

QUARTERLY REPORT

For period ending 31 March 2011

Argonaut Resources NL is pleased to deliver the following report for the Quarter to 31 March 2011.

Highlights

Alford, SA

- Initial results from two drilling programs received:
 - Extends footprint of known sulphide mineralisation at Netherleigh Park
 - Indicates strong potential for copper oxide resource definition
- Diamond drilling highlights include:
 - ALDDH09: **122m at 0.63% copper and 18.4 g/t silver** from 95m
 - including: 14m at 2.26% copper from 111m
 - ALDDH10: **98m at 0.64% copper and 6.2g/t silver** from 88m
- Initial results from the aircore drilling program include:
 - ALAC164: **31m at 0.58% copper and 26.0g/t silver** from 68m
- Metallurgical test work to commence in Q4

Xekong, Laos

- Argonaut commenced a 5,000m RC drilling program at its Xekong tenement in southern Laos. The program is targeting replacement style gold on the basis of strong, surface geochemistry anomalies.

Blackwood Coal, QLD

- In the Quarter, Blackwood Coal announced a maiden coal Resource of 27.3 million tonnes at the Moorlands area. Argonaut holds a 38% interest in Blackwood.

Torrens, SA

- On 14 January 2011, the ERD Court of South Australia determined that proposed exploration activities may not be undertaken on EL4296.
- On 8 March 2011, the Full Court granted leave to appeal the ERD Court decision.

Musgrave Minerals, SA

- Musgrave Minerals Ltd will list on the ASX on 29 April. Argonaut vended four exploration licence applications into the IPO. Argonaut will hold a 2.1% interest in Musgrave Minerals.

ASX Code: ARE

ABN: 97 008 084848

Head office

Suite 4, Level 9
341 George Street
Sydney, NSW, 2000, Australia
T: +61 2 9299 9690
F: +61 2 9299 9629
E: sydney@argonautresources.com

Laos

Unit 3, Level 5
ANZ Building
33 Lane Xang Avenue
Vientiane, Laos
T: +856 21 222 731
F: +856 21 240 281
E: laos@argonautresources.com

www.argonautresources.com

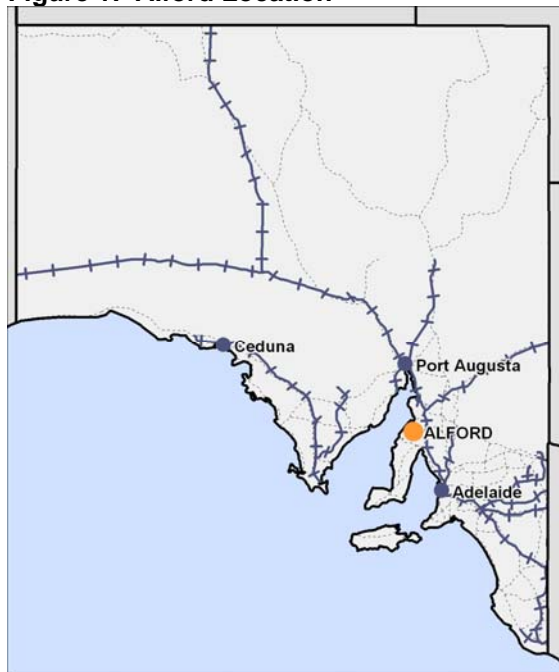
Exploration

Australia

EL3969, Alford (Argonaut 100%)

On 12 January 2011, Argonaut announced the commencement of diamond drilling at the Company's 100% held Alford project (EL3969) on South Australia's Yorke Peninsula.

Figure 1: Alford Location



Then, on 3 March 2011, the Company announced that a 6,000m aircore drilling program has commenced at Alford.

Both drilling programs have now been completed.

Diamond drilling program

Results from the first five diamond drill holes have been received. Drill holes ALDDH09 to ALDDH11 were drilled at the Netherleigh Park area (Figure 7).

Drill holes ALDDH12 and 13 were drilled west of Netherleigh Park into a target known as Lia Way.

Highlights of the results received include:

Hole	From (m)	Interval (m)	Cu (%)	Ag (g/t)
ALDDH09	95	122	0.63	18.4
<i>including</i>	111	14	2.26	11.4
ALDDH10	88	98	0.64	6.2
<i>including</i>	88	54	0.86	6.1
ALDDH11	238	5	1.06	18.7

Drill intercepts at Netherleigh Park were derived from copper mineralisation hosted in a formerly carbonaceous meta-siltstone unit.

This unit has been strongly metasomatised in the area of known mineralisation and is adjacent to a meta-basalt unit and granite.

Drilling in the Quarter was successful in extending the known footprint of sulphide mineralisation at Netherleigh Park.

Weak copper and lead mineralisation was intercepted at Lia Way.

Other holes drilled as part of the diamond drilling program tested a coincident magnetic, gravity and conductivity anomaly East of Netherleigh Park and several geochemical anomalies defined by previous aircore drilling. Results of the remaining holes will be announced on receipt of assays.

A complete summary of diamond drilling results for the Quarter is shown in Appendix 1.

Aircore drilling program

76 aircore holes were completed in the Alford East area, including at Netherleigh Park, during the Quarter.

Results for the first nine holes drilled at Netherleigh Park have been received.

Highlights include:

Hole	From (m)	Interval (m)	Cu (%)	Ag (g/t)
ALAC158	77	26	0.54	4.2
ALAC160	75	18	0.50	8.1
ALAC164	68	31	0.58	26.0

A complete summary of aircore assays received by Argonaut to date is shown in Appendix 2.

Results from the remaining 67 holes will be released to the market as they become available.

The aircore program had two aims, both of which have been successfully achieved, these were:

- to confirm the potential for a copper oxide resource in the Netherleigh Park area; and
- generate targets for additional basement diamond drilling.

Results for the first nine holes at Netherleigh Park show a north-northeast striking zone of copper oxide mineralisation in aircore drilling results (Figure 8). Infill and strike extension drilling is warranted and will likely expand the extent of known oxide mineralisation at Netherleigh Park.

Argonaut has identified this target as a potential copper oxide resource.

The company has commissioned a consulting metallurgist to undertake scoping metallurgical studies on copper oxide samples sourced in the Quarter to further investigate the potential for an economic copper oxide resource.

Aircore results also suggest that additional diamond drilling to the north and south of existing basement copper/silver intercepts at Netherleigh Park will likely extend the footprint of sulphide mineralisation.

