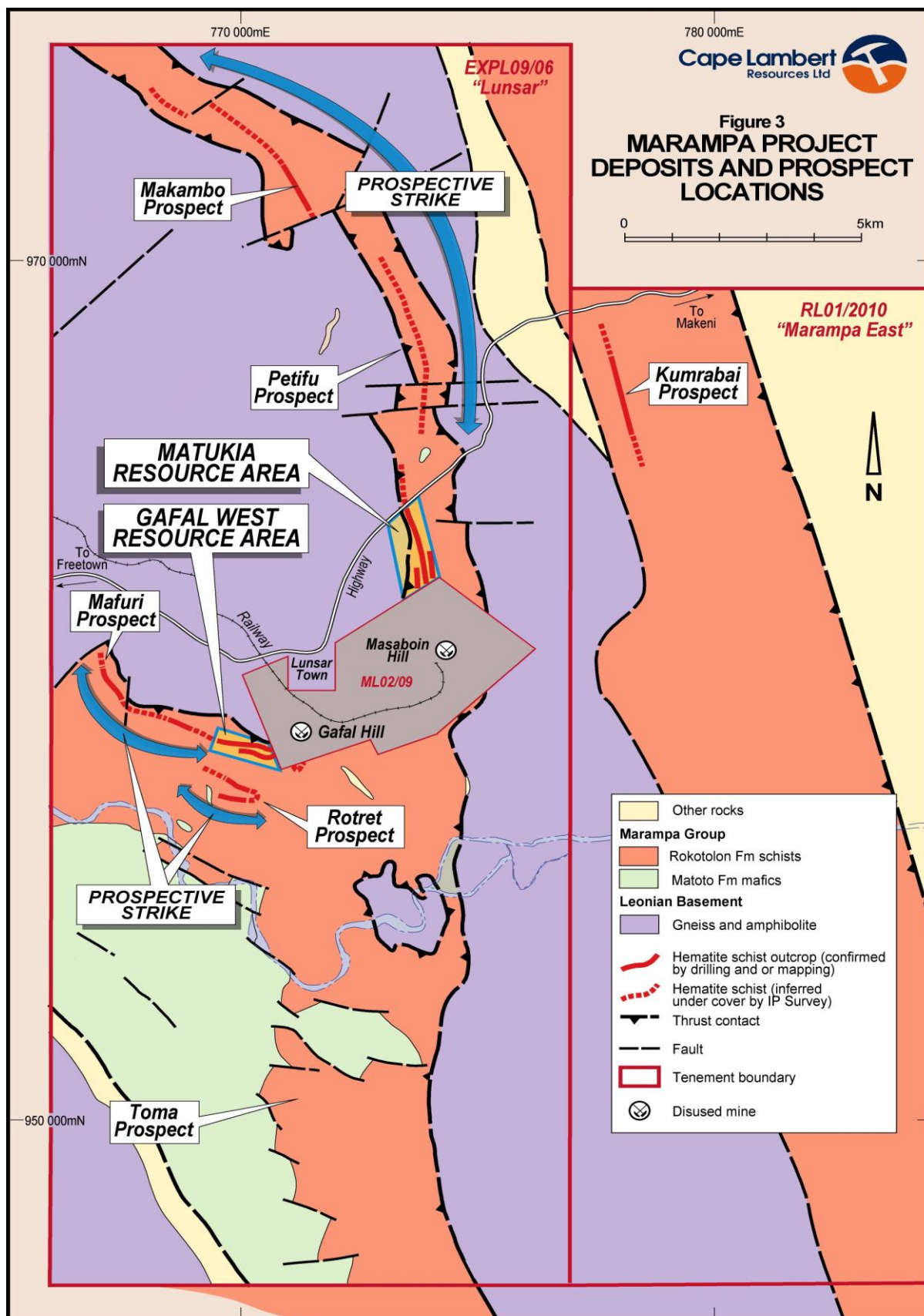
#### **Competent Person:**

*The information in this Report that relates to Metallurgical Test Results is based on information reviewed and compiled by Mr G V Ariti, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ariti is a consultant to Cape Lambert and has sufficient experience which is relevant to the style of mineralisation and the type of deposit 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, Minerals Resources and Ore Reserves". Mr Ariti consents to the inclusion in this report of the information in the form and context in which it appears.*



