



## QUARTERLY REPORT

June 2007

### The New Force in Iron Ore

#### Key Points:

- Construction advancing on the three fronts of port, mine and rail with “first ore on ship” scheduled for mid May 2008. Port works are ahead of schedule, mine works are around schedule and rail remains on the critical path as remedial plans are implemented to bolster the rail works program.
- Marketing initiatives continue to generate strong results with a major off-take agreement signed with China’s third largest steel mill, Tangshan Iron and Steel Group for 11% of production for up to 5 million tonnes per annum (mta) of Fortescue’s initial tonnes and up to a further 15mta of expansion tonnes.
- Fortescue’s community program is highlighted as the first 20 graduates from the VTEC program join with Laing O’Rourke for full-time employment on the rail construction.
- The tenement footprint is expanded with the total portfolio now reaching 40,000km<sup>2</sup> with a number of key acquisitions during the period.
- Two Memoranda of Understanding (MOU) were signed during the period with parties seeking to negotiate transportation services under Fortescue’s open access rail and port facility.
- The first equipment from Wirtgen, Terex and Caterpillar was delivered as the mining team prepares for the commencement of mining in the next quarter.
- The recruitment drive in preparation for operations hits full swing with many key appointments made during the period.
- A\$504 million of equity raised in late July, with the Company issuing 14,000,000 shares at A\$36.00 each. The dilution to the original shareholder base was just over 5%.



## GENERAL CORPORATE

### **Capital raising**

Significant attention was placed on project optimisation during the quarter, culminating in a successful capital-raising of A\$504 million. These funds are intended to allow the Company to expedite the initial project construction plan, including bringing forward construction of the projects lump circuit and the rail super lift. The resultant faster ramp-up schedule enhances the process to reach the initial output of 45 million tonnes per annum (mta) and then step up to the targeted 55mta.

### **MOUs for haulage and shiploading signed**

Several agreements in the form of memorandum of understanding (MOU) were signed with independent resource companies covering the haulage and shiploading of iron ore. An MOU with Atlas Iron Ltd covered the potential for Fortescue to handle up to 13 million tonnes of product covering both direct ship material from Atlas' Abydos project and magnetite concentrate from its Ridley deposit at Pardoo. Another MOU, which was with BC Iron, relates to rail haulage, port and shiploading for BC Iron's Nullagine project.

### **Baosteel MOU negotiations continue**

The MOU signed with Baosteel Trading Co Ltd in late March was extensively negotiated during the period with the formal agreement to be signed within the next quarter. The agreement covers the exploration of an area prospective for magnetite wherein Baosteel will finance the exploration program in return for earning equity within a joint venture company to be created. Separately, Baosteel has an off-take agreement to purchase up to 20 million tonnes of direct ship hematite product from Fortescue, of which 5mta is under the first stage 45mta and the balance is for expansion tonnes.

### **Office opened in Shanghai**

Fortescue opened its first off-shore office in Shanghai. In May, Mr Dai joined the Company as Fortescue's China Resident Marketing Officer having previously spent many years in a senior position with one of China's largest steel mills. From offices near the Bund in Shanghai, Fortescue will build a team of professionals to leverage its strong marketing initiatives and establish a comprehensive local customer servicing capability.

### **Key roles filled**

During the period, Fortescue embarked on a national recruitment drive to position the company for operations. Several important positions were filled including Head of Group Safety – Mr Mick Ford; Head of Rail – Mr Tim Symons; Head of Port – Mr Steve Allard; Line Manager Port – Mr Kevin McLean; Head of Scheduling and Planning – Mr Barry Knight; Manager Processing Plant – Mr Gavin Fletcher and Mining Engineer – Mr Geoff Bull.



**FMG added  
to MSCI  
Standard  
Index Series**

Fortescue was included in the MSCI Standard Index Series in March. Morgan Stanley Capital International compiles global, regional and country specific indexes which are used by some global fund managers as performance benchmarks. Fortescue's inclusion was part of a review done by MSCI where Fortescue was the sole Australian addition to the Asia Pacific index which came into effect from 31 May 2007.