EL4296, Torrens (Argonaut 100%)

ERD Court decision

On 14 January 2011, the Environment, Resource and Development (ERD) Court of South Australia determined that Mining (exploration) Operations may not be conducted, pursuant to s 63S(2)(a) of the *Mining Act 1971* (SA) on EL4296.

Ministerial overrule of ERD Court decision

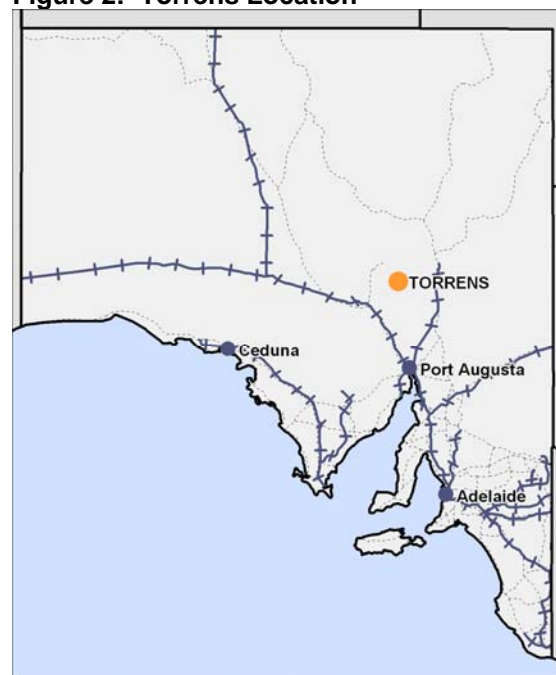
On 16 March 2011, the Company announced that the Minister for Mineral Resources Development in South Australia

had advised that he will not overrule the determination made by the ERD Court on 14 January 2011

In making this decision, the Minister advised that the complexity of the issues involved in the case meant that an administrative decision was not the best interests of the State or the industry generally. The Minister further advised that the best course of action is for the South Australian Attorney-General, as a respondent to the appeal in the Supreme Court, to make submissions on behalf of the State generally in support of the Torrens Joint Venture.

The Minister will also provide the necessary assistance for the parties to negotiate an agreement that, with the authorisation of the ERD Court, can displace the earlier determination by the Court as provided for under Section 63X of the *Mining Act 1971* (SA).

Figure 2: Torrens Location



Supreme Court appeal against ERD Court decision

On 8 March 2011, the Full Court of the Supreme Court of South Australia granted leave to appeal against the whole of the ERD Court decision of 14 January 2011.

The judgment of the Full Court affirmed that no permission was required for mixed questions of fact and law which means that the bulk of the grounds of appeal put forward may be argued by Straits Exploration

(Australia) Pty. Ltd and Kelaray Pty. Ltd. ('the Appellants').

The Full Court has also accepted the Appellants' proposed challenge of the ERD Court findings that were critical of the Appellants' conduct may be challenged on both the factual ground, as well as on the question of statutory construction.

The Full Court only refused to grant leave on four of the factual grounds. The loss of these grounds will not materially alter the strength of the appeal.

Judicial review of section 23 determination

On 17 March 2011 the Supreme Court of South Australia ruled to uphold the decision by the Minister for Aboriginal Affairs and Reconciliation to permit the Torrens Joint Venture to damage, disturb or interfere with any Aboriginal sites, objects or remains that may exist within defined areas of EL4296, for the purposes of proposed exploration drilling.

This ruling was further to an announcement on 14 July 2010 that the Torrens Joint Venture's application under Section 23 of the *Aboriginal Heritage Act 1988* (SA) in respect of the Torrens Project has been approved by the Minister for Aboriginal Affairs and Reconciliation.

On 20 October 2010 an application was lodged with the Supreme Court for judicial review of the Minister's decision. This application sought orders that would invalidate the Minister's decision.

In his judgment of 17 March 2011, Justice Sulan ruled in favour of the State of South Australia, the Minister for Aboriginal Affairs and Reconciliation and Straits Exploration (Australia) Pty Ltd ('the Defendants') on every material ground.

The judgment of 17 March 2011 is independent of the determination by the ERD Court on 14 January 2011.

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRL) and relates to the Torrens Project, EL 4296. Argonaut currently holds 100% of EL 4296 and Straits is earning a 70% interest.

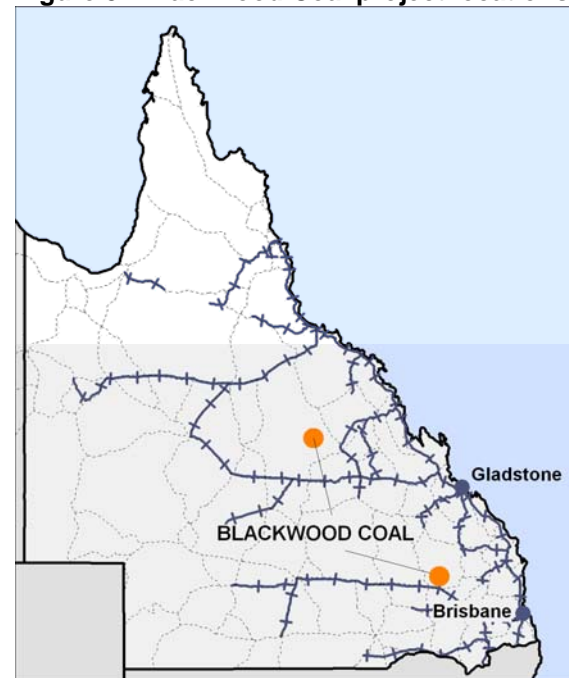
The Torrens Joint Venture is exploring for iron-oxide copper-gold ("IOCG") systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton region (Stuart Shelf), within 50 kilometres of Oz Mineral's Carrapateena copper - gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

Blackwood Coal (Argonaut 38%)

During the Quarter, Blackwood Coal Ltd released its maiden Resource estimation, calculated in accordance with the JORC code, for its Moorlands Project in Queensland with the delineation of 27.3 million tonnes of coal in EPC 1738.

Blackwood's statement was included in an announced by Argonaut dated 16 February 2011.

Figure 3: Blackwood Coal project locations



Blackwood is a private company and currently has five granted coal exploration permits (EPC 1955, EPC 1738, EPC 1979, EPC 1802 and EPC 2237) with another eight EPC's under sole application and two under competing application.