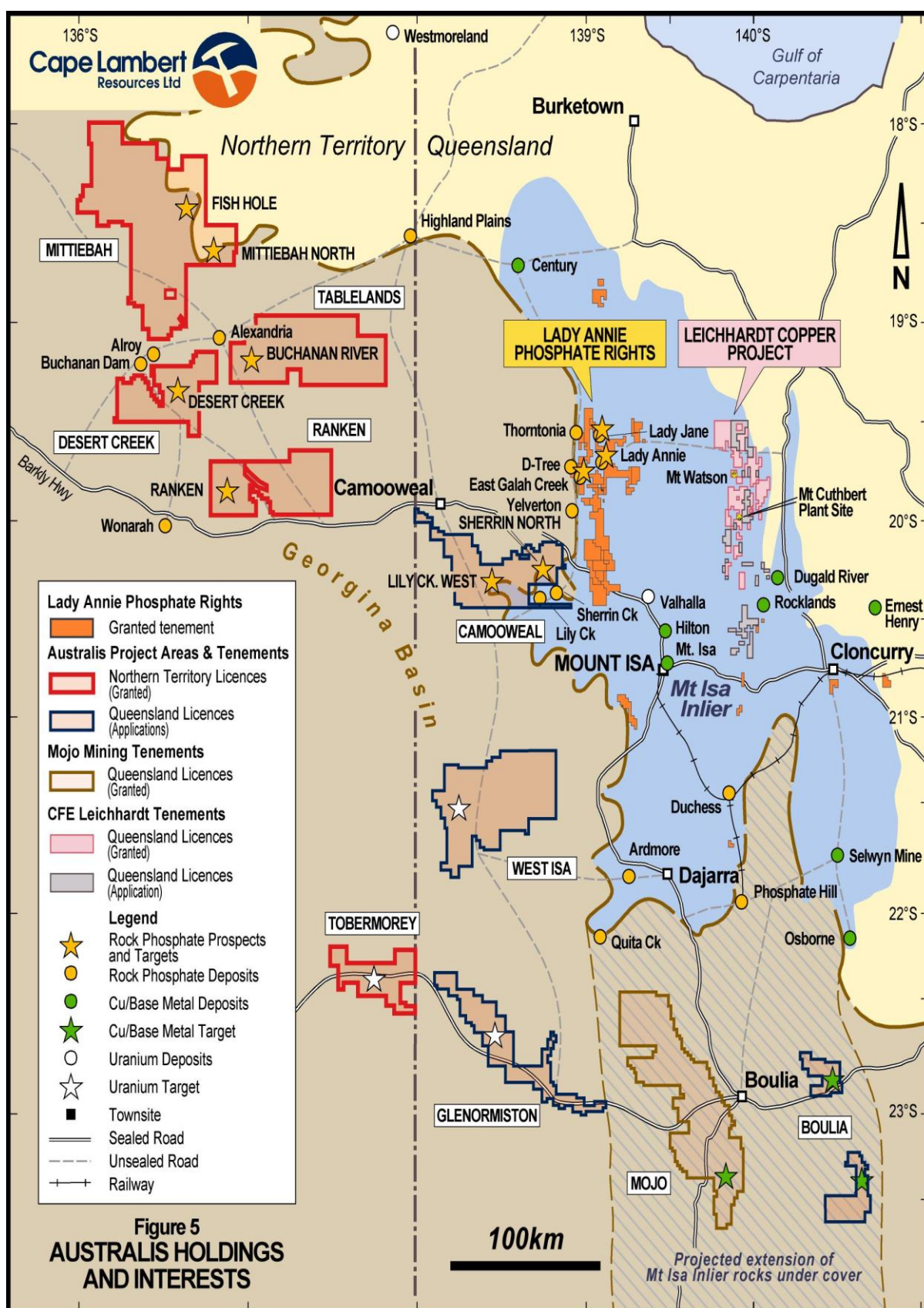














# Appendix 5B

## 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

CAPE LAMBERT RESOURCES LIMITED

ABN

71 095 047 920

Quarter ended ("current quarter")

31 March 2011

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(5,587)	(13,899)
	(b) development	-	-
	(c) production & care & maintenance costs	-	-
	(d) administration	(4,081)	(10,827)
1.3	Dividends received	-	-
1.4	Interest and similar items received	994	3,226
1.5	Interest and other costs of finance paid	(3)	(7)
1.6	Income taxes paid	-	(1,612)
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(8,677)</b>	<b>(23,119)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects (Leichhardt Copper Project)	-	(6,651)
	(b) equity investments	(3,467)	(12,870)
	(c) other fixed assets	(89)	(594)
1.9	Proceeds from sale of:		
	(a) prospects	30,000	30,000
	(b) equity investments	1,244	11,189
	(c) other fixed assets	-	-
	(d) controlled entities	47,000	47,000
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	1,475	3,663

