

Significant Events

meeting a lithium future...

- Loan facility drawdown completed in September 2010
- Intending to list on the Hong Kong Stock Exchange ("SEHK")
- Term sheet signed for A\$30 million Convertible Note
- Appointment of Mr Xiaojian Ren, Mr Kai Cheong Kwan, Mr Anthony Tse and Mr Charles Whitfield as Directors on 13 October 2010
- Completion of commissioning and commencement of production at Mt Cattlin
- Manganese mineralisation discovered at Shoemaker Project
- Jiangsu plant construction progressing well and construction budget finalised
- Sales of spodumene concentrate to commence in 4th quarter 2010
- Launch of "EV Grade" and "EV Plus Grade" brands of lithium carbonate

Corporate



Loan Facility Drawdown Completed

The Company has now received the full US\$105 million from the syndicate banks, China Development Bank (CDB) and Austrian bank, Raiffeisen Zentralbank Österreich AG (RZB), in its loan facility disbursement account. Drawdown funds are being used to ramp up production at Mt Cattlin, continue construction of the Jiangsu project and repay any outstanding bridging loans.

A requirement of the Facility is the establishment of a cash reserve account in the amount of US \$50 million for the purpose of servicing future interest and principal repayments. As a result of having funded this account, the company requires further funding to complete the ramp up of its projects.

Galaxy Resources is a Western Australian S&P/ASX 300 index company which is soon to become one of the world's leading producers of lithium – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

At full capacity, the Mt Cattlin mine will be the second largest producer of lithium mineral concentrate globally and through the development of its value adding, 17,000 tpa lithium carbonate plant, the Company will be one of the largest and lowest cost lithium compound producers in China.

Lithium compounds such as lithium carbonate are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers.

Galaxy Resources has positioned itself to meet this lithium future by not only mining the lithium but by downstream processing to supply lithium carbonate to the lucrative Asian market.

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Zero Emission Race

Galaxy is helping to drive home the message about the importance of electric vehicles in a sustainable future through its sponsorship of Australia's only participant in the world's inaugural Zero Emissions Race.



Renewable Energy
Vehicle Sponsored
by Galaxy

The Company sponsored Adelaide based Team TREV (Two-seater Renewable Energy Vehicle) in its emission free journey across the globe.

Corporate

Hong Kong Listing

Further to the Company's previous announcement, the Company confirms that it intends to apply for the listing of its shares on the SEHK by early 2011. The Company intends to shortly lodge a "Form A1" listing application with the SEHK which will mark the commencement of the process undertaken by the SEHK to consider and approve a new applicant.

The Company believes that a listing in Hong Kong could provide an outstanding platform for growth and position Galaxy as one of the largest lithium carbonate producers in the Asia Pacific region. A Hong Kong listing could represent the beginning of another exciting growth phase for the Company with potential to deliver value for existing and new Galaxy shareholders.



Term sheet signed for A\$30 million Convertible Note

Subsequent to the quarter, on 4 October 2010, the Company announced that it had agreed in principle to issue A\$30 million through a Convertible Note to a strategic China based investor.

An indicative, non-binding term sheet has been signed which is subject to final documentation and the receipt of various approvals. Further details of the final terms, including details of the investors, will be provided once final and binding transactions documents have been executed.

The Company may increase the amount raised under the Convertible Note due to strong interest from strategic investors.



Galaxy Strengthens Board

Subsequent to the quarter, the Company appointed Mr Xiaojian Ren (Non Executive Director), Mr KC Kwan (Independent Non Executive Director), Mr Anthony Tse (Executive Director) and Mr Charles Whitfield (Executive Director).

Xiaojian Ren (Non Executive Director)

Mr Ren was appointed as an Alternative Director for Dr Yuewen Zheng in January 2010. Mr Ren has extensive finance experience and is the co-founder, Director and President of Creat Group Ltd. He was previously Chief Executive Officer of Creat Resources Holdings Limited and is currently non executive director. Mr Ren's previous directorships include Beijing Keruicheng Mining Investment Co Ltd and Yantai North Andre Juice Co. He has significant experience in establishing and operating businesses in the Peoples Republic of China.

Kai Cheong Kwan (Independent Non Executive Director)

Mr Kwan is an experienced director in Hong Kong. Mr Kwan is a qualified Chartered Accountant and has been a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed the Stanford Executive Program in 1992. Mr Kwan was previously the President and Chief Operating Officer for the Asia Pacific Region of Merrill Lynch & Co.