Blackwood is exploring for and defining coal resources in the Bowen, Surat and Galilee coal basins.

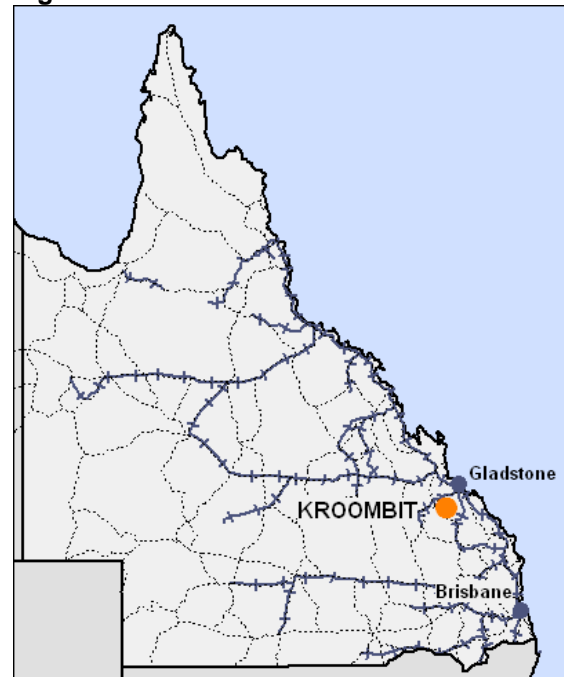
Blackwood's current project areas, as shown in Figure 9, are:

- Moorlands Project, Moorlands Basin: EPCA 1738 and 1891 – approximately 20km west of the Blair Athol steaming coal mine. 27.3 million tonne Resource defined. 12-15 hole drilling program planned to corroborate and expand the existing Resource;
- East Wandoan Project, Surat Basin: EPC 1955 & 2237; EPCA 1987 – within the north-eastern margin of the Surat Basin, immediately to the north of Cockatoo Coal Ltd's Bottle Project (on EPC 813) which has a stated resource calculated in accordance with the JORC code. Past exploration on EPC 1955 included an intersection of coal. Blackwood proposes an initial drilling program of 15 RC holes to ascertain the existence of, and if applicable, define, a resource in the target area followed by strategically placed fully cored holes to allow determination of coal quality;
- Galilee Basin: EPC 1802 & EPCA's 1957, 2079 and 2080– located in the eastern margin of the Galilee Basin where geological interpretation by Blackwood, supported by gravity and magnetic data, suggests that the Galilee Basin could extend into these areas (further than previously indicated) This is also supported by historical water bore hole data indicating coal seams. A six hole scout drilling program is planned to ascertain the presence coal in the EPCs.
- Site visits have been conducted by Blackwood's Exploration Manager to all of the EPCs during the quarter.

Kroombit (Argonaut 100%)

No field based work was undertaken on the Kroombit project during the Quarter.

Figure 4: Kroombit location



EL4358 and EL4153, Aroona (Argonaut 100%)

No field based work was undertaken on the Aroona project during the Quarter.

Musgrave Minerals (Argonaut 2.1%)

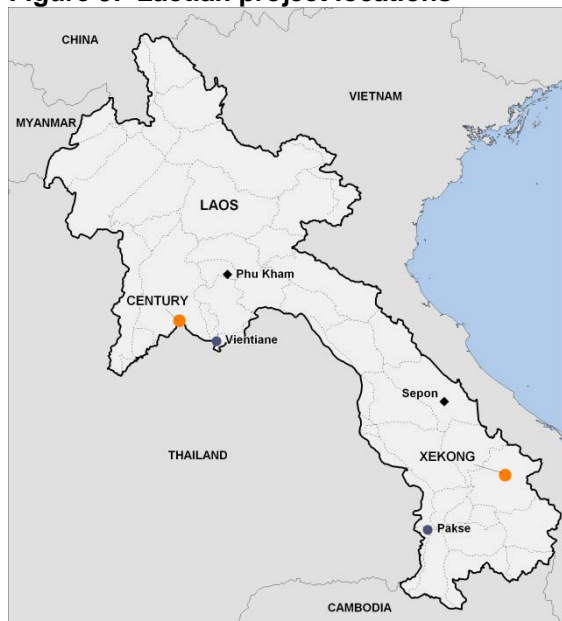
Subsequent to the Quarter, the Musgrave Minerals Limited initial public offering closed fully subscribed with a maximum oversubscription of \$5 million, raising \$20 million before expenses.

Argonaut vended four exploration licence applications into Musgrave Minerals and now holds a 2.1% interest in the company.

Musgrave Minerals has a large footprint in the Musgrave Block - one of the least explored geological provinces in Australia - with tenements covering an area totalling 50,000km², approximately 5% of the State of South Australia.

Laos

Figure 5: Laotian project locations



Xekong Area (Argonaut 65%)

On 22 February 2011, Argonaut announced that a 5,000m reverse circulation (RC) drilling program at the company's Xekong tenement in southern Laos had commenced.

The exploration program is targeting replacement style gold mineralisation analogous in nature to mineralisation found at the Sepon gold mine in Laos and at the Carlin trend in Nevada, USA.

Argonaut has completed detailed preparatory work and identified highly mineralised but structurally complex target zones.

The company has cleared Unexploded Ordnance (UXO) from 15km of access track and over 6km of inter-prospect development tracks since November 2010. A drill and blast team is being used under the supervision of Government authorities to create road cuttings and drill pads in areas of particularly steep, rocky terrain.

The company has also completed a ground magnetic survey at the Ban Bak and Phu Tuang target areas.

Approximately 1,300 soil samples in the Ban Bak area have been collected and analysed since November 2010 which has assisted Argonaut in selecting the primary drill targets.

Century Area (Argonaut 70%)

In the period the following work was undertaken at the Century area in Laos:

- refurbishment of 12km of access road to the Nam Hone prospect to facilitate wet season access and drilling. Work included gravel sheeting, construction of a major creek crossing and repairs to culverts;
- clearing of approximately 12km of tracks to establish access across the Nam Hone prospect for planned deep soil auger drilling and geological programs;
- survey control has been established at the Nam Hone prospect;
- confirmatory surveying of previous drill collars and trenches by licenced surveyors;
- geological and structural mapping with the aid of land-sat imagery;
- confirmatory re-sampling of selected trench intercepts;
- geochemical interpretation and statistical analysis of geochemical data by independent consultants ioGlobal;
- random rock-chip sampling;
- re-bagging and storage of onsite drill samples; and
- commencement of camp construction.

