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QUARTERLY REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2010

HIGHLIGHTS

Trading On ASX (Code 'MGY')

MADAGASCAR EXPLORATION PROJECTS

Ampanihy Nickel-Copper Project

- **Massive sulphide zones intersected in all 8 reconnaissance diamond drill holes completed over the Ianapera gossans**
- **Initial assay results confirm magmatic provenance of sulphides** – broader targeting of extensive ultramafic units within Ampanihy tenements underway
- **Assay results from the remaining reconnaissance drill holes due mid-late February 2011**
- **2011 field programme planning underway pending results of assays and geological / geophysical interpretation**

Vohibory Copper-Silver VMS Project

- **First drill hole completed** over a large VTEM conductor / interpreted fold zone – assays pending
- **In-fill soil sampling completed** along mineralised trend – assays pending
- **Field season to commence March-April 2011** with continuation of 2010 drilling programme – testing structural and geophysical / geochemical targets with 4 – 6 holes initially

LABRADORITE QUARRYING

- **Royalty revenue from the Company's Labradorite quarrying operations** continues to support operating overheads and exploration activities in Madagascar

OTHER OPERATIONS

- Intertek-Genalysis and Kirk Petrophysics laboratory facilities continue to operate, providing valuable cash flow to the Company's Madagascar operations

CORPORATE

- Company retains A\$2.5M in cash reserves following completion of a placement and underwritten rights issue

OVERVIEW

During the December 2010 Quarter, Malagasy Minerals continued to progress exploration activities across its portfolio of 100%-owned nickel-copper-PGE and VMS copper-silver projects in Madagascar, while continuing to maximise cash flow from its operational assets. The Company currently holds 1,994km² of exploration tenure over the following project areas:

- **Ampanihy** (Ni-Cu-PGE – including the **Fotadrevo Vanadium Project**) – 1,863km²
- **Vohibory** (Cu-Ag VMS) – 106km²
- **Mahajunga** (Ilmenite) – 25km²

During the Quarter, the Company completed an initial reconnaissance drilling program over the newly discovered Ianapera gossan system within the **Ampanihy Project** in southern Madagascar, where it has identified a significant magmatic massive sulphide system comprising 11 outcropping gossans covering a total of eight (8) strike kilometres of mineralisation in two sub-parallel trends at the northern (Ianapera) anorthosite.

A total of eight holes for 1,220 metres of drilling were completed during the Quarter, with **all holes intersecting massive sulphide zones** associated with the target gossans and VTEM conductors.

Assays were received from the 22.5 metre massive and disseminated sulphide intercept in IPC0001. Results from this interval confirmed the magmatic provenance of the massive and disseminated sulphide zones, however the first two (2) metres (135m to 136m) are representative of massive sulfides, returning assays of 0.11% nickel and 0.07% copper (0.04% cobalt and 15ppb palladium).

The rest of the (disseminated) sulphide zone (137m to 157m), being pyrrhotite-rich (i.e. no observed pentlandite), carried lower grades of nickel and copper in the range of 50ppm to 235ppm nickel and 0.04% copper (50ppm to 238ppm cobalt; maximum 10ppb palladium and 5ppb platinum).