**Board  
changes**

In May it was announced that Mr Gordon Toll was to retire from the Board and also that Mr Geoff Brayshaw was to join effective 1 July 2007. The Board expressed its thanks to Mr Toll for his commitment over the past few years which has seen extraordinary project development. At a recent Board meeting, Mr Brayshaw was elected as Chairman of the Audit Committee given his extensive accounting experience as an Audit Partner of BDO and past National President of the Institute of Chartered Accountants of Australia.

## CONSTRUCTION

**Overall  
project c.45%  
complete**

Construction has progressed steadily over the period across the three fronts of port, mine and rail. In aggregate, the project is approximately 45% complete as of end July. The port commenced construction in February 2006 and is ahead of schedule for the first ore on ship (FOOS) date of mid May 2008. The mine site is also progressing well and is currently near to schedule. The rail program is behind schedule largely due to the impact of the cyclones that went through the project area in March this year. Notwithstanding, a remedial plan was implemented during the quarter where two new contractors have joined the program and they, together with the original contractor BGC, are now deployed along specific sections of the 260km rail route. Fortescue expects to be able to catch up on the schedule given this additional focus and resource deployment and is confident that the rail will be back within schedule for the May 2008 FOOS date.

**First ore on  
ship  
scheduled  
mid May 2008**

**Port:**

**Dredging  
complete**

- Dredging for the loading berths and turning circle was completed with 4.6 million cubic metres of spoil being dredged.
- The marine structures contract is ahead of schedule with wharf and jetty piling now 60% complete.
- Construction of the conveyor system linking the stockpile area to the wharf is progressing well, as is the conveyor system from the train unloader to the stockpile pads.
- There were several large concrete pours at the train unloader site and the concrete and steel structure has now been completed back up to ground level (was originally a 21 metre excavation to house the below

**Marine  
structures  
ahead of  
schedule**



ground ore feeder system). Pouring of the feeder floor and final conveyor tunnel walls will follow shortly.

- The bulk earthworks for the stockpile area is near completion and the first pads to house the stackers and reclaimers are being poured.
- The electrical contractor has commenced the site wiring system.

#### **Mine:**

***Airstrip receives CASA certification***

- The 2.4km airstrip at Cloud Break was completed and certified under the government's CASA approval system.
- The stockpile vault excavation was concluded and conveyor foundations were poured.
- Some 525 tonnes of steel has been erected at the crushing and screening plant which is on schedule.
- Concrete and civil works are also on schedule with almost 7,000m<sup>3</sup> of concrete poured.

***Major steel erection now underway***

#### **Rail:**

***Three contractors now deployed along rail route***

- Three earthwork contractors are now deployed along the rail site being BGC, NRW and Brierty Contractors.
- The flash butt welding unit was commissioned which will join the rail steel to facilitate continuous tracklaying. Some early track laying was completed within the marshalling yard. However, the major laying program will not commence until early August.
- Concrete pours for the seven bridges are advanced and progress has recovered from the cyclone activities earlier in the year.
- The mass construction of the rail ore wagons commenced in May and the first 204 cars are due to arrive in October. The assembly of the first of the 15 GE locomotives is near completion and the unit is scheduled to arrive on site in October.

#### **Accommodation:**

***Currently over 2,500 rooms available across the project***

- All 456 rooms at Fortescue's motel development in South Hedland have been commissioned and are now ready for occupation. In total there are some 790 rooms available in the Port Hedland area which includes the port construction camp of 292 beds.
- There are 725 rooms currently available across the six construction camps along the rail route with a few more hundred to come on line over the next month.
- At Cloud Break there are 1,050 rooms available with the ultimate number of 1,212 to be ready within the next few weeks.



## EXPLORATION AND GEOLOGY

The exploration team has been active over the quarter with the level of drilling increased as prospective targets are identified within Fortescue's c.40,000 km<sup>2</sup> tenement portfolio.