The Century tenement is subject to a Management and Shareholders Agreement with Aurum Resources Pty. Ltd.

Under the terms of the agreement, Aurum has been appointed the manager of the Century Thrust Joint Venture Agreement and will have the right to earn a 51% beneficial interest in the Century concession.

In order to acquire this interest, Aurum must spend US\$6.5 million on exploration within five years. The five year period includes an initial one year assessment period. At the completion of this earn-in Argonaut Resources interest in the Century concession will be 19%.

Corporate

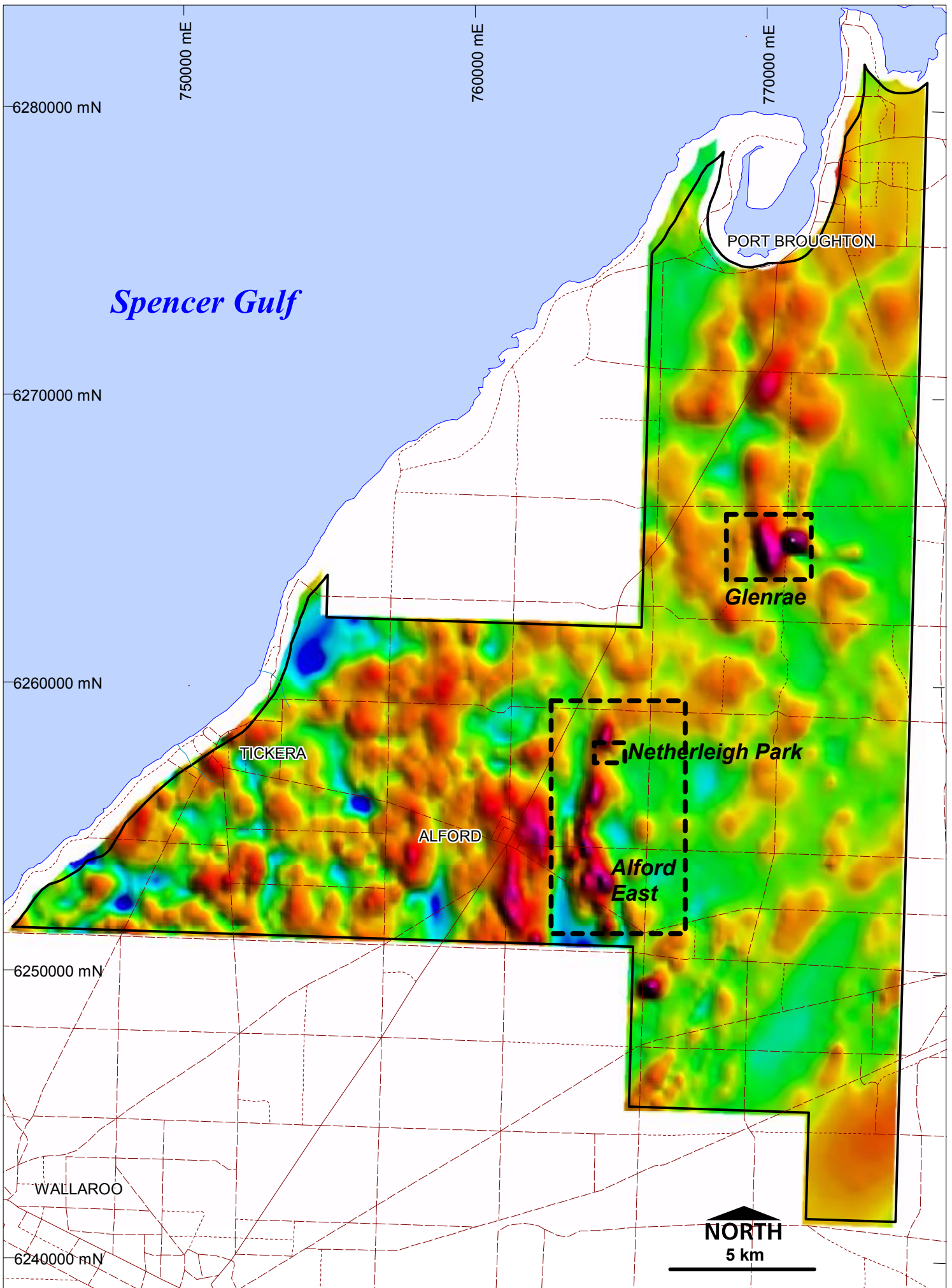
On 4 April 2011, the Directors of Argonaut advised with great sadness that, Geoff Williams, a Director of Argonaut since 1999, passed away peacefully on 1 April 2011.