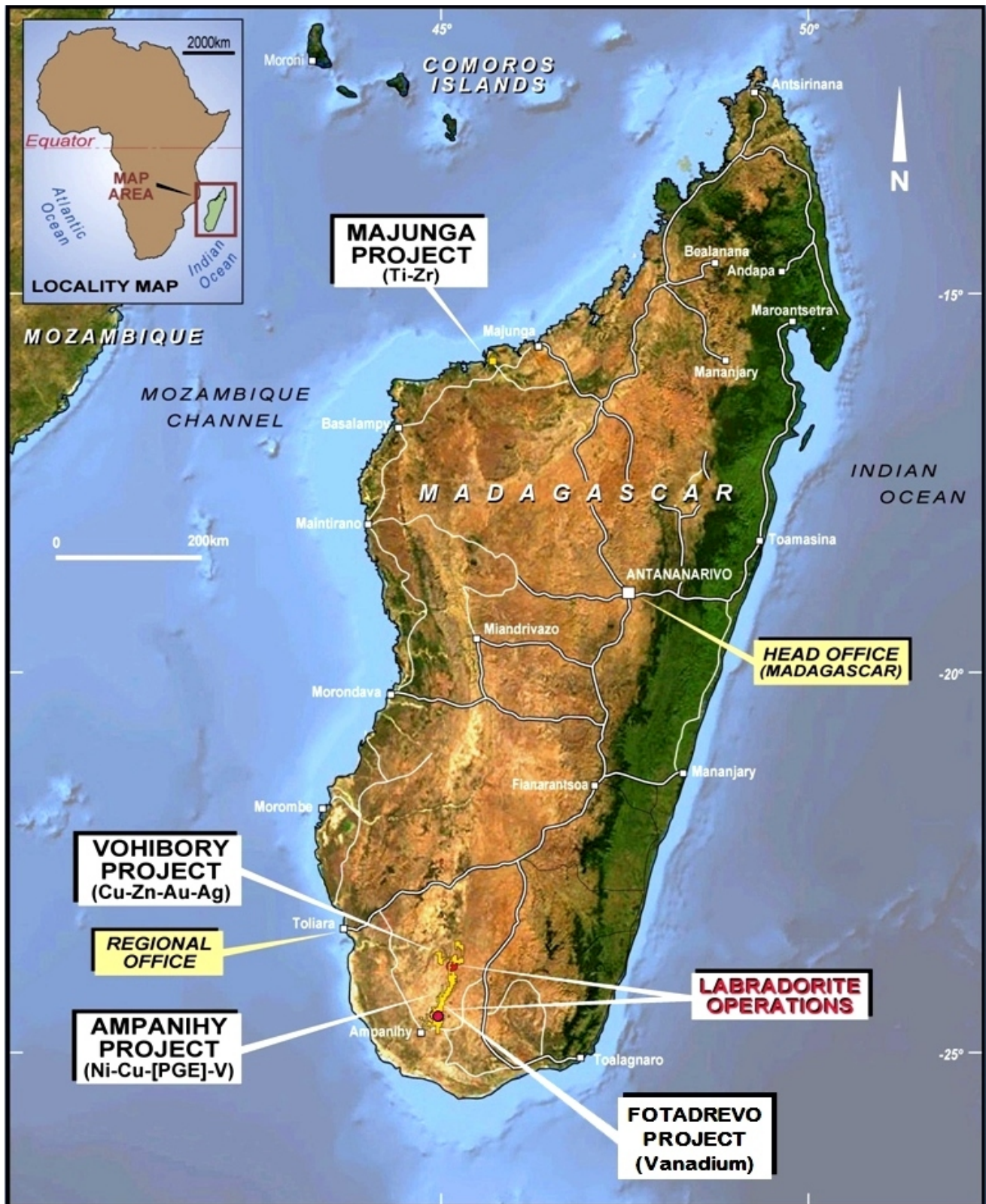
At the **Vohibory** VMS Project, drilling commenced in December 2010 with a single 165 metre hole completed at the VC-10 / VC-11 area in the south of the Project. This hole intersected several units prospective for copper mineralisation and containing small observed amounts of the secondary copper mineral malachite. Continued testing of this area will be a priority for drilling in 2011.

The **Fotadrevo** Vanadium Project has also returned encouragement, with vanadium mineralisation confirmed over an additional 12 km of strike from the 2009 exploration area.

Malagasy continues to receive royalty revenue from its Labradorite quarrying operations of and rental income from its commercial assets in Madagascar; generating income of over A\$600,000 annually.



Massive and disseminated sulphides in Hole IPC0007 from 41.20m to 45.00m. The margins of this zone contain elevated chalcopyrite, with the bulk of the zone comprising pyrite / pyrrhotite.



Malagasy Minerals Ltd - Madagascar Projects Location Map

MADAGASCAR EXPLORATION PROJECTS

Ampanihy Ni-Cu-PGE Project

The Ampanihy Project is the largest of the Company's projects and is located north of its namesake town of Ampanihy in south-central Madagascar. The Project comprises a total of 56 permits covering an area of 1,775km² and approximately 80km of regional strike.

Malagasy is targeting sulphide-hosted nickel-copper-PGE mineralisation at this Project, centred around two large (75km²) anorthosite (gabbroic) bodies.

During the Quarter, the Company completed its first-pass drilling programme over the lanapera gossan system, drilling a total of eight (8) holes for 1,220 metres of HQ/NQ core.

All holes have intersected disseminated and/or massive sulphide zones, including multiple intercepts in some holes – successfully identifying the source of the respective VTEM conductors for each target.

Results to date from drill hole IPC0001 have confirmed the magmatic provenance of the massive and disseminated sulphide zones, however the first two (2) metres (135m to 136m) are representative of massive sulfides, with 0.11% nickel and 0.07% copper (0.04% cobalt and 15ppb palladium), whilst the rest of the (disseminated) sulphide zone (137m to 157m) carried lower grades of nickel and copper in the range of 50ppm to 235ppm nickel and 0.04% copper (50ppm to 238ppm cobalt; maximum 10ppb palladium and 5ppb platinum), being pyrrhotite - rich (no observed pentlandite).

The disseminated sulphide-bearing rocks surrounding the IPC0001 massive sulphides are highly metamorphosed mafic and ultramafic igneous rocks that are interpreted as likely originating from a large layered igneous intrusion that has subsequently been subjected to a high degree of deformation. The metamorphic mineral assemblage indicates granulite facies metamorphism.