### **Solomon:**

The region is located about 50km north of Tom Price and is currently the most active area for exploration with two camps and four drill rigs in operation. Over 100 holes have been drilled to date and assay results are being progressively received.

Fortescue is targeting Yandi style mineralisation known as Channel Iron Deposits (CIDs). Early results have intersections showing greater than 40 metres of CID mineralisation with assays giving up to 20 metres of Fe grades comparable to currently mined CID reserves.

The area has about 80km of drainage that contains previously known CID mineralisation. Solomon ranks as Fortescue's highest priority target and the company is targeting some 800 million tonnes of CID from this region based on early exploration results and previous historical drilling information (noting that this target is by nature hypothetical and may not be achieved).

### **Flying Fish:**

This prospect is located about 70km west of Tom Price. Due to higher priority targets at this stage, activity has been relatively low-key since November 2006, when Fortescue Geologists identified substantial strike length of mineralised Marra Mamba rocks. It is proposed to recommence drilling in this area within the next few months as resources become available.

### **Mt Lewin:**

New zones of microplaty hematite (high grade ore) have been discovered in the Mt Lewin area, which lies directly east of Christmas Creek and about 100km north of Newman. These discoveries suggest that additional tonnage could be added to the Chichester resource portfolio in the future.

**Solomon project area is major priority with CID intersections showing solid potential**

**Flying Fish intersections of Marra Mamba mineralisation**

**Mt Lewin intersections of microplaty hematite**

For personal use only



### **Mt MacLeod:**

Located approximately 40km north-east of Tom Price, Fortescue Geologists are targeting Marra Mamba ore similar to Flying Fish. At surface level there are indications of this style of mineralisation and a drilling program is being prepared for an August start.

## **MINING**

Important areas of progress over the last period included:

### **Major Plant and Equipment:**

- First Wirtgen Surface Miner an SM2500 arrived in Perth during last week of June and commissioning is now underway up at site.
- Assembly of the Terex MT 3700 Trucks and O&K Shovels have begun on site and are currently on schedule for start up in September.
- Two more CAT D11 dozers were commissioned on site and are currently assisting with construction activities.

### **Production Enhancements:**

- Recently completed surface miner trials are expected to provide for significantly improved “pick” life during production. A range of cutting picks were trialled with varying tungsten coatings and designs to determine the style best suited to the ore mined at Cloud Break. Wear rates from second and third generation pick designs have significantly outlasted the original picks used in the trial mining exercise in 2006. It is confidently envisaged that pick life can be extended from 70 tonnes per pick to in excess of 250 tonnes per pick.
- Trialling of quick release mechanisms for changing picks continues, with major reductions in machine downtime being expected when operations commence.
- The development of a specific short term mine scheduling package has commenced.

### **Development of Mine Site Systems:**

- The project management plan has been completed ready for submission to the Western Australia mines department.
- Key procedural documentation has been completed such as Health & Safety and Environmental management plans and procedures.
- Extensive work conducted on the production management systems with contractors MicroMine and Geopit.

*Equipment handovers and mobilisation to site continue*

*Surface miner pick trials produce positive results*

*Mine systems development continues*



- The wireless communication system across the site has been completed.
- The ore handling conveyor preliminary earthworks commenced in June to facilitate ore supply to the process plant in January 2008.

#### **Recruitment:**

- Several key positions were filled during the last quarter with 90% of required management and supervisory positions either now filled or have people targeted.
- All technical services roles have been filled including Mine Design, Planning and Scheduling Engineers.
- Maintenance Planners and engineering personnel in the ore processing facility and the heavy mobile workshop have been recruited and/or selected.
- A Resource Geology Manager and several geological personnel have also been placed, together with a senior long term Planning Principal Engineer who recently commenced employment.

***Key positions filled***

#### **METALLURGICAL TESTWORK**

***Further testing of rocket fines confirms performance***

Further testing was conducted to develop the rocket fines product with encouraging results. Sinter pot testing of rocket fines blends confirmed stable product performance over a range of blend variations.

