

Conquest Mining Limited

ABN: 33 009 232 277

ASX Code: CQT

Directors*Jake Klein*

Executive Chairman

Nicholas Curtis

Non-Executive Director

James Askew

Non-Executive Director

Richard Krasnoff

Non-Executive Director

Douglas Stewart

Non-Executive Director

Paul Marks

Non-Executive Director

Issued Capital

501,374,801 ordinary shares

44,850,000 unlisted options

Contact

Jake Klein

Executive Chairman

02 8383 2100

Aaron Colleran

Company Secretary

02 8383 2106

Share Registry

Link Market Services

Level 12

680 George Street

Sydney NSW 2000

www.linkmarketservices.com**Latest News**

To view the company's latest news please visit our website:

www.conquestmining.com.au

QUARTERLY REPORT

For the period ended 30 September 2010

Highlights

- Breakthrough quarter in Conquest's strategy of building a profitable and sustainable mid-tier gold miner through exploration, development and acquisition.
- Moved to control of North Queensland Metals Limited, owner of 60% of the Pajingo gold mine in Queensland, through an \$80 million takeover offer.
- Well positioned to consolidate ownership of Pajingo by agreeing to acquire Heemskirk Consolidated Limited's 40% interest for \$37 million in cash and shares with shareholder votes scheduled for 29 October 2010.
- Long-term offtake agreement signed with Shandong Guoda Gold Co Limited for gold-silver concentrate from the V2 deposit at Mt Carlton.
- SAG mill acquired from Hillgrove Resources for \$6.95 million, reducing the capital cost estimated in the Mt Carlton definitive feasibility study by more than \$1.7 million.
- Calder Project Services appointed to conduct an Engineering and Costing Study for the process plant and ancillaries for Mt Carlton which is on track for completion in the December quarter.
- New zones of high-grade mineralisation discovered immediately outside the proposed pits at V2 and A39 at Mt Carlton.

Subsequent to the end of quarter

- Moved to compulsory acquisition of North Queensland Metals (NQM) after obtaining acceptances for 90.44% of NQM shares.
- Equity raising to raise gross proceeds of up to \$45 million comprising a \$40 million institutional placement and a share purchase plan to raise up to \$5 million.

CORPORATE REVIEW

Takeover Offer for North Queensland Metals Limited

On 3 June 2010 Conquest announced a proposal to acquire all of the shares in North Queensland Metals Limited ("NQM") by way of an off-market takeover offer. The Offer was originally 0.5 of a Conquest share plus 10 cents cash for every NQM share held but was increased in mid July 2010 to 0.5 of a Conquest share plus 15 cents cash for every NQM share held. The Offer valued NQM at approximately \$80 million¹.

On 18 October 2010 Conquest obtained acceptances for 90.44% of the NQM shares on issue and commenced compulsory acquisition of the remaining shares. This process will see Conquest take 100% ownership of NQM.

The location of group assets is shown in the diagram below. The combined group will have its head office in Sydney and operational offices in Brisbane and Townsville.