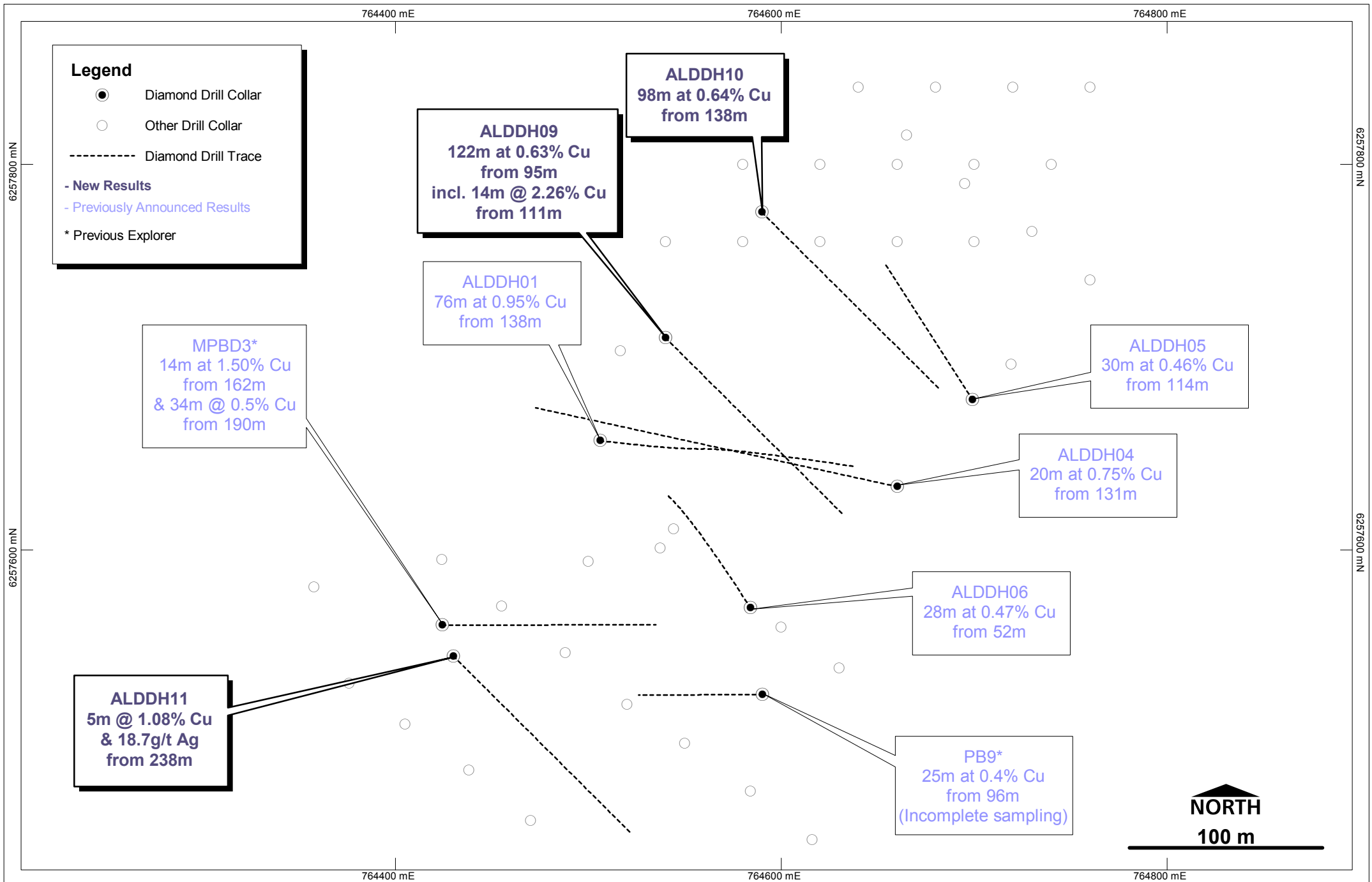
Geoff made a significant contribution to the company during his time on the Board. His extensive experience and expertise will be missed by Argonaut and all who worked with him.

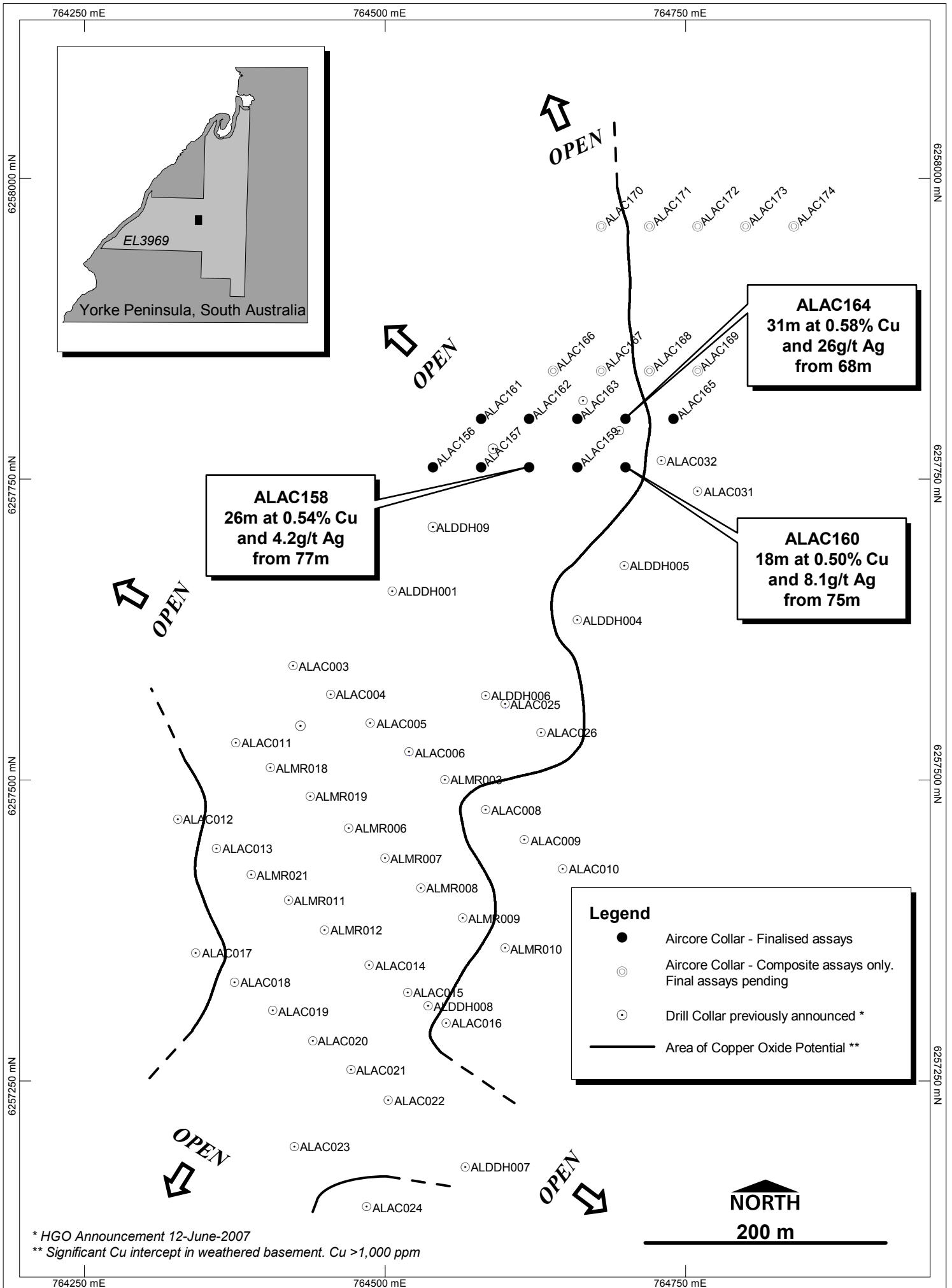
The thoughts and best wishes of the Directors are with his widow, Liz, and his family.