Mr Kwan is currently non-executive director of China Properties Group Ltd, JF Household Furnishings Ltd, Hutchison Harbour Ring Ltd, Soundwill Holdings Ltd, Win Hanverky Holdings Ltd, SPG Land (Holdings) Ltd and Sunlight REIT. He was previously an independent non-executive director of Hutchison Telecommunications International Ltd, TS Telecom Technologies Ltd and Yaohan International Holdings Ltd. Mr Kwan has extensive experience in finance and in corporate governance of Hong Kong listed companies.

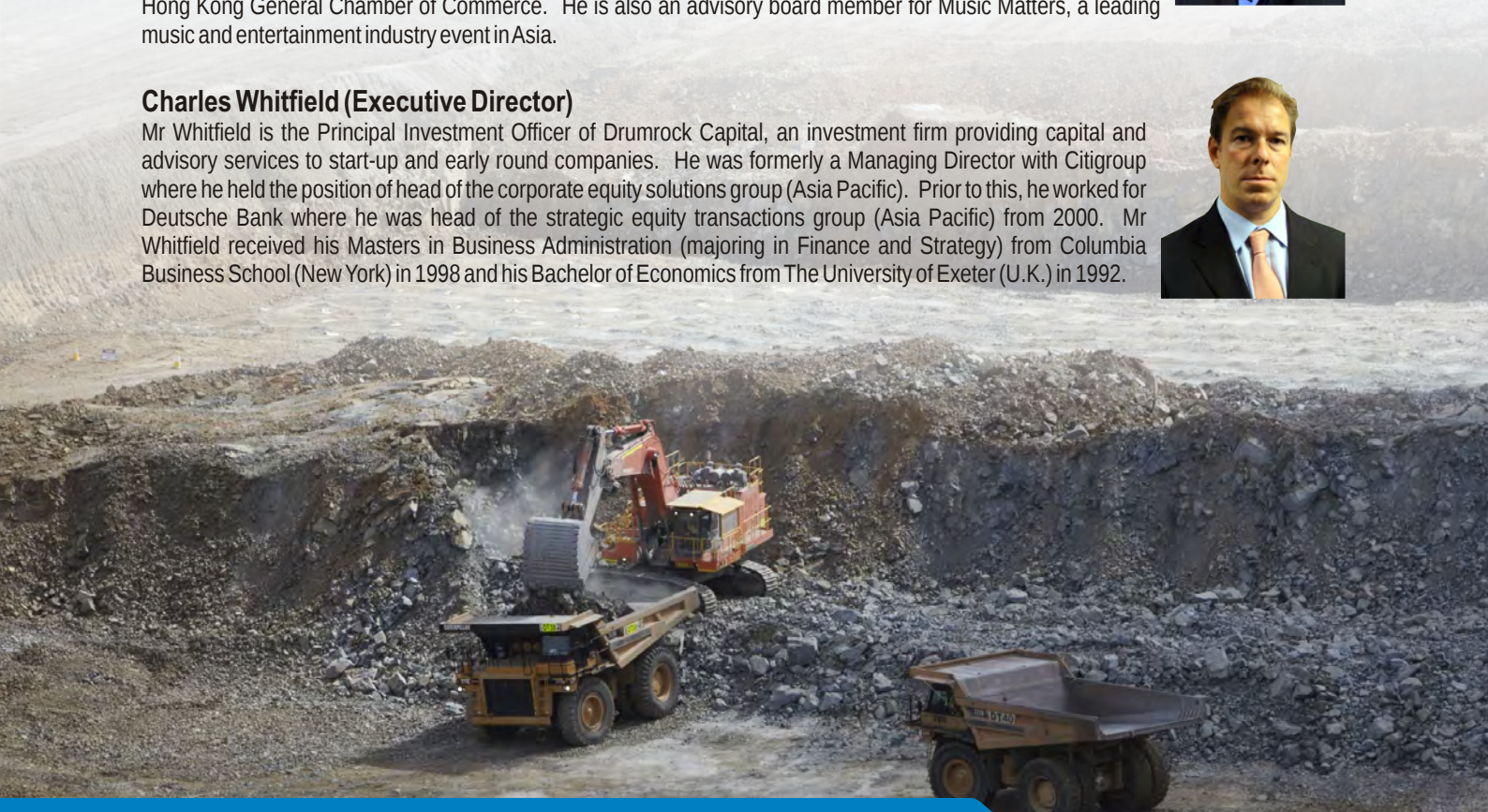
Anthony Tse (Executive Director)