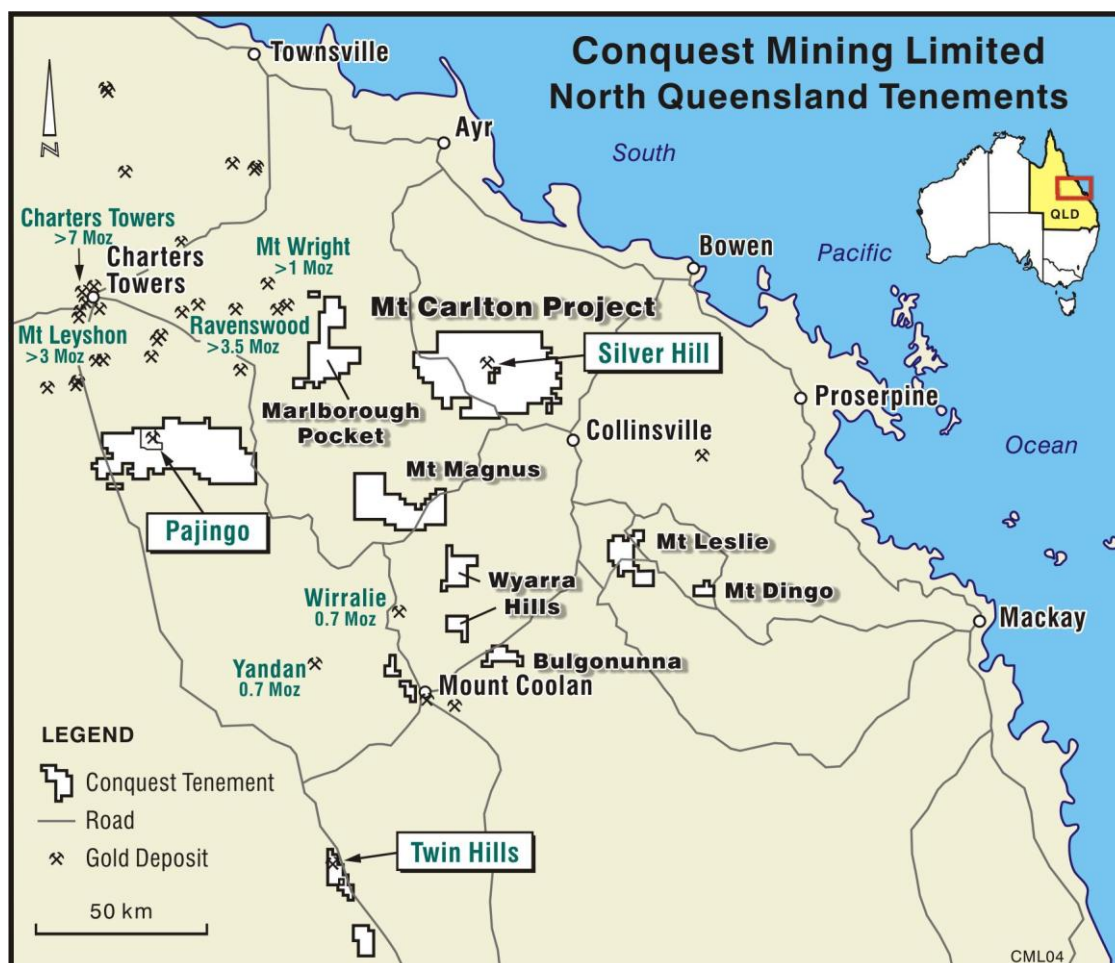


Figure 1. Location of group assets (following completion of NQM takeover).

¹ Based on the closing share price of Conquest on 30 September 2010 of 49.5c

The main asset of NQM is a 60% interest in the Pajingo gold mine located 130km west of Conquest's Mt Carlton project and 53km south of Charters Towers. Pajingo is a well-established operation mining a large epithermal gold system. More than 3 million ounces of gold have been produced at Pajingo since the commencement of mining in 1986.

Gold mineralisation at Pajingo is contained in a series of sub-vertical, high-grade, low-sulphidation epithermal veins. Open pit and underground mining of the vein system since 1986 has extended over five kilometres of east-west strike and to a maximum depth of 800 metres below surface.

The deposits in the Pajingo field are structurally controlled with several different orientations, however most of the known mineralisation is within the northwest-southeast trending Vera-Nancy structural corridor.

The Pajingo system has been characterised by repeating lodes along the primary Vera-Nancy structural corridor, with each lode yielding in excess of 300,000 ounces of high-grade gold (averaging between 11 and 14g/t gold). The diagram below indicates areas of known gold mineralisation to the east of the areas currently being mined.

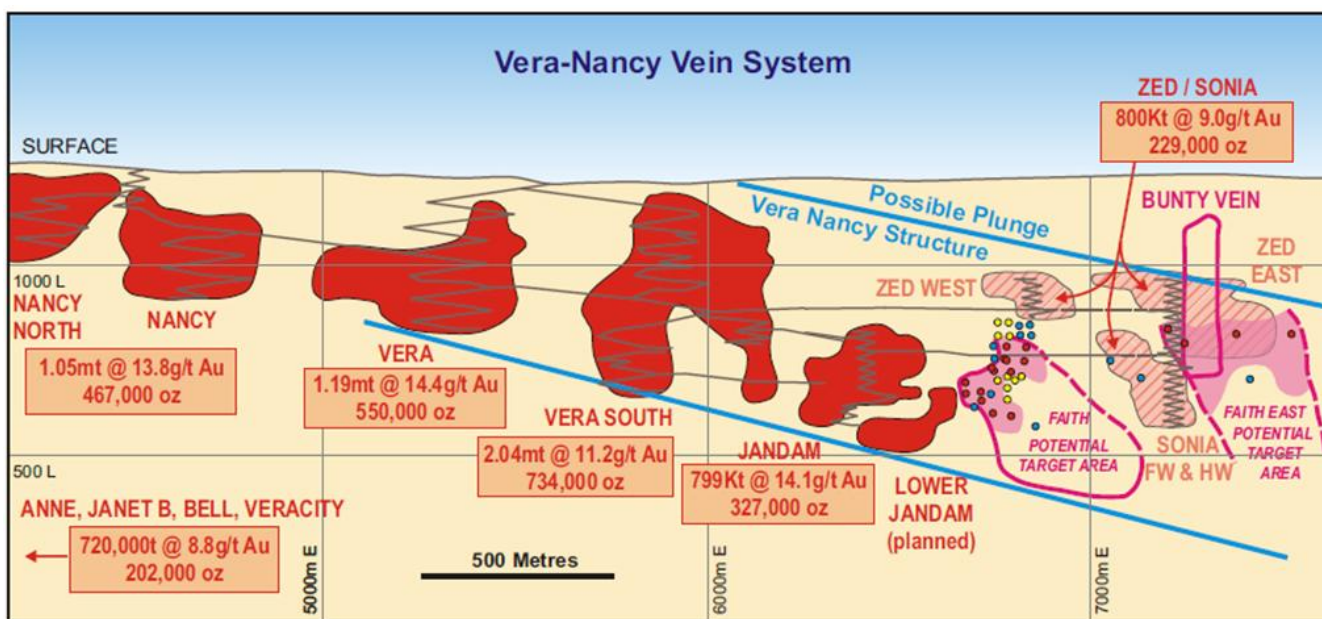


Figure 2. Areas of known gold mineralisation along the Vera-Nancy structural corridor.

Recently completed development work has opened up access to a series of undeveloped areas to this eastern area of the mine (Zed, Sonia, Bunty, Faith and Dawn).

