GALAXY Quarterly Report

For the three months ending 30 June 2011

meeting a lithium future...

Significant Events

- Zero Lost Time Injury safety performance continues
- $120 million capital raising announced in April 2011
- Senior loan facility refinanced with China Construction Bank
- Second spodumene shipment successfully exported from Mt Cattlin to China
- Mt Cattlin produced 17,792 tonnes of spodumene for the Quarter
- Acquisition of 20% of James Bay Spodumene Project, Quebec
- Galaxy welcomed 20% global lithium price increase
- Successful completion of RC drilling program at Shoemaker Project
- Environmental, geological reports submitted for Ponton Rare Earths Project
- Jiangsu construction progressed, revised timetable issued
- Technical license partnership with US Lithium Battery Producer

Galaxy Resources is an international 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.

By 2012, GXY's Mt Cattlin mine will be the world's second largest hard rock producer of lithium and, through the development of its value adding lithium carbonate plant (17,000 tpa), the Company will be the largest and lowest cost lithium producer in China.

Lithium concentrate and lithium carbonate materials 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.

Artist Impression of Lithium Battery Plant Design - Jiangsu, China

www.galaxylithium.com

Safety Performance Zero LTI

The Company continued its Lost Time Injuries (LTIs) free record during the quarter. This performance covers the mining and processing operation at Mt Cattlin and the construction activities at Jiangsu. There was one Medical Treatment Injury reported at the Jiangsu construction site during the period.

To date, the Company has achieved a 3.8 year lost time injury free record.

Corporate

A$120 Million Placement Finalised

During the quarter, the Company finalised an A$120 million capital raising via an equity placement. The raising was completed with sophisticated and institutional investor clients of Azure Capital, Morgan Stanley and Helmsec Global Capital (Joint Lead Managers).

The capital raising was completed in two tranches as follows:

Tranche	Timing	Shares	Amount
Tranche 1	27 April 2011	31 m	A$34 m
Tranche 2	23 May 2011	78 m	A$86 m
Total		**109 m**	**A$120 m**

The Company has the following substantial shareholders (as per filings with ASIC/ASX) as at the date of this report:

Name	Percentage Held
Creat Resources Holdings Limited	**11.78%**
M&G Group (part of Prudential Group plc)	**7.02%**
Fengli Group (Hong Kong) Co Limited	**6.68%**

Second Spodumene Shipment

Subsequent to the quarter, Galaxy announced it had exported a second shipment of spodumene from its Mt Cattlin project to China. Approximately 19,200 tonnes of spodumene was loaded on the MV Karine bulker at the Bunbury Port on 30 June 2011 bound for the Port of Zhangjiagang. The second shipment was ahead of schedule due to the solid production at Mt Cattlin spodumene mine.

Galaxy produces spodumene concentrate at the Mt Cattlin mine and plant near Ravensthorpe. Spodumene is converted into lithium carbonate, a key ingredient in lithium-ion batteries. Galaxy marked its inaugural shipment of spodumene in Q1 2011.

New Finance - China Construction Bank

During the quarter, the Company discharged the CDB/RZB senior loan facility and replaced it with a commercial fixed asset credit line with the China Construction Bank. The Company has limited debt and the loan drawings from this facility will fund the completion of the Jiangsu Project.

Galaxy's Battery Project Feasibility Study Economics

Galaxy completed a feasibility study for the battery project in Q4, 2010. For the production of 350,000 e-bike batteries per annum, the project is estimated to generate annual revenue of A$68 million and an average pre-tax net cash of A$30 million per annum. The non geared, net present value (NPV) of the project at a discount rate of 10% is estimated at A$187 million, with a project capital cost of around A$134 million. The internal rate of return (IRR) is around 29%.

Corporate

Galaxy Signs Partnership Deal With US Lithium Battery Producer

The Company signed a technology license agreement with the well established US-based lithium ion battery producer K2 Energy Solutions Inc. Under the Agreement, K2 Energy will provide Galaxy with battery technology expertise, licensing and commercial support for the construction and operation of Galaxy's proposed Jiangsu battery manufacturing plant in China.

The license agreement is important preparatory work for our proposed pipeline battery project. It is one of many important milestones that the Galaxy Board has set the Company before it approves the final battery project. Galaxy will have the unrestricted and unlimited use of specific K2 Energy lithium battery technologies, valuable for the E-bike and other battery markets. Subject to the Galaxy Board approving the Battery project, K2 Energy's superior and proven lithium battery technology coupled with Korean state-of-the-art automated plant equipment, will help Galaxy to leap frog research and development and produce world-class lithium ion batteries."