Detailed drilling out of the first lump mining areas with Bauer holes commenced to plan for the lump and high grade fines blends and exact location of the high grade lump pits.

The full “rocket” pilot plant at Newman was successfully commissioned. The pilot plant will give grade and recovery ahead of mining as well as customer samples and flow-sheet development of new deposits as part of the expansion.

Several significant positions were filled during the quarter with Mr Tim Witney appointed Manager – Resource Strategy Site Operations and Mr Dennis Riley filling the Metallurgy Superintendent position.



## MARKETING

### **Expansion tonnage focus**

Given Fortescue is now “sold out” of its initial stage 45mta production target, there is increasing focus on commitments for expansion tonnages. Currently the Company has off-take commitments for tonnage expansion of up to 95mta.

### **5mta off-take agreement with Tangshan**

During the quarter, a major off-take agreement was signed with China’s third largest steel mill, Tangshan Iron and Steel Group, for 11% of production up to 5mta of Fortescue’s initial tonnes and then up to a further 15mta of expansion tonnes.

Fortescue now has off-take agreements with all of China’s top 10 steel mills.

### **Baosteel relationship continues to develop**

In the previous quarter, Fortescue signed a 20mta deal with China’s largest steel mill, Baosteel, of which 5mta was for stage one production and the balance for expansion tonnes. Separately to the off-take agreement, Baosteel also signed a MOU for the joint development of a potential magnetite deposit which is located near Fortescue’s rail line to Port Hedland. Negotiations to work this up into a formal agreement proceeded during this quarter and the parties expect to be in a position to make an announcement about the completion of this deal within the next few weeks.

### **Future iron ore prices predicted to rise**

One of the driving imperatives for iron ore consumers is to secure reliable and consistent sources of supply. This is partly a result of the continuing imbalance between iron ore supply and demand which is causing Commodity Analysts to revise upwards their forecasts for future ore prices. Recent reports are showing very promising prospects for the next price negotiation over 2008/09 with Morgan Stanley predicting a 30% increase next year followed by a further 5% in 2009/10 and then a roll over price in 2010/11.

## TENEMENT PORTFOLIO

### **Tenement Footprint:**

### **Pilbara tenement portfolio now approximately 40,000 km<sup>2</sup>**

Fortescue’s Pilbara tenement portfolio now covers an area of approximately 40,000km<sup>2</sup>. This tenement footprint includes granted and pending Exploration Licences and Mining Leases, some of which are subject to agreements or joint venture arrangements.



### **New Tenement Agreement:**

Fortescue recently executed a Memorandum of Understanding with Cullen Resources Ltd, allowing Fortescue to earn up to an 80% interest in the iron ore rights on Cullen's E52/1667, located ~ 25km south east of Paraburdoo in the Pilbara region of Western Australia.

E52/1667 includes potential for bedded iron deposits within the Brockman Iron Formation, along strike from the Paraburdoo and Channar Group of iron deposits.

Fortescue continues to negotiate with other parties over access to iron ore prospective tenements in the Pilbara region.

### **APPROVALS AND COMMUNITY**

***VTEC program graduates its first 20 students***

In July, 20 Aboriginal people graduated from the Company's inaugural VTEC (Vocational Training and Employment Centre) program and started as Railway Track Layers with Laing O'Rourke. These 20 people were all previously unemployed with most facing significant barriers to getting a job in our industry.

VTEC is playing a key role in placing Aboriginal people in employment across the project with approximately 100 in our project workforce already. There is a long list of new VTEC candidates with approximately 500 registered as interested in future VTEC programs.

***Fortescue plays active part in Port Hedland community events***

Fortescue has been involved in a number of community led initiatives over the last quarter and Jen Pidgeon was recently appointed as Fortescue's Community Development Manager. Activities joined during the period included participation in the inaugural "South Hedland Street Blitz" held in June which involved many local industry, local government and community groups cleaning up the streets of South Hedland. Staff from Fortescue and Team 45 joined forces with the local Port Hedland Rotary Club to feed the runners following the 36<sup>th</sup> Annual Black Rock Stakes and, in July, the VTEC and Community staff participated in the Hedland Naidoc celebrations, whilst staff from the Newman office participated in the Newman Naidoc celebrations.