Mr Tse is a Hong Kong resident and was previously the Chief Executive Officer of CSN Corporation, a home shopping television channel in China. Prior to this, he worked in strategy, development and M&A roles at the TOM Group for more than eight years. During his time with the TOM Group, he served as Director of Corporate Development, Deputy General Manager of Online Operations and also President of China Entertainment Television, a joint venture with Time Warner. Prior to joining the TOM Group, Mr Tse spent more than five years at News Corporation's STAR TV. Mr Tse is a former board director and member of the Council of Governors for The Cable & Satellite Broadcasting Association of Asia. He was a member of Digital Information & Technology Committee for the Hong Kong General Chamber of Commerce. He is also an advisory board member for Music Matters, a leading music and entertainment industry event in Asia.



Charles Whitfield (Executive Director)

Mr Whitfield is the Principal Investment Officer of Drumrock Capital, an investment firm providing capital and advisory services to start-up and early round companies. He was formerly a Managing Director with Citigroup where he held the position of head of the corporate equity solutions group (Asia Pacific). Prior to this, he worked for Deutsche Bank where he was head of the strategic equity transactions group (Asia Pacific) from 2000. Mr Whitfield received his Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) in 1998 and his Bachelor of Economics from The University of Exeter (U.K.) in 1992.



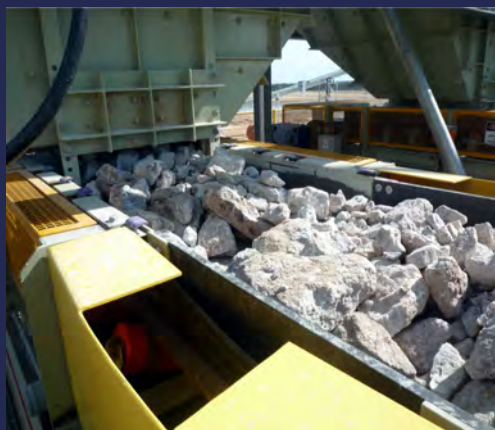
Mt Cattlin Spodumene Project

During the quarter, the Company announced that it had commenced spodumene concentrate production at Mt Cattlin. Significantly, there were no lost time injuries recorded for the site during the construction, commissioning and start up program.

The production start up was achieved on schedule and follows the successful commissioning of the crushing circuit and heavy media plant. Over the coming months, spodumene throughput will be progressively ramped up until the design capacity is reached on a continuous basis. This achievement was made on the back of an accelerated and highly successful construction program which began in early November 2009 following the ground breaking ceremony.

The operating licence for the process plant has been granted by the Department of Environment and Conservation.

A contract for the haulage of product to Esperance Port was awarded to local company, Esperance Freight Lines, who will commence operations as soon as the capacity to store product in the port is achieved. The final approvals required to allow the storage within the port and the export of spodumene concentrate represent the only remaining approvals required for the project and these are expected to be granted shortly.