K2 Energy has a rapidly growing annual turnover, based upon its development of an innovative family of large format batteries and battery systems based upon lithium iron phosphate ($LiFePO_4$ or "LFP") technology. The company possesses key intellectual property for high performance lithium iron phosphate batteries, with some of its technology applications pending patent approvals. K2 Energy also has significant experience in the pre-operational stage of battery manufacturing, in particular providing technology and licensing support to European Batteries Oy's lithium battery manufacturing facility in Varkaus, Finland.

K2 Energy's energy and power cells are currently believed to have the highest energy densities of any LFP products on the market (see table below) and, with its focus on product development and continuous improvement, K2 Energy will continue to lead the LFP market.

The Company has successfully launched a complete line of standardized format 18650 and 26650 lithium ion cylindrical cells for both energy (E) and power (P) applications. K2 Energy currently produces its battery cells and packs in China under its strict processing and quality specifications and has R&D, prototyping and battery pack assembly facilities in Nevada, US. Most of the company's battery packs are sold in the United States of America and Europe.

Energy Density (Wh/l)

Battery Type	K2	Comp 1	Comp 2	Comp 3
18650 E	290		261	213
18650 P	242	220		
26650 P	241	220	223	
26650 EV	297			

K2 Large Format Batteries

Marketing Update

Growth Forecast for Asia's Lithium Battery Sector

Demand for battery-grade lithium carbonate in Asia recovered in the quarter close to pre-GFC levels. Demand growth is forecast and is being driven by new generation smart phones as well as IPADs, power tools, transportation and energy storage sector. The launch of electric cars like Mitsubishi's iMiEV, Nissan Leaf and gradual replacement of lead acid batteries with lithium batteries in the e-bike sector is creating a new high growth segment within the lithium industry.

Renewable energy storage using lithium batteries is emerging as a new sector. US-based lithium battery maker A123 Systems (Nasdaq: AONE), has supplied a 20-megawatt energy storage system to Chile's AES Gener for a 500-megawatt power generation plant acting as spinning reserve. The first unit supplied was a 12-megawatt at one of its other sites. A123 will have 100-megawatts of energy storage online by end of this year in commercial and pilot projects.

Galaxy also notes the expansion of lithium cathode sector in Asia. A host of new lithium cathode projects manufacturing materials like lithium iron phosphate (LFP), lithium nickel cobalt manganese (NCM) are expected to be in the commissioning phase by the end of the year. These projects will require lithium carbonate, which Galaxy will be in a position to supply by this time. Similarly new lithium battery projects are in the pipeline.

Lithium Carbonate Price Increases

In late June 2011, major lithium producers FMC Lithium and Chemetall both announced price increases of up to 20% for their lithium products. Prices for lithium carbonate, lithium hydroxide, lithium chloride, and lithium metal battery grade were lifted, effective July 2011. Moreover, Chemetall is also implementing and adjusting specific surcharges due to the requirements of its different global markets.

WA producer Talison Lithium's exports of spodumene to China increased by around 22% year-on-year in H1 2011. Most of the Talison's spodumene exported to China is converted to lithium carbonate.

China's Sichuan Tianqi is the country's largest producer of lithium carbonate from hard rock spodumene. In Q1 2011, it commissioned a 5,000 tpa expansion project, which largely improved its Q2 2011 performance.

Growing demand for lithium products has allowed the major producers to secure 20% price increases for lithium products.

Resource Division

Acquisition of 20% of James Bay Project

During the quarter, Galaxy acquired 20% of the James Bay Pegmatite Project in Quebec after the conditions precedent of the farm-in and joint venture agreement with Lithium One Inc. (TSX-V: LI) of Canada were satisfied.

Under the terms of the Agreement, Galaxy acquired the 20% equity interest after the C$3 million initial payment was made.

Galaxy has the potential to increase its equity interest to 70% through the completion of a definitive feasibility study. At the end of the quarter, Galaxy held the first joint venture meeting with Lithium One to progress arrangements for a bulk sample from James Bay.

The James Bay Project is an extensive high-grade spodumene pegmatite, near-surface deposit, with a NI 43-101 compliant resource and close proximity to key infrastructure.

Shoemaker (Galaxy 50% Interest)

The first stage RC drilling program was completed in the quarter. 30 holes totalling about 2,750 line metres were drilled as planned. The drill samples have been sent to independent laboratories in Perth for assaying.