Pajingo has recently been producing 50,000 to 55,000 ounces of gold per year at a cash cost of about A\$800 per ounce. Conquest is reviewing the plans of the previous owners to develop satellite and open-pit ore sources in order to utilise the spare capacity of the processing facility to lower unit costs and potentially increase output.

Ore is currently mined by underground methods using long-hole open-bench stoping, with ore hauled to surface via a decline.

Approximately 300,000 tonnes per annum of ore is currently processed through a carbon-in pulp ("CIP") plant to produce gold doré on site. Metallurgy is simple and gold and silver recoveries are very

high. The processing plant has capacity to process up to 750,000 tonnes per annum.

From late 2010, additional ore is planned to be sourced from the Janet A open pit, which is located within 1km of the processing plant. This is the first of a series of pits of similar size that are planned to be sequenced to increase mill throughput by approximately 100,000 tonnes per annum, providing a diversification of ore sources and a reduction in the mine's overall risk profile.

HSK Gold Acquisition

On 15 September 2010, Conquest entered into a conditional share purchase agreement with Heemskirk Consolidated Limited ("Heemskirk") to acquire its 40% interest in the Pajingo gold mine (the "Share Purchase Agreement") for total consideration of \$37 million. The other 60% interest is held by NQM. The acquisition will be effected by Conquest acquiring all of the shares in HSK Gold Australia Pty Ltd ("HSK Gold"), the Heemskirk subsidiary which holds the Heemskirk group's interest in Pajingo.

The purchase price consists of:

- \$27 million in cash (of which \$2 million will be deferred until the earlier of 31 March 2011 and 6 months after completion of the purchase); and
- \$10 million in Conquest shares, at an issue price of \$0.394 per Conquest share (the issue price represents the 20 day volume-weighted average price of Conquest shares prior to the date of signing the Share Purchase Agreement)

The acquisition is subject to Conquest and Heemskirk shareholder approvals. Both Conquest and Heemskirk have shareholder meetings scheduled for 29 October 2010.

The HSK Gold acquisition, if approved by shareholders, and the NQM takeover offer will provide Conquest with 100% ownership and operatorship of Pajingo. The removal of the existing joint venture structure will allow for streamlined management of the project with maximum flexibility to pursue value adding opportunities.

Capital Raising

Subsequent to the end of the quarter, Conquest announced an equity raising to raise gross proceeds of up to \$45 million. The capital raising comprises a placement to institutional investors to raise up to \$40 million (the "Placement") and a share purchase plan to raise up to \$5 million.

Proceeds from the capital raising will be applied to:

- Settlement of the cash component of Conquest's proposed acquisition of HSK Gold Australia Pty Ltd (as announced on 16 September 2010), which holds Heemskirk Consolidated's 40% interest in the Pajingo gold mine (the other 60% interest is held by North Queensland Metals);
- Expenditure associated with the Mt Carlton optimisation study including exploration drilling, detailed engineering design work, procurement activities and site works, and expenditure associated with pre-development work at Mt Carlton;
- Capital and exploration expenditure associated with increasing production at the Pajingo gold mine including exploration drilling, commencement of open pit mining at Pajingo and the possible development of Twin Hills deposit; and
- General working capital requirements.

Very strong support was shown for the institutional placement and it was successful in introducing several highly respected, gold sector institutional investors to our share register.

Conquest will also offer an opportunity for existing shareholders to participate in the capital raising by way of a share purchase plan (the "SPP"). Under the SPP, each eligible shareholder will have the right to subscribe for fully paid ordinary shares in Conquest up to a maximum value of \$15,000 based on the Placement issue price of \$0.48 per share. Subscriptions under the SPP will be free of brokerage and transaction costs.

It is intended that the SPP will open on 25 October 2010 and will close on 15 November 2010. Australian and New Zealand-based shareholders registered at 12 October 2010 will be eligible to participate. The SPP is intended to be capped at \$5 million and is not underwritten. Conquest reserves the right to scale back applications if they exceed \$5 million in aggregate. Full details of the SPP terms and conditions will be released to the ASX shortly.

OPERATIONS REVIEW

Optimisation Study

Brisbane based engineering and project management company, Calder Projects Services ("Calder") was appointed early in the September Quarter to undertake the Engineering and Costing Study for the Mt Carlton process plant and ancillaries.

Calder commenced work in July and have remained on schedule for completion in the December Quarter 2010. Work items have included:

- Completed conceptual design and issued updated equipment data sheets to preferred vendors
- Finalised locations for processing plant and other key surface infrastructure taking into account requirements for environmental management, also possible future V2 pit extensions, recent Herbert Creek East drilling results and flooding high water marks.
- Completed preliminary design to facilitate the incorporation of the recently acquired SAG mill into the primary and recycle crushing circuit.
- Electrical load list issued along with preliminary single line diagrams.
- Completed a constructability review for the project
- Commenced basic design and cost optimisation for the flotation and concentrate areas of the process plant.
- Commenced preparation of process piping and instrumentation diagrams.
- Commenced preparation of a project implementation plan.

Other Optimisation Study work programs managed by Conquest include reviews of high-voltage power supply, mine access road and other infrastructure and support facilities designs originally prepared for the DFS during 2009.

