



Quarterly Statement of Exploration and Development – December 2010

Carina Project – YIOP Stage 1 (Central Yilgarn)

Further RC drilling was completed on the Carina Extended Deposit with significant iron mineralisation intersected in several holes. Geological modeling and resource estimation will be completed in the coming quarter. The table below summarises the significant intercepts from the 53 holes assayed to date.

Hole ID	Easting	Northing	Azimuth	Dip	From	To	Fe	SiO ₂	Al ₂ O ₃	P
CXRC0043	786230	6629030	055 ⁰	60 ⁰	40	52	57.5	4.9	1.7	0.02
CXRC0045	786172	6628982	055 ⁰	60 ⁰	158	170	56.3	3.9	2.7	0.04
CXRC0046	786160	6629176	055 ⁰	60 ⁰	8	28	57.7	5.4	2.1	0.01
					32	38	56.8	7.2	2.4	0.04
CXRC0047	786128	6629150	055 ⁰	60 ⁰	28	76	57.0	6.7	2.3	0.08
CXRC0048	786096	6629126	055 ⁰	60 ⁰	96	110	57.9	4.0	2.9	0.02
					116	134	57.4	3.7	2.1	0.09
CXRC0053	786353	6628824	055 ⁰	60 ⁰	88	98	54.2	9.5	1.6	0.07

Program of Work (POW) approvals and earthworks are in place to complete the resource drilling on the Carina Extended Deposit and the Chamaeleon Deposit located 11km north-west of the Carina Project. The RC program and resource modeling will be completed during the 1st Quarter of 2011.

Mayfield (Central Yilgarn)

A diamond drilling program for metallurgical test-work was completed during the quarter. Three HQ3 holes were drilled for 446.7 metres. Metallurgical testing will be completed during the 1st quarter of 2011 to validate early results obtained from RC sampling.

Notes to accompany summary table of RC drill results:

- Down-hole depths are reported, as true widths are unknown
- Intercepts are reported for minimum down-hole drill intersection of 4 metres at >50% Fe, with maximum internal dilution of 2 metres.
- Assay grades reported by ALS Pty Ltd, an internationally accredited independent laboratory.
- Fe analysis obtained by XRF technique (Fe detection limit, 0.01%)
- Azimuth relative to Magnetic North
- All co-ordinates are in GDA Zone 50
- No top cut off grade applied.

The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr. B Morey, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr. Morey has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The potential quantity and grade of iron deposits reported is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.