Detailed petrography has confirmed the assay data, namely: (i) the magmatic nature of the sulphides; (ii) the lack of observed nickel mineralization; and (iii) trace interstitial chalcopyrite representing the source of copper mineralisation.

Hole IPC0007 (NB: results pending – refer attached Table), which was designed to test the gossan at AMC48, intersected a strong zone of massive and disseminated sulphides from 32.40m to 34.50m and 37.40m to 46.10m down-hole. Of note is that **chalcopyrite** (a primary ore mineral of copper) is generally elevated within this sulphide body, particularly along the upper margin.

Hole IPC0016 intersected gabbro with disseminated pyrite and pyrrhotite associated with the gossan / conductor target AMC-37 and drill hole IPC0005.

Despite the low tenor of initial assay results, the Company and its consultants consider the discovery of the massive-sulphide system at lanapera to be highly positive, as they demonstrate that the magma that formed the original layered intrusion was of a composition (i.e. sulphur-saturated) that makes it highly prospective for magmatic nickel-copper-PGE sulphides.

The region is virtually a virgin area for Ni-Cu-PGE sulphide exploration and, as shown by the discovery of the lanapera gossans, there is a clear potential that nickel-copper rich gossans may be discovered in the region. As other ultramafic units are known within the Ampanihy system, there is a high potential that some of these ultramafic bodies will contain sulphides and in turn may host or be spatially associated with nickel-copper-PGE bearing massive sulphide bodies.

Utilising the information gained from its current drilling programme, the Company is well placed to capitalise on this developing potential.

A total of 65 half-core samples from holes IPC0002, IPC0003 IPC0006 and IPC0007 are currently undergoing analysis by Intertek-Genalysis ('ITTK'), with sample preparation undertaken by ITTK in Madagascar prior to dispatch to ITTK-Perth for analysis. These are due to be reported by mid-February 2011. Sampling of cores from remaining holes IPC0004, IPC0005, and IPC0016 is in progress, with results expected by late February 2011.

Details of the mineralised intercepts and sample assay status for all holes are summarised in the attached Table. Hole collars for all completed drill holes are plotted on Figure 1 attached.

Additionally, the entire area has been geologically mapped at 1:10,000 scale to enhance understanding of the local geology and aid interpretation of drilling intercepts.