Conquest has continued the preparation of the Environment Management Plan submission according to Queensland environmental regulations and guidelines.

Conquest acquired a new SAG mill from Hillgrove Resources Limited ("Hillgrove") in August 2010 when a review of the mill, conducted by specialist consultants on behalf of Conquest, showed that it would be ideally suited to the Mt Carlton project and is capable of achieving the expected design throughput rate and product size (800,000tpa with P80 of 106µm). The purchase includes an Outotec 3.6MW Grate Discharge SAG Mill with major spares (main electric motor; girth gear; gearbox; pinion and pinion bearings) and a Russell (RME) 7-Axis Mill Re-lining Machine.

All equipment is new, complete and in original packing. The mill shell is still at Dorbyl works in South Africa and all other items are warehoused in South Australia. The acquisition cost of \$6.95 million represents a significant cost saving for the Mt Carlton project and compares with an original procurement cost of \$9.1million and the Mt Carlton definitive feasibility study capital cost estimate of \$8.7 million. The acquisition also secures what is ordinarily one of the longest lead-time items for a mining project.

The SAG mill and ancillary equipment were originally purchased by Hillgrove prior to Hillgrove's purchase of the process plant and associated equipment of the Lennard Shelf Pillara mine for use at its Kanmantoo project. As a result of that purchase, the SAG mill was surplus to Hillgrove's requirements.

Concentrate Marketing

On 15 September 2010, Conquest entered into a long term concentrate offtake agreement for the sale of gold-silver-copper concentrate from its V2 deposit at Mt Carlton (the "Offtake Agreement"). The counter-party to the Offtake Agreement is Shandong Guoda Gold Co. Limited ("Guoda Gold"), one of the largest gold smelters in China. The Offtake Agreement is a life-of-mine contract for the sale of 490,000 wmt of concentrate from the V2 deposit.

Conquest received very strong interest in the offtake for V2 deposit concentrate from a number of highly reputable specialist smelter companies and this has allowed Conquest to expedite negotiations and lock-in excellent terms for the life of the mine even though a development decision has yet been made.

Metallurgical testwork and optimisation studies indicate that the currently defined V2 Ore Reserve can be processed via conventional crush-grind-float processing to produce approximately 490,000wmt of concentrate (a mass pull ratio of approximately 7%) at a rate of approximately 4,500 wmt per month over 9 years. The testwork indicates an average concentrate grade in the range of 40-45g/t Au, 350-450g/t Ag and 5-6% Cu.

The V2 deposit is the largest single deposit at Mt Carlton and underpins the economics of the project. The Offtake Agreement over V2 is therefore the key to developing and financing the Mt Carlton project. The actual sales revenue under the Offtake Agreement will depend on a number of factors, including concentrate production, concentrate grades, commodity prices and contract payability terms.

Under the terms of the Offtake Agreement, Conquest will receive payment for the gold, silver and copper contained in concentrate. There are no penalties for deleterious elements based on the expected concentrate specification range. The Offtake Agreement requires provisional payment of 90% of the value of each concentrate shipment by letter of credit with a major Chinese bank prior to shipment. This payment mechanism will significantly aid cashflow management.

The Offtake Agreement with Guoda Gold does not extend to concentrate that will be produced from the high grade A39 silver deposit at Mt Carlton. Negotiations with a number of potential offtakers for A39 concentrates are ongoing.

Exploration – Mt Carlton Project

The exploration effort made considerable progress during the September Quarter with the discovery of new zones of high-grade mineralisation immediately outside of the proposed open pits at V2 and

A39.

Drilling to test a high-grade eastern extension to the V2 deposit returned the following results:

- 9.55m @ 11.6g/t Au, 25.3g/t Ag and 0.86% Cu from 148m in hole HC10RCD941
- 10.1m @ 11g/t Au, 8.3g/t Ag and 0.2% Cu from 146m in hole HC10RCD960

The mineralisation is interpreted to represent the along strike continuation of high grade gold encountered in previously drilled hole HC08RC471, which intersected 14m @ 31.6g/t Au from 132m, and is interpreted to be open along strike to the ENE, and at depth. The mineralised zone in HC08RC471 is also outside of the existing planned open pit wall, and together with the new drilling results, opens the possibility of a high grade underground gold operation off the eastern side of the pit.

The location of this new zone of mineralisation, relative to the V2 pit boundary (surface outline), is described in the following diagram.