Shoemaker is an iron ore and manganese exploration project approximately 830 kilometres northeast of Perth, Western Australia.

James Bay Spodumene Project - Quebec, Canada

Resource Division

Mt Cattlin - Exploration

Galaxy was awarded a Co-Funded Drilling Grant offered under the WA Exploration Incentive Scheme (EIS). Galaxy's proposed program comprises several drill holes aimed at relatively deep pegmatite targets at Mt Cattlin. The EIS is a WA State Government initiative aimed at encouraging exploration. Grants are selectively awarded to companies with proposals for innovative programs to drill prospective targets.

McMahon Project

A program of field reconnaissance including geological mapping and rock chip sampling was completed at the McMahon project during the quarter. The McMahon project comprises several tenements to the north east of Ravensthorpe. 16 rock chip samples were collected, mainly from near old workings. These showed some high grade gold and copper results, up to 13.6 g/tAu and 6.0% Cu. Data is currently being compiled and assessed, prior to follow up work.

Mt Cattlin - Operations

Galaxy registered a new safety performance record at Mt Cattlin during the quarter. No Lost Time Injuries (LTIs) were recorded and there were further reductions in the number of incidents, Medical Treatment Injuries (MTIs) and first aid treatments.

Mining operations continued to meet expectations, with total material movement of 522,020 BCMs of waste and a 24% increase in ore mined of 137,790 tonnes at 1.17% Li_2O recorded for the quarter. The ramp-up of production in the wet plant and concentrator continued with spodumene concentrate production increasing by 262% to 17,792 dry tonnes. Significant improvement has been achieved with the removal of mica at the front end of the plant and testwork relating to mica removal elsewhere in the plant is in progress.

	June 2011 Quarter	Calendar Year to Date
Ore Mined (Tonnes)	137,790	248,832
Grade (Li_2O%)	1.17	1.20
Waste Mined (BCM)	522,020	1,047,345
Ore Treated (Tonnes)	151,791	266,532
Grade (Li_2O%)	1.25	1.25
Spodumene Produced (dry Tonnes)	17,792	24,592

Concentrator - Mt Cattlin

Ponton Rare Earths Project

During the quarter, the Company submitted the Environmental and Geological Reports to the WA Government's Department of Mines and Petroleum (DMP) as part of the application process for the grant of the Ponton Rare Earth Project (Ponton Project) tenement.

Galaxy wholly owns the Ponton Project, which is located 200km east of Kalgoorlie in the eastern Goldfields region of Western Australia and comprises a single Exploration Licence Application (E28/1317) covering 206 km2.

The Environmental Report was compiled by consultants Keith Lindbeck and Associates and reflects similar environmental management programs undertaken by Galaxy in the Fitzgerald River Biosphere Reserve south of Ravensthorpe. The Report addressed environmental management practices in sensitive areas due to the Ponton Project ELA being situated on a Class A nature reserve. The Company is continuing its discussions with the WA Government for the grant of the Ponton Project tenement.

The Geological Report submitted to the DMP details the prospective nature of the Ponton Project as well as previous exploration work in the area. Analysis of historical drill results from Ponton's previous owner Herald Resources (reported 11/01/11), showed intersections including 16m @ 14.48% rare earth oxides (REO), 28m @ 10.50% REO (including 6m @ 20.57% REO) and 26m @ 6.99% REO from surface (including 8m @ 13.12% REO).

Chemicals Division

Galaxy registered a new safety performance record at Jiangsu during the quarter. No Lost Time Injuries (LTIs) and one Medical Treatment Injuries (MTIs) was recorded at Jiangsu.

Jiangsu Construction Progress

Subsequent to the quarter, the Company advised that construction and fabrication labour shortages in China's Jiangsu region had contributed to a revised commissioning schedule of the Jiangsu Lithium Carbonate Project (Jiangsu Project).

Completion and commissioning of the project will be carried out over the next five months.

The Project's EPCM contractor, Hatch Engineering (Hatch) provided Galaxy with a revised schedule and budget plan for the Jiangsu Project, which indicated the Project was 76% complete.

The Jiangsu Project schedule had been pressured by scope growth and a significant tightening of the skilled labour market in China's Jiangsu region, which resulted in delays to construction and equipment delivery. As highlighted in Galaxy's previous quarterly report, economic advancement in China's western provinces this year resulted in a sharp reduction in skilled labour returning to east coast projects like Jiangsu post-Chinese New Year.