The South Hedland Community Office continues to receive a high volume of enquiries, particularly concerning employment opportunities. Additional staff have been seconded from the recruitment team to deal with these inquiries.

For personal use only



## RECRUITMENT

Fortescue's project team grew to approximately 2,000 people during the quarter. A dedicated recruitment team has been assembled to attract several hundred more people and an innovative advertising campaign has been launched across Australia to seek out highly motivated and energetic people.

In spite of the skills shortage in Western Australia, the Company has been highly successful in its recruitment activities and interest in the jobs at Fortescue has been very strong.

The PMA has recruited almost the entire management team and a new phase of recruiting will imminently seek staff for technical and operations roles.

### **FORTESCUE METALS GROUP LTD**

**Graeme Rowley**  
**Executive Director**  
**Level 2, 87 Adelaide Terrace**  
**Perth, Western Australia**

**Tel: + 61 (0)8 6218 8888**

For personal use only

# 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

**FORTESCUE METALS GROUP LTD**

ABN

**57 002 594 872**

Quarter ended

**30 June 2007**

### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A000        | Year to date<br>(12 months)<br>\$A000 |
|--|----------------------------------|---------------------------------------|
| <b>1.1</b> Receipts from product sales and related debtors   | -                                | -                                     |
| <b>1.2</b> Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration<br>(f) Other | (1,897)<br>(371,711)<br>(10,314) | (5,101)<br>(1,360,398)<br>(19,033)    |
| <b>1.3</b> Dividends received  |                                  |                                       |
| <b>1.4</b> Interest and other items of a similar nature received   | 23,128                           | 111,438                               |
| <b>1.5</b> Interest and other costs of finance paid  | (7,351)                          | (153,086)                             |
| <b>1.6</b> Income taxes paid   |                                  |                                       |
| <b>1.7</b> Other<br>Other Payments – Deposits Paid   |                                  |                                       |
| <b>Net Operating Cash Flows</b>  | <b>(368,145)</b>                 | <b>(1,426,180)</b>                    |
| <b>Cash flows related to investing activities</b>  |                                  |                                       |
| <b>1.8</b> Payment for purchases of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets                         | (1,430)                          | (7,821)                               |
| <b>1.9</b> Proceeds from sale of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets                            | 29                               | 29                                    |
| <b>1.10</b> Loans to other entities - (to associated JV company)   |                                  |                                       |
| <b>1.11</b> Loan repaid by other entities  |                                  |                                       |
| <b>1.12</b> Other  |                                  |                                       |
| <b>Net investing cash flows</b>  | <b>(1,401)</b>                   | <b>(7,792)</b>                        |
| <b>1.13</b> Total operating and investing cash flows (carried forward)   | <b>(369,546)</b>                 | <b>(1,433,972)</b>                    |

For personal use only

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |                  |                    |
|------|--|------------------|--------------------|
| 1.13 | Total operating and investing cash flows (brought forward) | <b>(369,546)</b> | <b>(1,433,972)</b> |
|      | <b>Cash flows related to financing activities</b>          |                  |                    |
| 1.14 | Proceeds from issues of shares, options, etc               | 30,449           | 425,933            |
| 1.15 | Proceeds from sale of forfeited shares                     |                  |                    |
| 1.16 | Proceeds from borrowings                                   | -                | 2,964,044          |
| 1.17 | Repayment of borrowings                                    | -                | (197,135)          |
| 1.18 | Dividends paid   |                  |                    |
| 1.19 | Other: Deposits Received                                   | 43,247           | 43,247             |
|      | <b>Net financing cash flows</b>                            | <b>73,696</b>    | <b>3,236,089</b>   |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(295,850)</b> | <b>1,802,117</b>   |
| 1.20 | Cash at beginning of quarter/year to date                  | <b>2,049,594</b> | <b>18,054</b>      |
| 1.21 | Exchange rate adjustments to item 1.20                     | (71,543)         | (137,970)          |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>1,682,201</b> | <b>1,682,201</b>   |