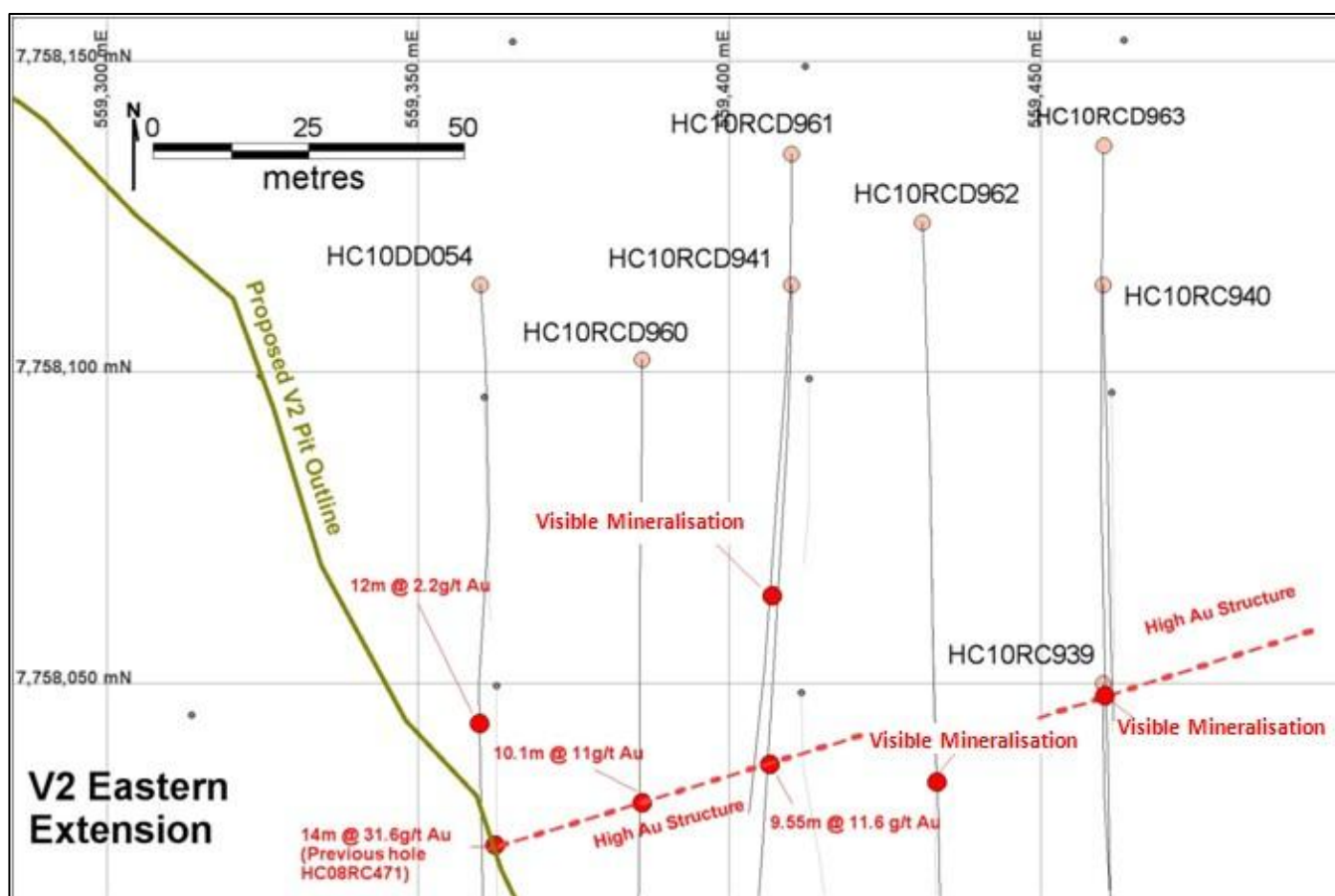


Figure 3. Location of new zone of high-grade mineralization at the V2 deposit.

At the A39 deposit, spectacular and wide zones of high-grade silver mineralisation were returned from down-dip extensions of the A39 mineralisation. Drilling to test a down-dip extension of the A39 deposit returned the following results:

- 21m @ 2,266 g/t Ag from 153m in hole HC10RCD935

- 30m @ 446 g/t Ag from 124m in hole HC10RCD936
- 14m @ 601 g/t Ag from 122m in hole HC10RCD938

All of the intercepts are from outside of the current A39 open pit boundary. The location of this new zone of mineralisation, relative to the A39 pit boundary, is described in the following diagram.