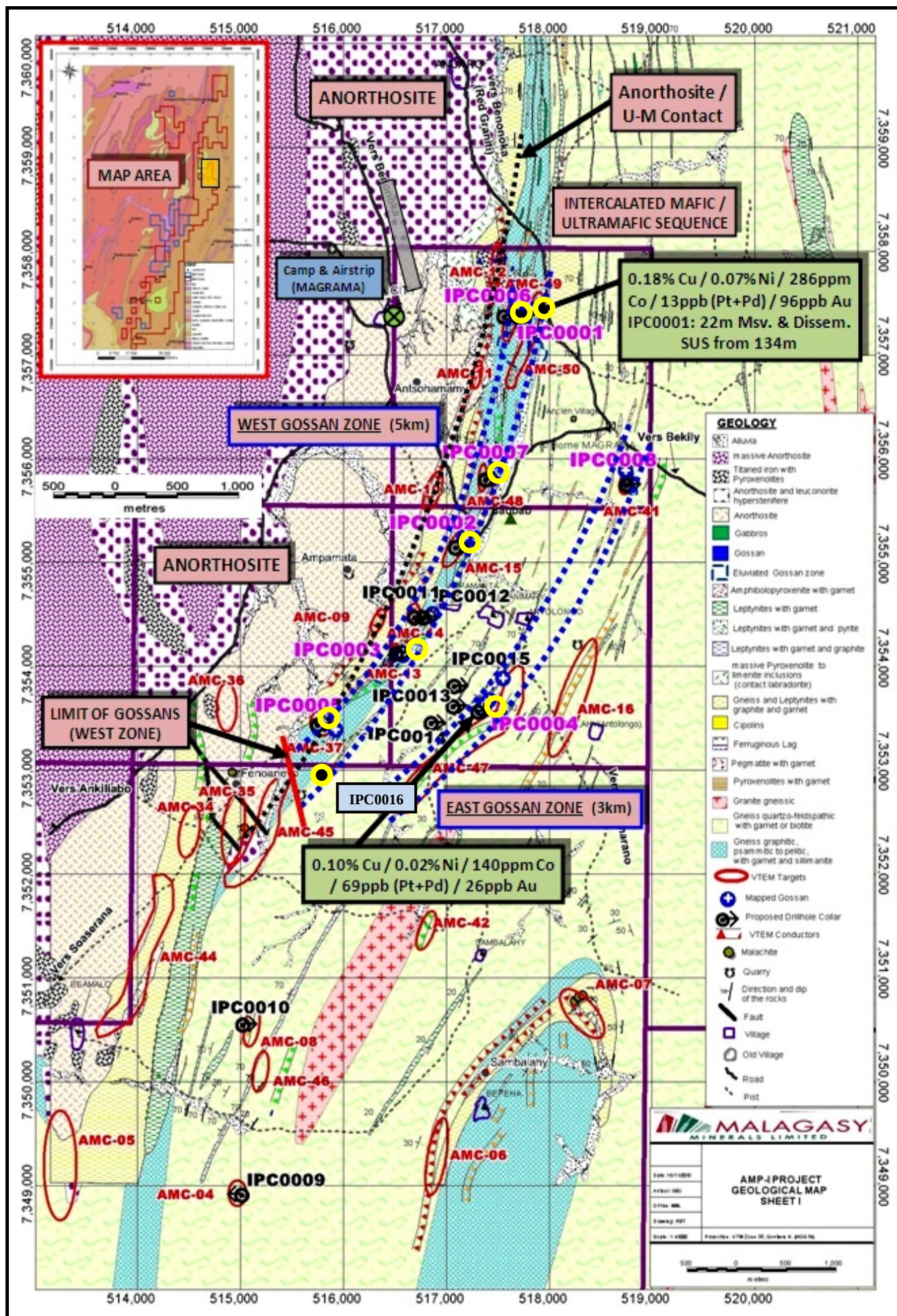


Figure 1: Updated summary plan of Ianapera Project area in northern Ampanihy. Completed holes (IPC0001 – IPC0007 & 16 inclusive) are marked as yellow circles

Forward Programme – Ampanihy

Preliminary interpretation of recently collated data from geological mapping and regional radiometric surveys indicates that there are extensive areas containing ultramafic units within Malagasy's project tenements. In addition, recent structural analysis of the Ampanihy Shear by independent researchers indicates a high degree of complexity to this system and has also greatly improved regional-scale understanding of this highly prospective area.

Despite the low tenor of initial assay results, the discovery of the massive-sulphide system at Ianapera is a very encouraging development, as it demonstrates that the magma that formed the original layered intrusion was of a composition (i.e. sulphur-saturated) that makes it highly prospective for magmatic nickel-copper-PGE sulphides.

Given that the system is demonstrably capable of generating bodies of massive sulphides, further detailed study of the structural regime will increase the likelihood of locating other (i.e. potentially Ni-Cu mineralised) sulphide zones. Analysis of the data obtained from the recent drilling programme will be an important part of this process.

Malagasy has begun assessing other areas of this large system, both near the existing gossans and in other areas around the margin of the Ianapera Anorthosite. As other ultramafic units are known to exist within the Ampanihy system, there is excellent potential for some of these ultramafic bodies to contain sulphides and, in turn, to host or be spatially associated with nickel-copper-PGE bearing massive sulphide bodies.

Figure 2 shows the interpreted ultramafic units (i.e. from radiometric data) in relation to VTEM conductors and existing surface geochemistry for the entire Ampanihy Project, Ianapera (northern anorthosite) and Maniry (southern anorthosite). Numerous zones of coincident ultramafic ('UM') – VTEM occur around the margins and in the 'pinch' zones along strike from both anorthosites. These will form the core priority areas for follow-up in 2011.

Submission of existing MGY soil samples over these coincident areas to Intertek-Genalysis for assay, combined with ground inspection of UM areas will comprise first pass follow-up, in conjunction with in-fill soil sampling to 100m x 200m as appropriate.

Vohibory Cu-Ag-Au VMS Project (100%-owned)

Exploration at the Vohibory Project is targeting sediment-hosted copper-silver-zinc-gold VMS mineralisation similar to known deposits at *Besshi* in Japan and *Bisha* in Eritrea, East Africa. The Neoproterozoic greenstone sequences that underlie the Vohibory permits are known to be prospective for this type of mineralisation.

At the Vohibory Project, initial assessment by external consultants with expertise in copper-silver-zinc VHMS mineralisation has resulted in the recommendation of a number of drill targets. Drilling of the VC-10–VC-11 VTEM target area commenced in December 2010.

Given the time constraints imposed by the imminent onset of the rainy season, the Company decided to select a single hole to evaluate multiple targets. Accordingly, drill hole VHD0006 was designed to test: (i) the interpreted upper and lower VTEM conductors at VC-10 and VC-11; (ii) the northern extent of a potentially mineralised interpreted fault structure; (iii) interpreted fold closure at the junction of VTEM conductors VC-10 and VC-11; and (iv) an inferred 2nd-order gravity trend associated with '(ii)'.

VHD0006 was completed to a depth of 165 metres with information from the hole summarised on Figure 3 and the attached Table below.

In-fill soil sampling (i.e. 100m x 400m from 400m x 400m) and prospecting totaling 195 samples was also completed over prospective sequences in the southern area of the Project. Samples have been submitted to Intertek-Genalysis Madagascar for multi-element analysis, with results expected by mid-February 2011.