Lindsay Owler
Director
Argonaut Resources NL

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler has sufficient experience which is relevant to the style of mineral deposits 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 Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

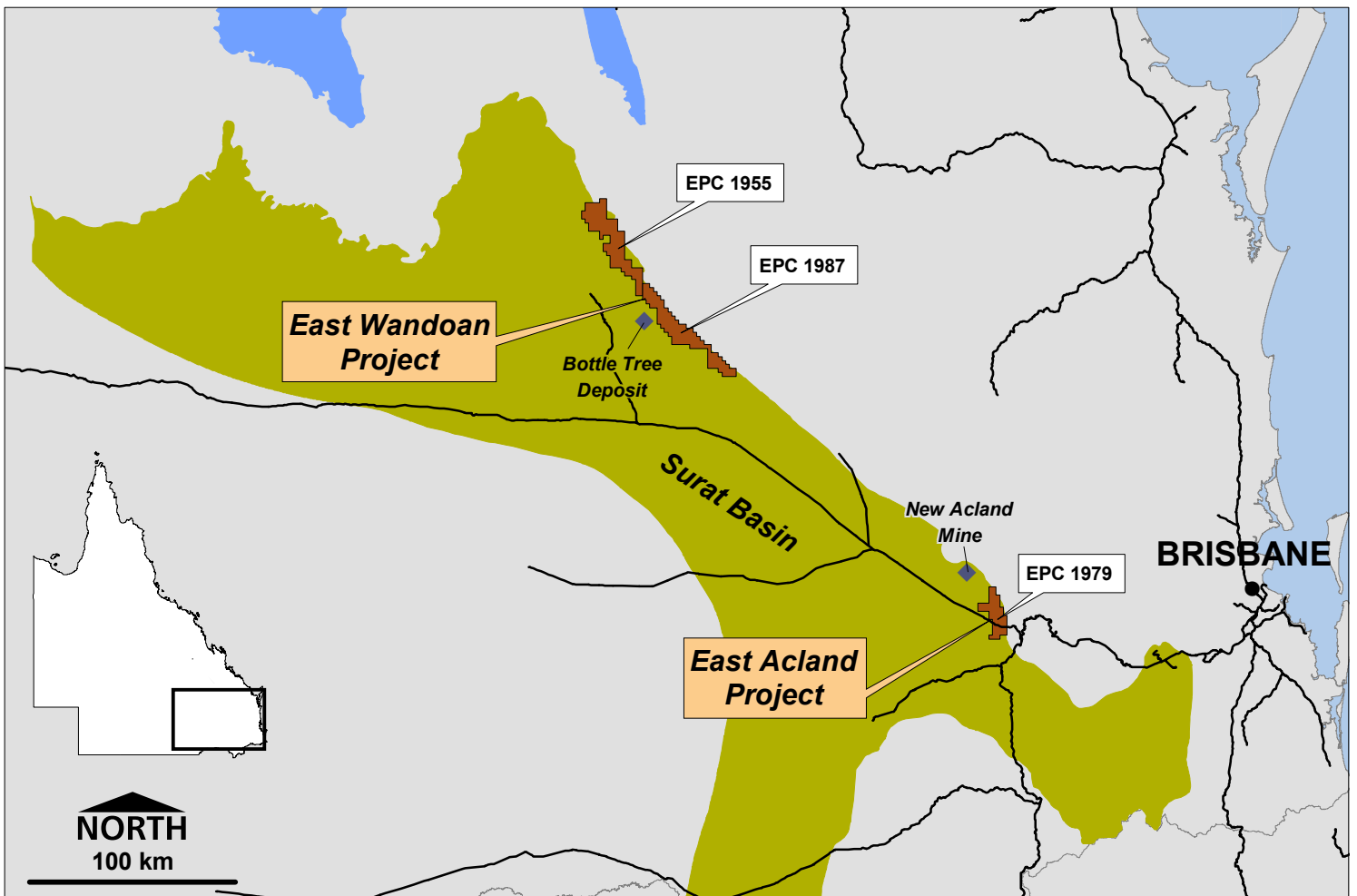
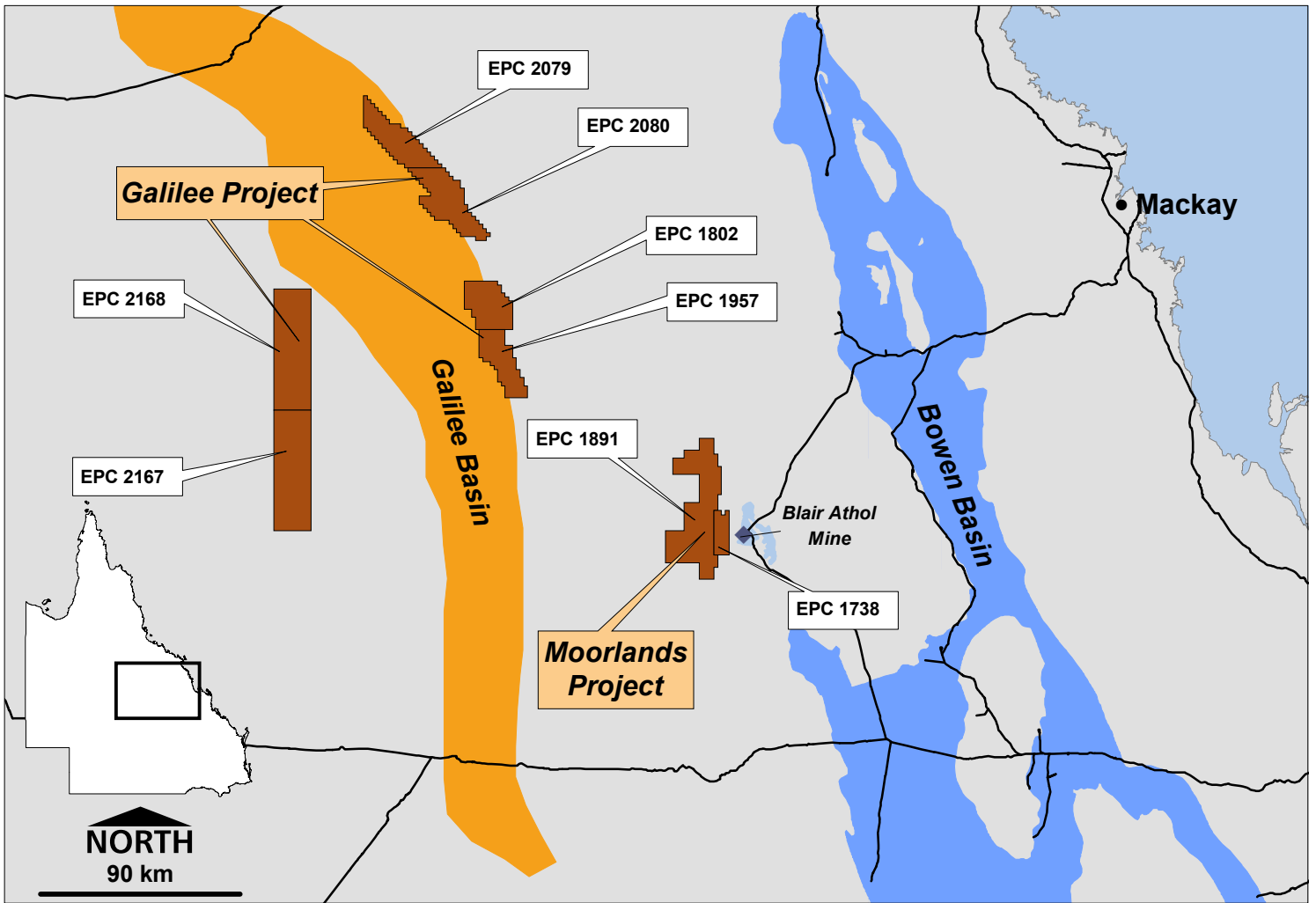