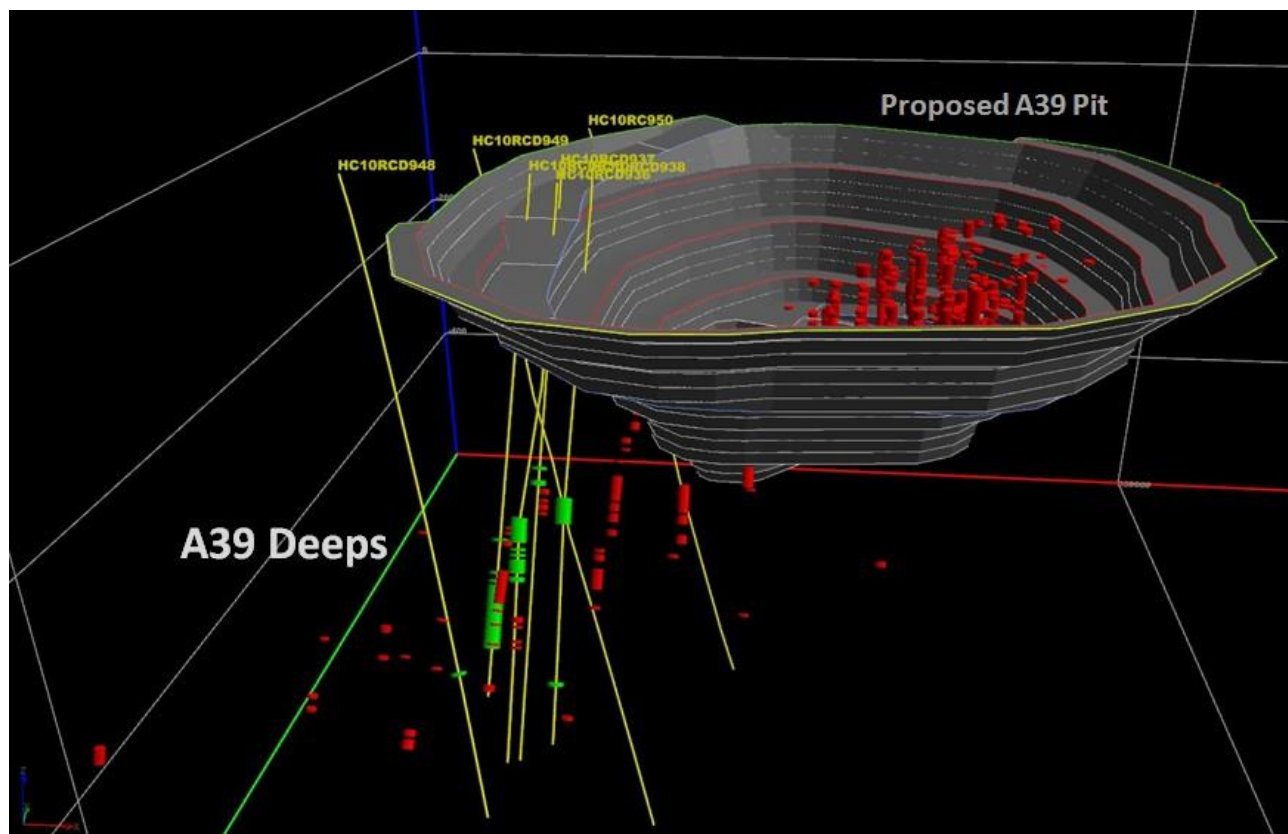


Figure 4. Location of down-dip extension of high-grade silver mineralisation at the A39 deposit.

Red dots represent previous reported intercepts of >150g/t Ag.

Green dots represent September 2010 Quarter intercepts of > 150g/t Ag.

Scale: the pit is roughly 320m wide, east to west, at surface.

In total, 10,983m of RC percussion and HQ diamond drilling was completed during the quarter (see Figure 5 and Table 1). A number of holes tested a combined geophysical and geochemical target along the Capsize trend, intersecting strongly altered rhyodacite but no significant gold or silver mineralisation. Low grade porphyry Cu-Mo mineralisation was intersected in two holes (CS10RC010, CS10RC018). A review of the data is underway to establish whether vectors to ore can be generated through the interrogation of the data.

Two holes were drilled to test prominent IP anomalies north of the V2-A39 mineralised zone. Broad zones of low grade gold and silver were intersected in one of those holes (HC10RCD943).

At the Strathmore Prospect, 15km to the east of the Mount Carlton project, near surface low grade (26.01m @ 864ppm Cu and 32ppm Mo from 1m) porphyry Cu-Mo was intersected in hole EV10DD001.

Elsewhere, drilling tested a major magnetic low feature to the west of Mount Carlton United prospect

(holes MC10RC134-137). No significant results were obtained with all holes intersecting unaltered granite.