The location of the in-fill area in relation to the current drilling area is shown on Figure 3 attached. These data will be used to complement the initial data assessment and refine drill hole targeting in the south of the Project.

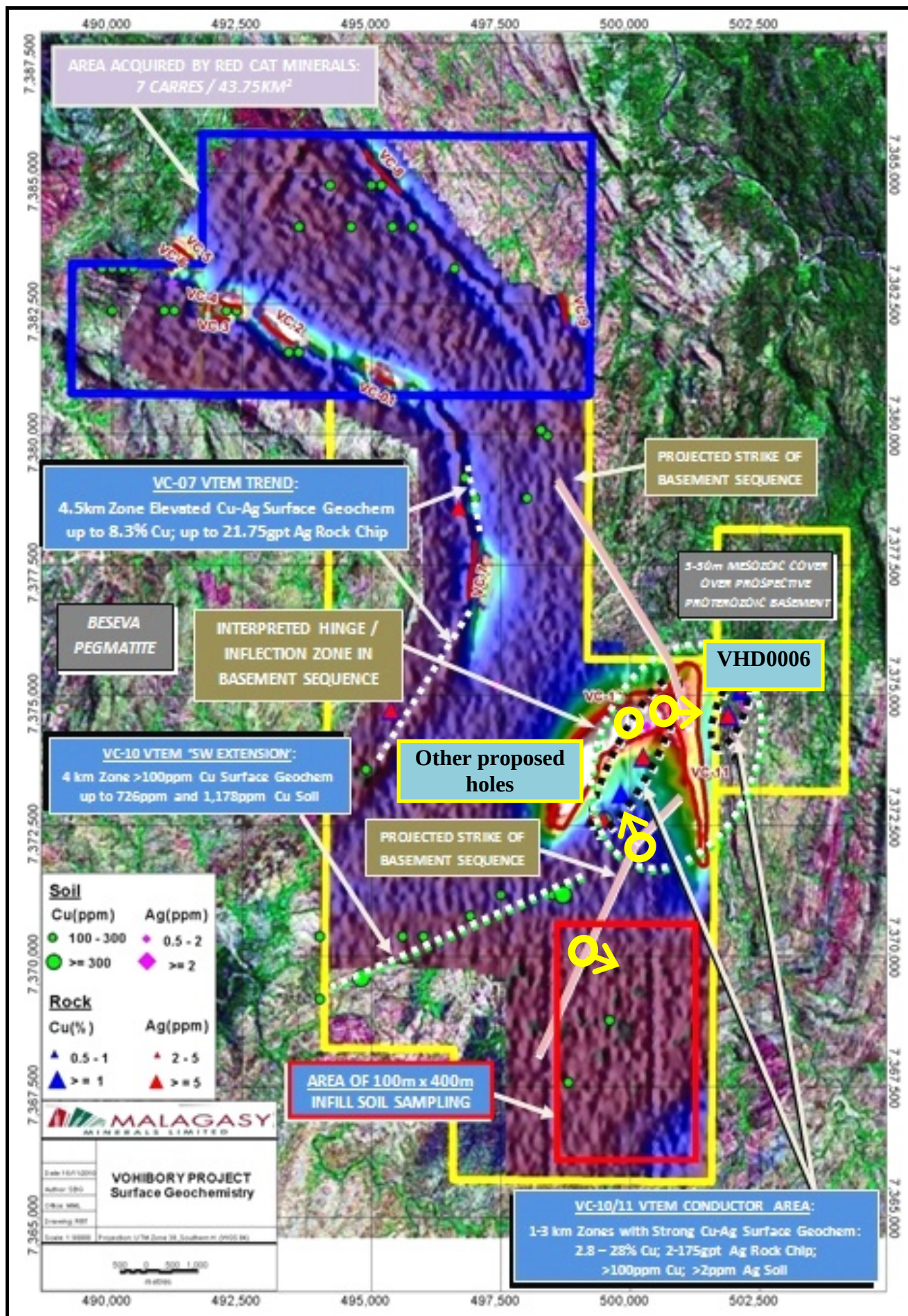


Figure 3: Summary plan of Vohibory Project showing VHD0006 collar location and infill soil area.