Ore feed into crusher
at Mt Cattlin



Mt Cattlin Laboratory



Final product
stockpile
at Mt Cattlin

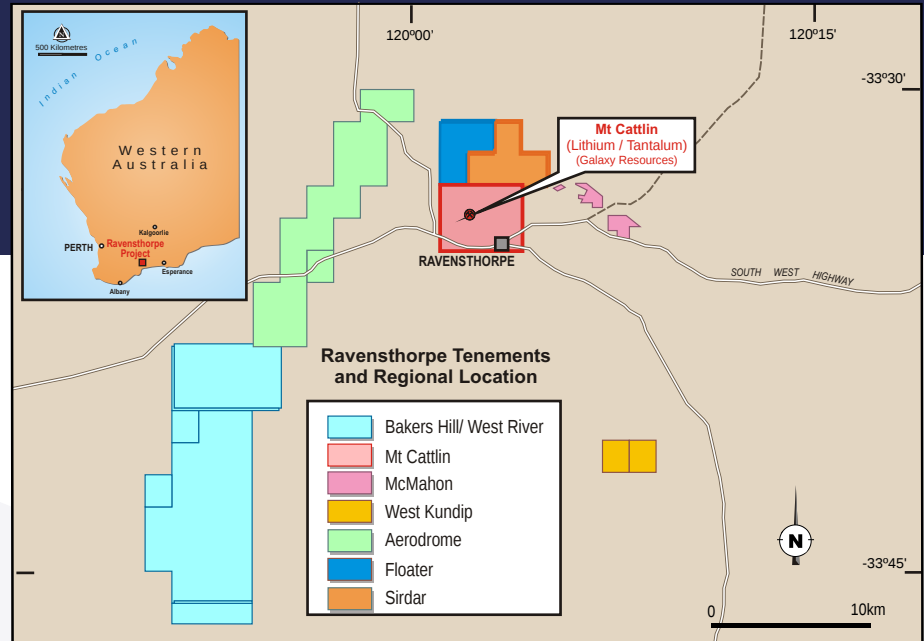


Extracting Ore from Dowling Pit

Geological Activities

Bakers Hill and Aerodrome

Around 80 rock chip samples were collected at the Bakers Hill and Aerodrome projects during field mapping. Preliminary assay results have been received for these samples, which include several assays over 1% Li₂O, with a maximum of 2.76% Li₂O.



The high lithium results are mostly associated with lithium-bearing minerals such as lepidolite, rather than spodumene. However, further work is warranted and a follow up RC program has been planned. Preparation and submission of required approvals is in progress prior to commencement of drilling.

West Kundip

A program of 23 shallow RC holes totalling 646m of drilling was completed at the West Kundip manganese project. This returned a best intercept of 4m @ 7.2% Mn, including 1m @ 13.2% Mn.

Shoemaker Joint Venture (50% Galaxy Interest)

General Mining Corporation Limited (GMC) announced in February 2010 that the Shoemaker project had good potential for iron-ore mineralisation in both the bedded and taconite styles in Banded Iron Formation and some potential near surface Direct Shipping Ore hematite mineralisation within the Frere Formation.

The recent Lockeridge Prospect discovery by Zinc Co next to the Shoemaker project as well as work on the Stanley Project by AusQuest Ltd also showed the presence of stratiform bedded manganese mineralisation in the Earaheddy basin.

In July 2010, the GMC exploration team continued outcrop mapping and sampling to follow up on the high-grade manganese occurrence discovered at the project area in May 2010.



Jiangsu Lithium Carbonate Project

To date, there have been 144,807 man-hours worked on the project without any lost time injuries, medically treated injuries or incidents.

The Company has now received the final Jiangsu construction budget and timeline from EPCM provider, Hatch Project Consulting (Shanghai) Co Ltd.

The Definitive Feasibility Study (DFS) for the Jiangsu Lithium Carbonate Plant was completed late last year with an estimated commissioning date of Q4 2010. Since the completion of the DFS, the overall scope of work for the project has been expanded to include the bicarbonate purification circuit in order to produce the "EV Grade" product (99.9% lithium carbonate). Galaxy's "EV Grade" product will be tailored specifically for cathode producers and we believe will attract a price premium over lower grade lithium carbonate products.

The final process design, equipment calculations and plant layout has now been finalised with the majority of the services, construction, supply packages and installation contracts awarded. Key equipment suppliers in China have experienced longer lead times due to increased activity in China's chemical sector. For example, the lead time for the major critical path item for the project, the calcination kiln, was originally expected at 26 weeks last year. Following the final tender process, the kiln lead time has now returned at 40 weeks. This is common across the chemical industry in China and has impacted the project completion date for the Jiangsu Project which is now expecting commissioning and production early in the second quarter of 2011. To compensate for the delay at Jiangsu, the Company has secured the sale of its first two shipments of spodumene concentrate to another lithium carbonate producer in China to generate cash flow for the Company earlier than anticipated.

The final construction budget for Jiangsu has indicated a capital cost of RMB 477 million (A\$ 72.5 million @ FX rate of RMB:AUD of 6.6), excluding owners costs. The increase in capital costs of A\$17.5 million compared to the DFS will be funded by new capital raised through the planned Convertible Note issue.



Sulphating mixer in fabrication



Gatehouse building



Kiln transport to site



Kiln installed on site



Jiangsu Lithium Plant

Jiangsu Construction Progress

The site has been levelled and fenced, with access established from Dongxin Road along with a truck wash station. Opening of the permanent site entrance is now completed to coincide with the start of heavy equipment deliveries soon.