* HGO Announcement 12-June-2007

** Significant Cu intercept in weathered basement. Cu >1,000 ppm



ALFORD DIAMOND DRILL INTERSECTIONS

Hole	East	North	RL Dip	Azimuth	Total Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Comment
ALDDH09	764,540	6,257,710	50 -60	135	260.0	20	85.9	65.9		4.0	MR
<i>including</i>						48	60	12		10.8	MR
						36	44	8	0.16		MR
						72	90	18	0.11		MR, DH
<i>including</i>						95	217	122	0.63	18.4	DH
						95	106	11	1.04		DH
						111	125	14	2.26	11.4	DH
						138	143	5	1.10		DH
						161	165	4	1.28	12.1	DH
						176	198	22	0.61	5.0	DH
						211	217	6	0.95	106.1	DH
						238	247	9	0.25		DH
ALDDH10	764,590	6,257,775	50 -60	135	260.8	32	36	4	0.13		MR
<i>including</i>						32	173.5	141.5		3.9	MR
						136	140	4		40.6	MR
						52	64	12	0.13		MR
<i>including</i>						88	186	98	0.64	6.2	MR, DH
						88	142	54	0.86	6.1	MR
						173.5	186	12.5	0.71	8.1	DH
ALDDH11	764,430	6,257,545	50 -60	135	258.4	28	86.4	58.4	0.19		MR
						125	133	8	0.17		DH
						153	185	32	0.22		DH
						238	243	5	1.06	18.7	DH
ALDDH12	763,890	6,257,840	50 -60	315	174.4	59	64	5	0.34		DH
						129	132	3	0.32	6.9	DH
						165	171	6	0.25		DH
ALDDH13	763,620	6,257,750	50 -60	270	216.1	75	79	4	0.30		DH
						112	119.9	7.9	0.28		DH
						131	141	10	0.27		DH
ALDDH14	764,980	6,257,700	50 -70	270	294.3	0	28.5				MR, AP
						28.5	294.3				DH, AP
ALDDH15	763,540	6,254,150	45 -70	270	252.4	0	47.2				MR, AP
						47.2	252.4				DH, AP
ALDDH16	763,840	6,255,720	45 -60	270	261.5	0	51.4				MR, AP
						51.4	261.5				DH, AP

Notes

- 1 Pre collars by mud rotary drilling
- 2 1m sample interval in diamond core
- 3 Analysis by ALS - Methods ICP61 and Cu-OG62
- 4 Coordinate System: MGA/GDA94, Zone 53
- 5 NSI = No Significant Intercepts
- 6 AP = Assays Pending
- 7 MR = Mud Rotary intercept
- 8 DH = Diamond Core intercept

ALFORD AIRCORE DRILL INTERSECTIONS

Hole	East	North	RL	Dip	Azimuth	Total Depth	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Pb (%)	Comment
ALAC156 <i>including</i>	764540	6257760	50	-60	270	99	20	92	72	0.15	1.2		
							64	73	9	0.31	3.2		
							56	71	15		3.9		
							77	99	22		1.2		
ALAC157	764580	6257760	50	-60	270	102	52	100	48		2.9		
ALAC158 <i>including</i>	764620	6257760	50	-60	270	133	28	133	105	0.20	2.8		
							77	103	26	0.54	4.2		
							32	91	59		3.9		
							12	18	6			0.31	
ALAC159 <i>including</i>	764660	6257760	50	-60	270	135	20	88	68	0.23	2.9		
							49	86	37	0.31	4.5		
							56	95	39		4.5		
							32	56	24			0.25	
<i>including</i>							46	55	9			0.40	
<i>including</i>							89	112	23			0.18	
<i>including</i>							90	96	6			0.29	
ALAC160 <i>including</i>	764700	6257760	50	-60	270	93	65	93	28	0.38	8.0		
							75	93	18	0.50	8.1		
							20	93	73		4.3		
<i>including</i>							66	81	15		11.8		
<i>including</i>							72	78	6		22.6		
ALAC161 <i>including</i>	764580	6257800	50	-60	270	106	36	91	55	0.18			
							80	89	9	0.29			
ALAC162 <i>including</i>	764620	6257800	50	-60	270	114	20	116	96	0.12	1.0		
							61	67	6	0.36			
							69	88	19		3.2		
							108	116	8			0.19	
ALAC163	764660	6257800	50	-60	270	74							NSI
ALAC164 <i>including</i>	764700	6257800	50	-60	270	103	54	103	49	0.44	17.5		
							68	99	31	0.58	26.0		
							57	103	46		18.5		
							69	83	14		47.4		
							93	99	6		18.0		
							97	100	3			0.31	
ALAC165	764740	6257800	50	-60	270	93							AP
ALAC166	764640	6257840	50	-60	270	126							AP
ALAC167	764680	6257840	50	-60	270	86							AP
ALAC168	764720	6257840	50	-60	270	108							AP
ALAC169	764760	6257840	50	-60	270	90							AP
ALAC170	764680	6257960	50	-60	270	67							AP
ALAC171	764720	6257960	50	-60	270	76							AP
ALAC172	764760	6257960	50	-60	270	87							AP
ALAC173	764800	6257960	50	-60	270	116							AP
ALAC174	764840	6257960	50	-60	270	91							AP
ALAC175	764920	6258400	50	-60	270	76							AP
ALAC176	764960	6258400	50	-60	270	81							AP
ALAC177	764840	6258320	50	-60	270	78							AP
ALAC178	764880	6258320	50	-60	270	84							AP
ALAC179	764920	6258320	50	-60	270	95							AP
ALAC180	764960	6258320	50	-60	270	85							AP
ALAC181	764800	6258240	50	-60	270	60							AP
ALAC182	764840	6258240	50	-60	270	57							AP
ALAC183	764880	6258240	50	-60	270	50							AP
ALAC184	764920	6258240	50	-60	270	81							AP
ALAC185	763720	6257840	50	-60	270	78							AP
ALAC186	763760	6257840	50	-60	270	46							AP
ALAC187	763800	6257840	50	-60	270	62							AP
ALAC188	763840	6257840	50	-60	270	59							AP