BHID	Target	Zone	EOH (m) Planned	EOH (m) Actual	Sulphide Intercepts & % Sulphide ('SUS')	Comments
IPC0001	AMC-50	West	150	188	134m-136m (Width: 2m); 75% SUS	Assays Received - Low tenor Ni-Cu but magmatic SUS provenance confirmed
					136m-156m (Width: 20m); 5-15% SUS	Assays Received - Low tenor Ni-Cu but magmatic SUS provenance confirmed
IPC0006	AMC-49/50	West	280	401	270m-277m (Width: 7m); 5-10% SUS	Likely AMC-50 with revised 85degW dip. Assays pending - end Jan '11
					350m-362m (Width: 12m); 5-10% SUS	Likely AMC-49 lower extension. Assays pending - end Jan '11
IPC0002	AMC-15	West	80	127	64m-72m (Width: 8m); 15-20% SUS	Target (modeled) 40m - 80degW dip to SUS zone. Assays Pending - end Jan '11
IPC0003	AMC-13	West	80	113	28m-33m (Width: 5m); 8% SUS	Target (modeled) 15m - vertical SUS zone. Assays pending - end Jan '11
					34m-36m (Width: 2m); 15% SUS	Target (modeled) 15m - vertical SUS zone. Assays pending - end Jan '11
IPC0004	AMC-47	East	80	101	14m-24m (Width: 10m); 2-10% SUS	Target (modeled) 50m - possible flat-lying SUS or pinch-out of gossan at depth. Assays pending - mid-late Feb '11
IPC0005	AMC-37	West	100	134	27m-37m (Width: 10m); 5% SUS	Target (modeled) 60m - Disseminated SUS in gabbro. Likely flat-lying sulphide zone. Assays pending - mid-late Feb '11
IPC0016	AMC-37S	West	80	76	Non-specific - tr - 2% in bedrock	Testing mafic-associated magnetic feature 600m south of IPC0005 - trace to 2% sulphide in meta-gabbro. Assays pending - mid-late Feb '11
IPC0007	AMC-48	West	100	80	32.40-34.50m (Width: 2m); 10-15% SUS, incl. marginal chalcopyrite bands	Target (modeled) 40m - intercept consistent with model. Assays pending - mid Feb '11
					37.40-46.10m (Width: 9m); 5-20% SUS, incl. marginal chalcopyrite bands	Target (modeled) 40m - intercept consistent with model. Assays pending - mid Feb '11
VHD0006	VC-10/11	VHB	150	165	149.20-149.40m (Width:20cm); 20% SUS; multiple zones of trace (observed) malachite in 2-4m bands of coarse SS at 62m, 75m, 92m, 125m, 135m, 149m, 157m	Target conductor (graphitic shale) at 130m - intercept consistent with model. Assays pending - mid Feb '11
9	Holes		1,100	1,385		

Summary table of drilling intercepts and current status of pending assays

AMP-Central (Fotadrevo) Vanadium Project

Malagasy is targeting vanadium and (sulphide-hosted) base metal mineralisation at the Fotadrevo Project, which is located in central-western Ampanihy approximately midway between the Maniry and Ianapera anorthosite intrusives discussed above. The area is also considered prospective for hydrothermal gold and sediment-hosted uranium mineralisation.

Subsequent to previously reported geochemical sampling, the Company has successfully defined an 11.5 kilometre long zone of anomalous vanadium mineralisation within its permits. This mineralisation occurs adjacent to and along strike from, the Green Giant Project ('G-G') of Energizer Resources Inc. ('EGZ'), which has recently (in December 2010) announced an NI43-101 compliant resource of 59.2MT (Indicated and Inferred) grading 0.683% V₂O₅ (utilising a lower cut-off grade ['l_{cg}'] of 0.50% V₂O₅).

Previously (in November 2010), EGZ announced that it had achieved metallurgical recoveries of up to 83% vanadium utilising proprietary technology.

The EGZ mineralisation continues up to the boundary with MGY permits and is known to continue into MGY ground. As previously reported, exploration to date has focused on extending this trend immediately adjacent to the EGZ mineralisation with the results of this work summarised on Figure 4 overleaf.

During the reported period, a field inspection was undertaken in the Project area. The primary focus was the initial 35km of strike extent currently unexplored to the south of existing exploration, as well as the westernmost tenements in the Gogogogo gold district area.

Malagasy is planning to undertake a reconnaissance combination surface and auger drilling programme along the existing strike extent to the south of the EGZ project for a distance of at least 12km during the 2011 field season. This exercise will allow the Company to generate drill targets for follow up.

COMMERCIAL PROPERTY – ST DENIS HOLDINGS SARL

Since taking possession of the St Denis commercial site on 31st July 2008, Malagasy has continued to upgrade the infrastructure at its two hectare compound in Antananarivo. At present, annual rental income of over A\$300,000 is being received by the Company. Several hundred square metres of commercial space remain available for rental and the Company continues to seek additional tenants.

MINING SERVICES SARL (MINSERV)

During the December Quarter, the Company has completed its previously-reported surplus vehicle / equipment disposal programme, achieving its revenue goal of A\$120,000. The LY34 drilling machine has performed well at site, with several 24-hour periods recording in excess of 30 metres drilling advance, with a maximum of 51 metres.