Labour shortages had adversely impacted equipment and plant suppliers and their ability to deliver to the Jiangsu Project on time. In addition to labour constraints, some late changes to the plant design from the local approval process, an increase in plant power capacity and alterations to equipment delivery timeframes added pressure to the Jiangsu Project schedule and budget.

Purification Area - Jiangsu, China

Project Review

Precipitation Area - Jiangsu, China

Hatch's revised schedule and budget plan indicated that the back half of the Jiangsu plant will be completed with commissioning to commence during Q3 2011. Once operational, the back half of the plant (including purification) will produce some battery-grade and higher-grade lithium carbonate product for the market. Galaxy will purchase industrial grade lithium carbonate for feedstock until the remainder of the plant is commissioned. The Company said as per the revised schedule, the remainder of the Jiangsu plant - including calcination, sulphation, leaching and precipitation – would be completed with commissioning to commence during Q4 2011.

Project Capital Forecast

The revised capital budget was adjusted to A$99.8 million (Rate: RMD 6.9: AUD) (RMB 689 million) from the previous estimate A$72.5m, which represented a 36% increase in Australian dollar terms.

Most of the increase related to a rise in material requirements (such as concrete, steel and process equipment) which emerged as design details were finalised. The balance related to the higher cost of materials and labour, as well as inflationary pressures and scope changes to the Jiangsu Project.

The previous estimation of material quantities and design changes were the result of the Company's strategic decision to build the Jiangsu plant on an accelerated basis, paralleling both the design and construction process. In addition, the market demand for higher purity lithium (>99.5%) persuaded the company to add a secondary purification circuit to the original design.

No further capital raising would be required to complete the construction and start up of the Jiangsu Project as a contingency was incorporated in the previous A$120 million capital raising during the June 2011 quarter.

The Company said it was on a clear path to completion and Galaxy would continue to work hard to ensure the Jiangsu project was completed within the revised time frame and budget.

Chemicals Division

Business Readiness Program

The majority of plant, laboratory and maintenance operating procedures were finalised during the quarter enabling training of personnel recruited in quarter one to commence.

The structure of the asset management system was largely completed. Further development work was conducted to populate the asset management system with maintenance strategies and vendor data. Implementation of the Pronto business management system continued with further modules now in use or in final implementation phase.

Operational Personnel Ramp Up

The recruitment of operational personnel has been successful with the total workforce numbers around [154] people. Most of the recruits have previously worked for foreign companies in the local Zhangjiagang international chemical park.

Extensive training of operational and technical personnel was conducted during the quarter, following a recruitment drive in the previous quarter. Further recruitment for outstanding vacant positions was undertaken in-line with the recruitment plan.

Training commenced in-line with the site training plan and covered general induction, occupational health and safety, process description, maintenance and plant operating procedures and special equipment training. Training and refinement of operating systems will continue into the next quarter in preparation for commissioning.

Jiangsu Lithium Carbonate Project

Key activities included:

- Completion of all piling and demobilisation of the piling rig.
- Mobilisation of the power bureau's installation contractor for the HV installation.
- Completion of area 20 structures with some handed over, pouring of Area 10 central slab, Area 40 dryer foundation and Area 70 south slab and completion of equipment plinths in area 50.
- Cladding of the laboratory building, maintenance building completed ready for final fit-out and the installation of windows in the office and commencement of fit-out.
- Commencement of welding of cooler RC-02 shells.
- Wet process installation - 34 of 271 equipment items installed.
- Pipe fabrication has achieved 11% complete overall, with 795 out of 3,660 spools erected, and pipe rack loading 30% complete.

Battery Division

Advancements during quarter included:

- An Environmental Impact Assessment (EIA) Report was finalised, and submitted to the Environmental Protection Board, Jiangsu Province. Approval is expected by mid August 2011.
- A Safety Impact Assessment (SIA) and Project Approval (PA) Reports was almost complete by the end of the quarter.
- EPCM contractor Hatch worked on conceptual detailed designs. The Factory lay-out and master plan was finalised and agreed by all the team.
- A Technology Licensing Agreement was signed with K2 Energy Inc, a leading lithium ion battery producer of the USA.

Microniser - Jiangsu, China

Bagging Facility - Jiangsu, China

E-bike Lithium Battery Marketing

During the quarter, the Company continued with discussions to evaluate potential long term E-bike lithium battery offtake agreements. Many e-bike makers have indicated strong interest as they are forecasting uptake of lithium batteries in the next 5 year period due to the recent policy announcements and blood lead issues in China.