Stabilised sub-bases for roads, hardstands (including the stockpile area) and buildings have been completed. Site storm water drainage systems and foundation piling for all building structures is also been finalised.

Preparation works for all building foundations and placement of steel reinforcing bars for the production building, office, laboratory and maintenance building. The critical path item, the calcination kiln was delivered to site during October.

The Company has executed all major raw material supply contracts with local suppliers who are located close to the Jiangsu Plant. Neighbouring chemical company, Two Lions, will also supply steam and sulphuric acid via pipelines. Soda ash will be supplied in tank trucks by Huachang Chemical, a Chinese publicly listed company located about 6km away from the Jiangsu site.

Distribution

The company has also signed a contract with Sinotrans, a large logistics company in China for shipping, warehousing and distribution of Galaxy products to its customers.

Galaxy will have three final product distribution warehouses; Jiangsu; Tianjin (North China) and Changsha (South West China) to service our customers. Product from the Jiangsu production site will be transported to Tianjin and Changsha warehouses by either barge or ship to minimise transport costs.

Galaxy warehouse in Tianjin



Marketing

Spodumene Concentrate Sales Brought Forward

The Company has secured the sale of its first two shipments of spodumene concentrate to a customer in China whilst the Jiangsu Lithium Carbonate Plant is still under construction. The sale of 27,000 tonnes of spodumene concentrate on commercial terms will maintain the Mt Cattlin ramp-up program and will deliver earlier cash flow for the Company.

Launch of “EV Grade” and “EV Plus Grade” Brands of Lithium Carbonate

During the quarter, the Company launched two brands of high grade lithium carbonate that once in production will be tailored for lithium batteries used in the production of electric vehicles (EVs). These new brands, “EV Grade” (99.9% lithium carbonate) and “EV Plus Grade” (99.99% lithium carbonate) will represent a key niche product offering for the electric vehicle market.

The previous process design for the Jiangsu Plant enabled the Company to comfortably produce commercial quantities of 99.5% lithium carbonate. The Company has recently taken the opportunity to modify the design of the Jiangsu lithium carbonate plant by incorporating an additional bicarbonate purification step which, once the plant is commissioned, will allow production of “EV Grade” and “EV Plus Grade” lithium carbonate.

The bicarbonate purification process is conventional and already adopted by smaller batch refiners in the industry. The process involves the re-dissolution of lithium carbonate with carbon dioxide to form soluble lithium bicarbonate. The re-crystallisation of high purity lithium carbonate is then affected through heating. By adopting this process, the quality of the lithium carbonate can be dramatically improved.

Galaxy believes the electric vehicle industry will demand higher quality cathodes for battery production. We are already seeing the need for battery makers to supply smaller batteries with higher power and energy densities. This trend will increase as the demand for EV's pick up.

The Company is positioning itself to be a world leader and meet this future demand growth by building a plant that has the capacity to consistently produce these high purity lithium carbonate products. Galaxy will be one of the first in the world to produce “EV Grade” in large volumes and is set to capitalise on the increased prices for the higher grade product.



Off Take Framework Agreements

As announced in February 2010 and April 2010, the Company negotiated offtake framework agreements covering all of its expected production of lithium carbonate with Mitsubishi and 13 major lithium cathode producers in the PRC. These arrangements contemplate the sale of fixed annual volumes, subject to the parties agreeing the price of the product to be sold each quarter. We believe that this quarterly price setting mechanism is appropriate in an industry where there is currently no recognised benchmark price and expect that this will also enable us to capture any increases in pricing for a lithium compound which we anticipate will enjoy increasing demand as the lithium-ion battery market grows.

Under its offtake framework agreement with the Company, Mitsubishi will make reasonable efforts to purchase 5,000 tpa of our lithium carbonate production over a 5 year term, subject to a price being agreed between the parties each quarter. In addition to this offtake arrangement, this framework agreement appoints Mitsubishi as exclusive distributor of our product in Japan for a period of five years from date of first shipment. During this five year period, we will not be permitted to sell our product in Japan to parties other than Mitsubishi without Mitsubishi's consent.

The offtake framework agreements require Galaxy to produce lithium carbonate with a minimum purity level of 99.5% and impurities below a certain specification. We expect that our customers will require our products to undergo testing to confirm that they comply with these specifications.