This machine has now fully demonstrated its viability for use as in-house drilling support and will now be upgraded to allow increased daily metreage advance as well as penetration to below 450 metres.

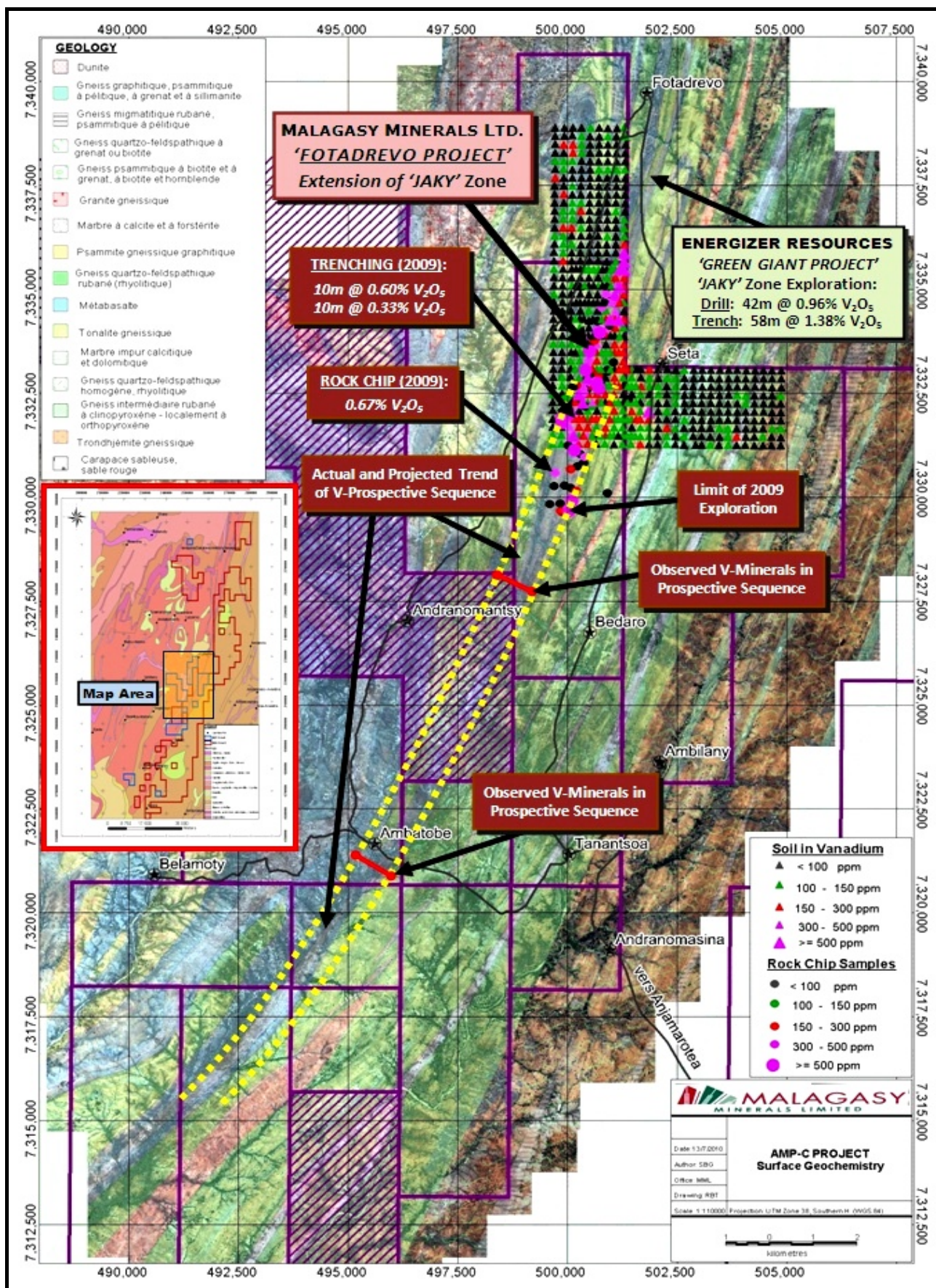


Figure 4: Summary plan of exploration along the continuation of the EGZ 'Jaky' trend into MGY tenements. The prospective sequence (yellow-dashed trend line) is confirmed to continue for at least 16km into MGY-held mineral permits. Recommended forward programme will primarily comprise surface & auger geochemistry.

CORPORATE

Malagasy continues to restructure its commercial property holdings, operational assets and running costs with a view to maximising revenue income and reducing costs to become self-sufficient from a cash flow perspective at its Madagascar operations.

With the Labradorite Royalty and Rental income, the operations in Madagascar are now cash flow positive, leaving exploration and Australian administrative costs to be funded.