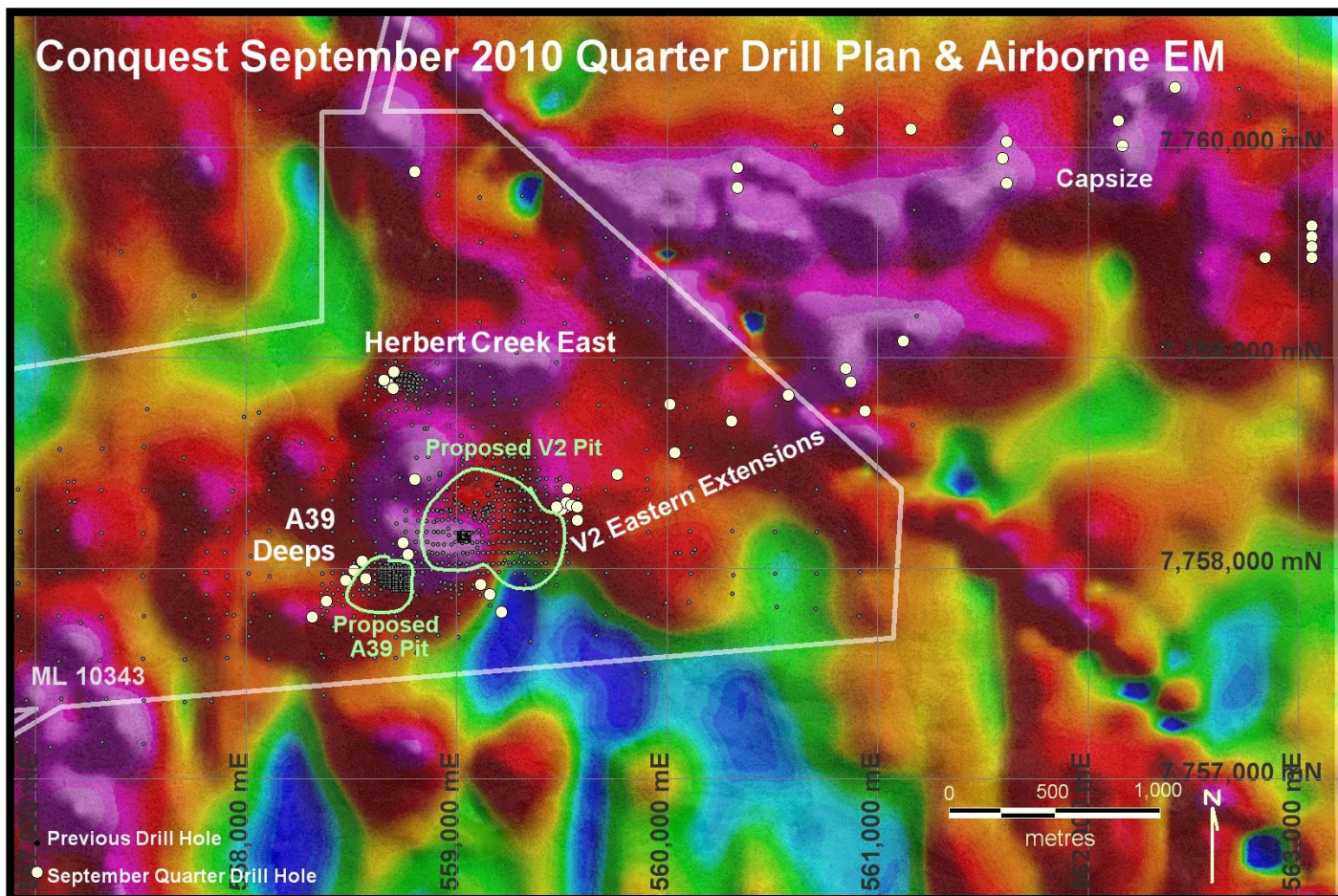


Figure 5. Drilling completed during the September 2010 Quarter with Helimag EM Conductivity.

Jake Klein
Executive Chairman

Information in this report that relates to exploration results is based on and accurately reflects information compiled by Mr David Hewitt B Appl Sc (Geology), MSc, MAIG who is a full time employee of Conquest. Mr Hewitt has sufficient experience which is relevant to the style of mineralisation and 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. Mr Hewitt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1. Exploration Drilling and Assay Data – September Quarter 2010

Drill Hole	Coordinates				Significant Intersections	Gold Equivalent
	AMG N	AMG E	Set up	Depth		
	m	m	Dip/Azi (TN)	m		g/t
Capsize						
CS10RC006	7760106	562300	-70/180	180	NSR	
CS10RC007	7759950	562030	-70/180	198	NSR	
CS10RC008	7759830	562050	-70/180	180	NSR	
CS10RC009	7759650	561500	-70/180	180	NSR	
CS10RC010	7759770	561480	-70/180	180	27m @ 0.15% Cu, 95ppm Mo from 153m	
CS10RC011	7759850	561500	-70/180	192	NSR	
CS10RC012	7759910	561044	-70/180	180	NSR	
CS10RC013	7759905	560699	-70/180	180	NSR	
CS10RC014	7760004	560701	-70/180	180	NSR	
CS10RC015	7759725	560219	-70/180	178	NSR	
CS10RC016	7759630	560219	-70/180	180	NSR	
CS10RC017	7759450	562950	-60/180	180	NSR	
CS10RC018	7759450	562950	-60/180	192	16m @ 0.14% Cu from 100m	
CS10RC019	7759400	562950	-65/0	200	NSR	
CS10RC020	7759350	562950	-66/0	140	NSR	
CS10RC021	7759300	562950	-69/0	125	NSR	
CS10RC022	7759300	562730	-60/0	101	NSR	
Area 39						
HC10RCD935	7757775	558433	-60/180	195.3	45m @ 0.01g/t Au, 1128g/t Ag & 0.58% Cu from 133m	18.3
including					21m @ 0.10g/t Au, 2266g/t Ag & 1.2% Cu from 153m	36.9
HC10RCD936	7757763	558445	-60/180	210.3	71m @ 0.01g/t Au, 220g/t Ag & 0.03% Cu from 122m	3.4
including					30m @ 0.1g/t Au, 446g/t Ag & 0.05% Cu from 124m	7.0
HC10RCD937	7757786	558442	-60/180	225.3	29.12m @ 0.01g/t Au, 98g/t Ag & 0.02% Cu from 115.88m	1.5
					18m @ 0.34g/t Au, 44g/t Ag & 0.03% Cu from 166m	1.0
HC10RCD938	7757775	558456	-60/180	211.3	80m @ 0.2g/t Au, 142g/t Ag & 0.04% Cu from 119m	2.4
including					14m @ 0.02g/t Au, 601g/t Ag & 0.08% Cu from 122m	9.4
HC10RC945	7757591	558200	-75/180	220	12m @ 15.2 g/t Ag from 168m	
HC10RCD946	7757669	558270	-75/180	270	5m @ 48.1 g/t Ag from 160m	
					11m @ 35.8 g/t Ag , 4.08% Zn from 183m	
HC10RCD947	7757669	558270	-75/180	250.2	5m @ 42.4 g/t Ag from 172m	
					10m @ 42.7 g/t Ag from 184m	
HC10RCD948	7757768	558360	-60/139	249.1	15m @ 62.3 g/t Ag from 156m	
					9m @ 58.2 g/t Ag from 188m	
HC10RCD949	7757814	558400	-60/134	285.5	9m @ 38.2 g/t Ag from 182m	
HC10RC950	7757858	558440	-60/142	246	8m @ 24.7 g/t Ag from 176m	
HC10RC951	7757747	558999	-60/180	204	20m @ 11.5 g/t Ag from 64m	
HC10RCD952	7757697	559043		186.2	32m @ 42.3 g/t Ag from 52m	
HC10RC953	7757615	559100	-60/180	127	20m @ 0.3 g/t Au, 41.6 g/t Ag. 0.8% Pb from 84m	