Testwork Program

The following table is Galaxy's proposed "EV Grade" product capability (produced by laboratory pilot work) compared with the highest quality battery grade lithium carbonate commercially available from major suppliers around the world. The impurity elements highlighted in the table below are important considerations for cathode and battery producer, as they impact final battery performance and stability.

Table - Comparison of Competitor Lithium Carbonate Quality vs Galaxy's EV Grade

	Galaxy	SQM	FMC	Pan Asia	Tianqi
Sodium	62 ppm	259 ppm	152 ppm	207 ppm	122 ppm
Magnesium	0.8 ppm	44 ppm	69 ppm	40 ppm	22 ppm
Potassium	18 ppm	32 ppm	22 ppm	25 ppm	17 ppm
Iron	4 ppm	15 ppm	5 ppm	5 ppm	6 ppm
Sulphate	235 ppm	897 ppm	1389 ppm	834 ppm	1095 ppm
Chloride	30 ppm	80 ppm	100 ppm	70 ppm	120 ppm

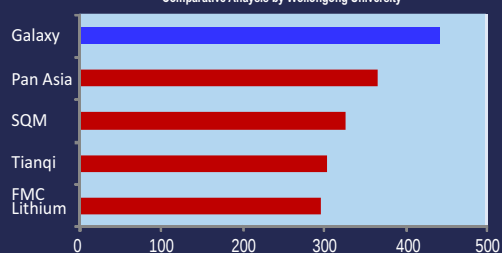
1. All competitor samples are obtained from the Chinese market and may not represent the full capacity of each producer
2. All samples were analysed by Wollongong University (Australia) on a comparable basis and method
3. Analysis performed by ICP on a comparative basis



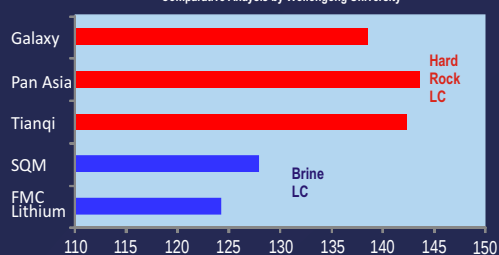
1st Cycle Capacity (mAh/g)
Comparative Analysis by Wollongong University



Specific Energy (Wh/kg)
Comparative Analysis by Wollongong University



Discharge Performance after 5 Cycles (mAh/g)
Comparative Analysis by Wollongong University



Cathode and Battery Testwork

The full benefit of the Company's "EV Grade" lithium carbonate in cathode material and its subsequent performance in lithium batteries were further tested by the University of Wollongong.

Battery Discharge Performance Tests

Tests were conducted by Wollongong University to measure the amount of fade in the cycle life capacity of the coin cells after a series of charge and discharge cycles. Coin cells with little fade, holding its charge after many cycles are favoured as an ideal lithium cathode material. The tests shows that there is practically no fade in the cycle life capacity using Galaxy's "EV Grade" lithium carbonate compared with other competitor battery grade lithium carbonate samples.

Interestingly, the Wollongong test work also identified that hard rock based lithium carbonate outperformed the brine based lithium carbonate in battery cycle life capacity test work. This supports anecdotal views in the Chinese lithium battery industry about the advantages and preference of hard rock based lithium carbonate.

In summary, the Galaxy "EV Grade" lithium carbonate electrochemical characteristics outperformed all other competitors' battery grade lithium carbonate in most tests. In addition, based on the Wollongong University comparative test work, hard rock based lithium carbonate seems to perform better in battery cycle performance compared with brine based lithium carbonate.

Results produced under laboratory conditions indicated Galaxy's capacity to produce high product purity with the potential for further quality improvements once the large scale, highly automated process was applied.





MV Esperance Bay



Mrs J Tan, Sponsor of the MV Esperance Bay

Galaxy Launches Ship

On 21 September 2010 in Japan, senior representatives from Galaxy were invited to launch Pacific Basin's newest ship, "MV Esperance Bay", which has been built for bulk shipping of minerals, including Galaxy's spodumene concentrate from Esperance Port.

Galaxy signed a contract with Pacific Basin last year which provides for a five year, fixed price arrangement (subject to variation in fuel prices) to ship spodumene concentrate from the Esperance Port to the port at Zhangjiagang at a targeted rate of 25,000 tonnes per shipment. Pacific Basin operates a fleet of approximately 120 handysize and handymax dry bulk vessels ranging in size from 20,000 to 60,000 deadweight tonnes.