**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<br>\$A000 |
|------|--|---------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | <b>372</b>                |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                         |

1.25 Explanation necessary for an understanding of the transactions

**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<br>\$A | Amount used<br>\$A |
|-----|-----------------------------|-------------------------|--------------------|
| 3.1 | Loan facilities             | -                       | -                  |
| 3.2 | Credit standby arrangements | -                       | -                  |

**Estimated cash outflows for next quarter**

|                                |                |
|--------------------------------|----------------|
|                                | \$A000         |
| 4.1 Exploration and evaluation | 4,400          |
| 4.2 Development                | 585,028        |
| <b>Total</b>                   | <b>589,428</b> |

**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<br>\$A000 | Previous quarter<br>\$A000 |
|--|---------------------------|----------------------------|
| 5.1 Cash on hand and at bank                     | <b>1,682,201</b>          | <b>2,049,594</b>           |
| 5.2 Deposits at call                             | -                         | -                          |
| 5.3 Bank overdraft                               | -                         | -                          |
| 5.4 Bill   | -                         | -                          |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>1,682,201</b>          | <b>2,049,594</b>           |

**Changes in interests in mining tenements**

|   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed |                       |                                  |  |                                  |
| 6.2 Interests in mining tenements acquired or increased           | E46/621               | Granted                          | Nil                                    | 100%                             |
|   | E47/1320              | Granted                          | Nil                                    | 100%                             |
|   | E47/1334              | Granted                          | Nil                                    | 100%                             |
|   | E47/1372              | Granted                          | Nil                                    | 100%                             |
|   | E47/1447              | Granted                          | Nil                                    | 100%                             |
|   | E47/1448              | Granted                          | Nil                                    | 100%                             |
|   | E47/1524              | Granted                          | Nil                                    | 100%                             |
|   | G45/275               | Granted                          | Nil                                    | 100%                             |
|   | L46/62                | Granted                          | Nil                                    | 100%                             |
|   | P46/1593              | Granted                          | Nil                                    | 100%                             |

For personal use only

**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 <b>Preference securities</b><br><i>(description)</i>   | N/A                             | N/A                | N/A  | N/A   |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                                 |                    |  |   |
| 7.3 <b>+Ordinary securities</b>  | 265,687,743                     | 265,687,743        | N/A  | N/A   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br><br>(b) Decreases through returns of capital, buy-backs          | 1,086,957<br>2,000              | 1,086,957<br>2,000 | 2762 cents<br>3600 cents                                     | 2762 cents<br>3600 cents  |
| 7.5 <b>+Convertible debt securities</b>  |                                 |                    |  |   |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                                 |                    |  |   |
| 7.7 <b>Options</b><br>FMGAW  | 1,582,550<br>340,625<br>497,500 | Nil<br>Nil<br>Nil  | <i>Exercise price</i><br>267 cents<br>569 cents<br>703 cents | <i>Expiry date</i><br>31 Dec 2009<br>25 Jan 2011<br>01 Jun 2011 |
| 7.8 Issued during quarter  |                                 |                    |  |   |
| 7.9 Exercised during quarter   | 20,000<br>62,500<br>2,500       | Nil<br>Nil<br>Nil  | 267 cents<br>569 cents<br>703 cents                          | 31 Dec 2009<br>25 Jan 2011<br>01 Jun 2011                       |
| 7.10 Expired during quarter  |                                 |                    |  |   |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | N/A                             | N/A                |  |   |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   | N/A                             | N/A                |  |   |

For personal use 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 give a true and fair view of the matters disclosed.

Sign here: .....

Date: 30 June 2007

Print name: **CHRISTOPHER J CATLOW**  
(Chief Financial Officer)

## 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.

== == == == ==

For personal use only