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to investing activities (continued)</b>		
1.12 Other: Payments pursuant to takeover offer	-	(32,368)
Other: Proceeds from sale of interest in associate	2,695	13,639
Other: Payment for investment in associate	(13,984)	(14,081)
Other: Payment for convertible notes	(2,000)	(2,000)
Other: Repayment of convertible notes	-	5,740
Other: Cash backing security provided for performance / other bonds & bank guarantees	(40)	(3,921)
Other: Restricted cash balances released	-	179
Other: Loan to associate	(813)	(2,838)
Other: Loan to related entity	-	(3,994)
Other: Repayment of loan from related entity	3,935	3,935
Other: Provision of loan facility	-	(6,500)
Other: Repayment of loan facility	6,500	6,500
Other: non-refundable deposits	250	250
Other: cash balances disposed on sale of subsidiary company	(290)	(290)
Other: Payment of transaction related costs	(206)	(2,217)
<b>Net investing cash flows</b>	<b>72,210</b>	<b>33,771</b>
<b>1.13 Total operating and investing cash flows (carried forward)</b>	<b>63,533</b>	<b>10,652</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	68	68
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	(43,803)
1.19 Other: share buy back	(25,769)	(31,922)
<b>Net financing cash flows</b>	<b>(25,701)</b>	<b>(75,657)</b>
<b>Net (decrease) in cash held</b>	<b>37,832</b>	<b>(65,005)</b>
1.20 Cash at beginning of quarter/year to date	32,872	135,709
1.21 Exchange rate adjustments to item 1.20	(144)	(144)
<b>1.22 Cash at end of quarter</b>	<b>70,560</b>	<b>70,560</b>

+ See chapter 19 for defined terms.

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	186
1.24 Aggregate amount of loans to the parties included in item 1.10	-

- 1.25 Explanation necessary for an understanding of the transactions  
\$185,750 payment of executive and non-executive director fees.

**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

120,000,000 fully paid shares in African Iron Limited (ASX: AKI) received as part consideration for the sale of DMC Mining Limited.

- 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

**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	5,000
4.2 Development	-
4.3 Production	-
4.4 Administration	3,500
<b>Total</b>	<b>8,500</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	70,560	32,872
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		70,560	32,872

## 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	Refer attached schedule		
6.2	Interests in mining tenements acquired or increased	Refer attached schedule		

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+ 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 <b>Preference securities</b> (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	571,849,603	571,849,603		
7.4 Changes during quarter				
(a) Increases through issues	150,000	150,000		
(b) Decreases through returns of capital, buy-backs	(41,171,224)	(41,171,224)	-	-
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	7,850,000 Unlisted exercisable at \$0.45 on or before 30/09/11	-	N/A	N/A
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	150,000	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> (totals only)	-	-	-	-
7.12 <b>Unsecured notes</b> (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 give a true and fair view of the matters disclosed.

Sign here: Claire Tolcon  
Company Secretary

Date: 29 April 2011

## 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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**Appendix for item 6.2: Interests in mining tenements acquired or increased**

<b>Tenement reference</b>		<b>Nature of interest (note (2))</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
EL26304	Glasshouse 3	Partially relinquished	100%	50%
EL26308	Glasshouse 6	Partially relinquished	100%	50%
EL26309	Glasshouse 7	Partially relinquished	100%	50%
EL26310	Glasshouse 8	Partially relinquished	100%	50%
EL26311	Glasshouse 9	Partially relinquished	100%	50%
EL26312	Glasshouse 10	Partially relinquished	100%	50%
EL26314	Glasshouse 11	Partially relinquished	100%	50%
EPM15693	Glenormiston 10	Partially relinquished	100%	50%
EPM15694	Glenormiston 9	Partially relinquished	100%	50%
EPM15692	Glenormiston 3	Partially relinquished	100%	50%
EPM15695	Glenormiston 5	Partially relinquished	100%	50%
EPM15700	Glenormiston 8	Partially relinquished	100%	50%
EPM15687	Glenormiston 4	Partially relinquished	100%	50%
EPM15688	Glenormiston 12	Partially relinquished	100%	50%
EPM15690	Glenormiston 2	Partially relinquished	100%	50%
EPM15691	Glenormiston 11	Partially relinquished	100%	50%
EPM15696	Glenormiston 7	Partially relinquished	100%	50%

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+ See chapter 19 for defined terms.