ALFORD AIRCORE DRILL INTERSECTIONS

Hole	East	North	RL	Dip	Azimuth	Total Depth	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Pb (%)	Comment
ALAC189	763880	6257850	50	-60	270	52							AP
ALAC190	763920	6257840	50	-60	270	54							AP
ALAC191	763320	6256360	50	-60	270	46							AP
ALAC192	763400	6256360	50	-60	270	43							AP
ALAC193	763480	6256360	50	-60	270	40							AP
ALAC194	763560	6256360	50	-60	270	43							AP
ALAC195	763640	6256360	50	-60	270	34							AP
ALAC196	763720	6256360	50	-60	270	54							AP
ALAC197	763800	6256360	50	-60	270	75							AP
ALAC198	763880	6256360	50	-60	270	31							AP
ALAC199	763560	6256520	50	-60	270	43							AP
ALAC200	763640	6256520	50	-60	270	42							AP
ALAC201	763720	6256520	50	-60	270	42							AP
ALAC202	763800	6256520	50	-60	270	83							AP
ALAC203	763880	6256520	50	-60	270	45							AP
ALAC204	763960	6256520	50	-60	270	96							AP
ALAC205	764040	6256520	50	-60	270	89							AP
ALAC206	764120	6256520	50	-60	270	70							AP
ALAC207	763520	6252960	45	-60	270	63							AP
ALAC208	763560	6252960	45	-60	270	40							AP
ALAC209	763600	6252960	45	-60	270	50							AP
ALAC210	763640	6252960	45	-60	270	54							AP
ALAC211	763720	6252960	45	-60	270	61							AP
ALAC212	763800	6252960	45	-60	270	52							AP
ALAC213	763560	6253040	45	-60	270	35							AP
ALAC214	763640	6253040	45	-60	270	42							AP
ALAC215	763720	6253040	45	-60	270	34							AP
ALAC216	763800	6253040	50	-60	270	39							AP
ALAC217	763800	6254440	50	-60	270	34							AP
ALAC218	763880	6254440	50	-60	270	31							AP
ALAC219	763960	6254440	50	-60	270	40							AP
ALAC220	764040	6254440	50	-60	270	43							AP
ALAC221	763800	6254520	50	-60	270	37							AP
ALAC222	763880	6254520	50	-60	270	34							AP
ALAC223	763960	6254520	50	-60	270	37							AP
ALAC224	764040	6254520	50	-60	270	43							AP
ALAC225	763600	6255600	50	-60	270	52							AP
ALAC226	763680	6255600	50	-60	270	64							AP
ALAC227	763720	6255600	50	-60	270	76							AP
ALAC228	763600	6255680	50	-60	270	43							AP
ALAC229	763680	6255680	50	-60	270	60							AP
ALAC230	763720	6255680	50	-60	270	78							AP
ALAC231	763680	6255760	50	-60	270	54							AP
ALAC232	763720	6255760	50	-60	270	67							AP

Notes

- 1 Predominantly 1m samples
- 2 Some 4m composite intervals
- 3 Weighted average intercepts
- 4 0.1% Cu cutoff
- 5 Analysis by ALS - Methods ICP61 and Cu-OG62
- 6 Coordinate System: MGA/GDA94, Zone 53
- 7 NSI = No Significant Intercepts
- 8 AP = Assays Pending

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Argonaut Resources NL

ABN

97 008 084 848

For the period ending

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Three months ending 31 March 2011 \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(1,104)	(1,801)
(b) development	-	-
(c) production	-	-
(d) administration	(119)	(666)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	126	330
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – abnormal costs, fraud related recovery	-	22
Net Operating Cash Flows	(1,097)	(2,115)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(21)	(4,101)
(c) other fixed assets	(4)	(8)
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)	-	-
Net investing cash flows	(25)	(4,109)
1.13 Total operating and investing cash flows (carried forward)	(1,122)	(6,224)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,122)	(6,224)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,897	8,386
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	(15)
1.19	Other (deposits received for Jan 11 placement)	-	427
1.20	Other (capital raising costs)	(416)	(637)
	Net financing cash flows	1,481	8,161
	Net increase (decrease) in cash held	359	1,937
1.21	Cash at beginning of quarter/ year to date	9,502	7,942
1.22	Exchange rate adjustments to item 1.20	4	(14)
1.23	Cash at end of the period	9,865	9,865

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Three Months \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	66
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Payment for Directors Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

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

NA

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	900
4.2	Development	-
4.3	Production	-
4.4	Administration	150
Total		1,050

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	6,114	5,751
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details) – term deposits	3,751	3,751
Total: cash at end of nine months (item 1.22)		9,865	9,502

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of year	Interest at end of 12 months
6.1	Interests in mining tenements relinquished, reduced or lapsed	There have been no changes to the mining tenement schedule for the quarter.		
6.2	Interests in mining tenements acquired or increased			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of 31 March 2011

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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	230,138,588	230,138,588		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	64,893,868 -	64,893,868 -	\$0.10	\$0.10
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,000,000 (Exp. 31/12/2013, \$0.30)	N/A		
7.8 Issued during quarter	7,000,000 (Exp. 31/12/2013, \$0.30)	N/A		
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:Date: 29 April 2011
(Company secretary)

Print name: Andrew Bursill
Company Secretary

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.

== == == == ==