The Chinese Government continues to enforce reassessment of environmental protection methods in the lead acid battery sector due to health concerns in the Guangdong and Zhejiang provinces. Lead acid battery manufacturers in the affected areas have had to suspend production, pending assessment. The move has affected about 70% of lead acid battery capacity in China.

China's Ministry of Public Security, along with other related government ministries, jointly announced that gross weight of an E-bike with a maximum speed limit of 20 kmph should not exceed 40Kgs.

China manufactures approximately 27 million e-bikes per year of different types and sizes. The current market share of lithium batteries is assumed to be between 3% and 5% with the rest being lead acid batteries. However, with increased market penetration assisted with above mentioned significant events, the Company anticipates a huge potential demand for lithium batteries in the next few years.

High Voltage Room - Jiangsu, China

Conveyor from Wharf - Jiangsu, China

Competent Persons

The information in this report that relates to Exploration Results, including exploration data and geological interpretations is based on information compiled by Mr Philip Tornatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tornatora 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. Tornatora 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.

Company leased Mitsubishi MiEV to promote use of electric vehicles and lithium batteries

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Galaxy Resources Limited

ABN	Quarter ended ("current quarter")
11 071 976 442	**30 June 2011**

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	-	-
1.2	Payments for (a) exploration & evaluation	(496)	(1,405)
	James Bay acquisition	(2,941)	(2,941)
	(b) development	-	-
	(c) production	(4,384)	(4,384)
	(d) administration		
	HK listing costs	(339)	(4,280)
	Convertible bond costs	-	(2,110)
	Feasibility consultants	(818)	(1,633)
	Other admin	(7,922)	(11,691)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	667	966
1.5	Interest and other costs of finance paid	(4,354)	(5,084)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(20,587)	(32,562)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(23,977)	(43,190)
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)	(41)	(367)
	Net investing cash flows	(24,018)	(43,557)
1.13	Total operating and investing cash flows (carried forward)	(44,605)	(76,119)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(44,605)	(76,119)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	113,047	143,019
1.15	Proceeds from borrowings	*5,038	*5,038
1.16	Proceeds from convertible bonds	-	29,500
1.17	Repayment of borrowings	(98,391)	(106,590)
1.18	Dividends paid	-	-
1.19	Other (interest and principal paid from restricted cash)	45,169	45,826
	Net financing cash flows	64,863	116,793
	Net increase (decrease) in cash held	20,258	40,674
1.20	Cash at beginning of quarter/year to date	47,481	27,510
1.21	Exchange rate adjustments to item 1.20	(1,239)	(1,684)
1.22	**Cash at end of quarter**	66,500	66,500

*The CDB/RZB Senior Loan Facility was discharged and replaced with a commercial fixed asset credit line with China Construction Bank. Future Jiangsu capital costs will be funded from this facility.

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	524
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

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	19,861	5,038
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	1,000
4.3	Production	12,000
4.4	Administration	3,000
	Total	16,500

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'000	Previous quarter $A'000
5.1	Cash on hand and at bank	8,013	23,494
5.2	Deposits at call	58,487	23,987
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	66,500	47,481

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				
6.2	Interests in mining tenements acquired or increased				

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**	323,327,000	323,327,000	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	109,090,909	109,090,909	*$1.10*	*$1.10*
7.5	**+Convertible debt securities** *(description)*	615 (face value of $100,000 per bond). Unsecured, subordinated 8% per annum.	-	-	-

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(description and conversion factor)*	 750,000 3,350,000 5,350,000 1,800,000 3,000,000 1,000,000 6,650,000 34,450,000	 - - - - - - - -	*Exercise price* *$0.45* *$0.60* *$0.60* *$0.90* *$0.96* *$1.00* *$1.11* *$1.16*	*Expiry date* *17/11/14* *26/11/14* *Vesting not satisfied* *26/11/14* *Vesting not satisfied* *30/06/12* *Vesting not satisfied* *Vesting not satisfied*
7.8	Issued during quarter	*2,000,000*	-	*$1.16*	*Vesting not satisfied*
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

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

Sign here: .... Date: 29 July 2011
(~~Director/~~Company secretary)

Print name: A L Meloncelli

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.

Tenement Schedule as at 30 June 2011

Project	Tenement	Notes
Boxwood Hill	E70/2493	
	E70/2513-E70/2514	
	E70/2547	
Connolly	E69/1878	
Ponton	E28/1317	
	E28/1830	
Shoemaker	E69/1869-1871	50% Interest with GMC.
Ravensthorpe		
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.
James Bay	Various	20% Interest with Lithium One

+ See chapter 19 for defined terms.