The newest member of the Pacific Basin's fleet is a 28,000 metric tonne Bulk Carrier which was built by Imabari Shipbuilding Co. Limited.





Mt Cattlin Crusher Plant

Consolidated Statement of Cash Flows - Ending 30 June 2010

	Current Quarter \$A'000	YTD (9 months) \$A'000
Net Operating Cash Flows	\$ (6,920)	\$ (13,844)
Net Investing Cash Flows	\$ (24,219)	\$ (92,231)
Total Operating and Investing Cash Flows	\$ (31,139)	\$ (106,075)
Net Financing Cash Flows	\$ 114,297	\$ 123,756
Cash at End of Quarter	\$ 96,883	\$ 96,883

Competent Persons

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and Mr Philip Tornatora who is a full time employee of the Company. Mr. Spiers and Mr Tornatora have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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. Spiers and Mr Tornatora consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Ore Reserves is based on information compiled by Mr. Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr. Croeser has sufficient experience which is relevant to the style of mineralisation and type of 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. Croeser consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

Charging Stations

The Company is also supporting an initiative of the University of Western Australia to install seven on-street Elektromotive recharging stations for electric and plug-in hybrid vehicles around Perth.

Elektromotive has developed the world's first truly generic electric vehicle refuelling network and functions as a stylish durable piece of street furniture.

Galaxy's sponsorship of the UWA Renewable Electric Vehicle project and the installation of recharging stations is aimed at changing people's attitudes to alternative energy transport infrastructure.



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

Galaxy Resources Limited

ABN

11 071 976 442

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,171)	(2,556)
	(b) development	-	-
	(c) production	(2,475)	(2,475)
	(d) administration	(3,166)	(9,327)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	31	1,288
1.5	Interest and other costs of finance paid	(161)	(796)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	22	22
	Net Operating Cash Flows	(6,920)	(13,844)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(24,227)	(92,164)
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)	8	(67)
	Net investing cash flows	(24,219)	(92,231)
1.13	Total operating and investing cash flows (carried forward)	(31,139)	(106,075)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(31,139)	(106,075)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	31,820
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	129,409	129,409
1.17	Repayment of borrowings	(15,112)	(37,473)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	114,297	123,756
	Net increase (decrease) in cash held	83,158	17,681
1.20	Cash at beginning of quarter/year to date	18,347	83,441
1.21	Exchange rate adjustments to item 1.20	(4,622)	(4,239)
1.22	Cash at end of quarter	96,883 *	96,883 *

*Includes US\$50m reserved for future repayment of principal or interest.

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	340
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes directors' fees, salary and superannuation and also fees paid to directors or director related entities for professional and technical services.

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	109,834	109,834
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	500
4.2 Development	1,000
4.3 Production	10,000
4.4 Administration	2,000
Total	13,500

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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	45,283	18,160
5.2 Deposits at call	51,600	187
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	96,883	18,347

Changes in interests in mining tenements – refer attached tenement schedule

	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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

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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	190,553,358	190,553,358		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)	500,000 12,850,000 3,000,000 1,000,000 6,650,000		Exercise price \$0.40 Various \$0.96 \$1.00 \$1.11	Expiry date 06/02/11 Various Various 30/06/12 Various
7.8	Issued during quarter	1,000,000		\$1.00	30/06/12
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 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).
- This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.



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

Print name: A L Meloncelli

Notes

- 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.
- 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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

Tenement Schedule as at 30 September 2010

Project	Tenement	Notes
<u>Boxwood Hill</u>	E70/2493	
	E70/2513-E70/2514	
	E70/2547	
<u>Connolly</u>	E69/1878	
<u>Ponton</u>	E28/1317	
	E28/1830	
<u>Shoemaker</u>	E69/1869-1871	50% Interest with GMC.
<u>Ravensthorpe</u>		
Aerodrome	E74/334	
	E74/398	
Bakers Hill	E74/287	
	E74/295	
	E74/299	
	E74/415	
	P74/278	
	P74/336	
McMahon	M74/165	
	M74/184	
	P74/334	
Mt Cattlin	L74/46	
	M74/244	
West Kundip	M74/133	
	M74/238	
Floater	E74/400	
	P74/307-P74/308	
Sirdar	E74/401	80% Interest with Traka.
	P74/309-P74/310	80% Interest with Traka.

+ See chapter 19 for defined terms.