During the Quarter, the Company successfully completed a placement and (non-renounceable) rights issue with the assistance of Patterson Securities Ltd.; raising a total of A\$3.2 million gross (underwritten). The capital raising was undertaken at a price of 6.8 cents per share and comprised:

- a share placement to institutional and sophisticated investors comprising 16 million shares to raise \$1.088 million gross – completion and allotment on 29th November 2010; and
- a 1-for-4 fully underwritten non-renounceable pro-rata entitlement offer to existing and placement holders to raise approximately \$2.129 million gross – completion and allotment on 29th December 2010.

The Company currently has a total of A\$2.5 million funds available after settlement of various contractual commitments.

The Company's total issued capital is now 156,562,504, with all securities now being listed subsequent to expiry of share and options escrow periods on 7th July 2010. In addition, there are 9,003,600 20c unlisted options expiring in 2013 on issue.

Agreement with Red Cat Minerals

Agreement has been reached with Red Cat Minerals to extend the listing deadline to 15th April 2011, subject to payment by (Red Cat subsidiary) Sakamena Gold to Mada-Aust SARL ('MDA') of a further A\$100K tranche of the total A\$300K cash component in respect of the sale of the northern VHB project tenements to RCM. The payment was received during December 2010, adding to the previous A\$150K in non-refundable deposits.

Political Situation – Madagascar

As previously advised, the current political situation in Madagascar remains stable, and international mediation is assisting in the negotiation of a peaceful resolution of the political situation, with the aim of undertaking elections as soon as possible and re-establishing normalised relations with both the international community and donor countries.

The Company's operations and staff remain secure and business is being conducted on a normal day-to-day basis. Entry and exit to the country continues without impediment.

The Company regularly updates its website at www.malagasyminerals.com

For and on Behalf of the Board,



Steven Goertz
Managing Director

28th January 2011

cc: Directors

Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr Steven Goertz, Managing Director Malagasy Minerals Ltd., who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Goertz has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken 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 Goertz consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

About Malagasy Minerals

Malagasy Minerals Limited (ASX: MGY) is an international exploration company with a high-potential minerals company in Madagascar, a largely unexplored country off the east coast of Southern Africa.

The company currently holds some 1,950 sq km of mineral tenure in the country and is exploring for magmatic nickel-copper-PGE, vanadium, and copper-silver VMS-style mineralisation.

The Company's senior management and operational headquarters are located in Antananarivo, the capital of Madagascar. Malagasy has an existing income stream from royalties on labradorite mining as well as rental income on its logistics and operational base which effectively covers all in-country overheads.

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

MALAGASY MINERALS LIMITED

ABN

84 121 700 105

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 Months) \$A'000
1.1	Receipts from product sales and related debtors	138	277
1.2	Payments for (a) exploration & evaluation (net)	(367)	(621)
	(b) development	-	-
	(c) production	-	-
	(d) administration (net)	(242)	(529)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (TVA recoverable)	-	-
Net Operating Cash Flows		(468)	(867)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(3)
1.9	Proceeds from sale of:		
	(a) prospects	200	200
	(b) equity investments	-	-
	(c) other fixed assets	32	64
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Payments to MRNL for Royalties)	(164)	(164)
	Other (Merger Costs)	(279)	(279)
Net investing cash flows		(212)	(182)
1.13	Total operating and investing cash flows (carried forward)	(680)	(1,049)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(680)	(1,049)
	Cash flows related to financing activities		
1.14	Net Proceeds from issues of shares, options, etc	3,017	3,017
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	3,017	3,017
	Net increase (decrease) in cash held	2,337	1,968
1.20	Cash at beginning of quarter/year to date	196	565
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,533	2,533

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	98
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment of Directors Fees, Wages and Consultancy Fees to 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

Nil

- 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

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	10	10

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

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	533	146
5.2 Deposits at call	2,000	50
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	2,533	196

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 to Covering Quarterly Activity Report attached hereto		
6.2 Interests in mining tenements acquired or increased		Refer to Covering Quarterly Activity Report attached hereto		

+ See chapter 19 for defined terms.

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	Preference securities	Nil	Nil	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	*Ordinary securities	156,562,504	156,562,504	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a)(i) 16,000,000 shares on 29/11/10 (a)(ii) 31,312,501 shares on 29/12/10	(a)(i) 16,000,000 shares on 29/11/10 (a)(ii) 31,312,501 shares on 29/12/10	(a)(i) 6.8c (a)(ii) 6.8c	Fully Paid
7.5	*Convertible debt securities	Nil	Nil	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>Unlisted</i>	1,000,000 2,000,000 2,000,000 4,003,600	- - - -	20c Options 20c Options 20c Options 20c Options	Expiry: 27/6/2013 Expiry: 01/12/2013 Expiry: 03/07/2013 Expiry: 07/07/2013
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	Nil	Nil
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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:



(Director/Company secretary)

Date: 28th January 2011

Print name: Max D.J. Cozijn

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.

+ See chapter 19 for defined terms.

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