Table 1 cont. Exploration Drilling and Assay Data – September Quarter 2010

Drill Hole	Coordinates				Significant Intersections	Gold Equivalent
	AMG N	AMG E	Set up	Depth		
	m	m	Dip/Azi (TN)	m		g/t
Herbert Creek East						
HC10DD055	7758721	558581	-60/8	84.1	2m @ 21.5g/t Au, 0.84g/t Ag and 33ppm Cu from 26m	21.5
HC10DD056	7758701	558561	-90/0	108.7	NSR	
HC10DD057	7758679	558587	-60/11	50.75	2m @ 24g/t Au, 2.5g/t Ag and 0.31%Cu from 38m	24.6
HC10DD058	7758718	558542	-60/8	104.3	1m @ 2.5g/t Au, 1.6g/t Ag and 0.04%Cu	2.6
HC10DD059	7758757	558588	-90/0	63.8	1m @ 3.23g/t Au, 7.7g/t Ag and 86ppm Cu from 18m	3.4
Strathmore						
EV10DD001	7760300	572850	-70/0	402.3	26.01m @ 864ppm Cu, 32ppm Mo from 1m	
V2/V2 East						
HC10RC944	7759706	558690	-60/180	149.7	NSR	
HC10RC954	7758268	559650	-60/155	220.8	NSR	
HC10RC955	7758646	560462	-60/155	149	NSR	
HC10RC957	7758902	561008	-60/155	270	NSR	
HC10RC958	7758523	560194	-60/155	270	NSR	
HC10RC959	7758372	559923	-63/155	244	NSR	
HC10RCD943	7758244	558690	-60/180	356.8	NSR	
HC10RCD952	7757697	559043	-60/180	186.2	NSR	
HC10RCD956	7758771	560735	-60/155	335	NSR	
HC10DD054	7758114	559360	-60/196	348.2	28.67m @ 0.74g/t Au, 5.6g/tAg and 0.14%Cu from 152.61m	1.1
HC10RC939	7758050	559460	-70/180	207	NSR	
HC10RC940	7758114	559460	-60/180	128.7	NSR	
HC10RCD941	7758114	559410	-60/180	271.2	9.55m @ 11.6 g/t Au, 25.3 g/t Ag and 0.86% Cu from 148m	13.5
including					3.06m @ 18.2 g/t Au, 56.8 g/t Ag and 1.94% Cu from 148.4m	22.4
including					1.5m @ 23.7 g/t Au, 18.4 g/t Ag and 1.0% Cu from 156.05m	26.0
HC10RCD942	7758200	559412	-65/191.5	345.2	1m @ 1.07g/t Au, 4.6g/t Ag and 0.13% Cu from 186m	1.4
HC10RCD960	7758102	559386	-60/180	213.2	10.1m @ 11.0 g/t Au, 8.3 g/t Ag and 0.2% Cu from 146m	11.5
including					1.3m @ 56.5 g/t Au, 18.9 g/t Ag and 0.48% Cu from 152.7m	57.6
Mag Low						
MC10RC134	7756850	554100	-60/0	180	NSR	
MC10RC135	7756700	554100	-60/0	180	NSR	
MC10RC136	7756700	554400	-60/0	180	NSR	
MC10RC137	7756700	554700	-60/0	108	NSR	
The gold equivalence calculation represents total metal value for each metal summed and expressed in equivalent gold grade. The prices used in the calculation being US\$1200/oz Au, US\$18.40/oz Ag and US\$3.00/lb Cu. Gold, silver and copper will each be recovered to concentrate. Metallurgical recovery to concentrate of 90% for gold, 91% for silver and 96% for copper is indicated by metallurgical testwork.						

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

Conquest Mining Limited

ABN

33 009 232 277

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date 3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation (b) development- feasibility, optimisation and engineering studies (c) production (d) administration	(2,124)	(2,124)
		(749)	(749)
		-	-
		(2,441)	(2,441)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	872	872
1.5	Interest and other costs of finance paid		
1.6	Income taxes received – R&D claim	398	398
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(4,044)	(4,044)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(12,023)	(12,023)
		(7,051)	(7,051)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
		360	360
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(18,714)	(18,714)
1.13	Total operating and investing cash flows (carried forward)	(22,758)	(22,758)

1.13	Total operating and investing cash flows (brought forward)	(22,758)	(22,758)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(22,758)	(22,758)
1.20	Cash at beginning of quarter/year to date	56,088	56,088
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	33,330	33,330

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	168
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries and Wages, Director 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

None

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

None

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	1,779
4.2 Development – Feasibility Studies and Optimisation	1,143
4.3 Production	-
4.4 Administration (including \$43.1m of cash expenditure related to the acquisition of North Queensland Metals and HSK Gold Australia)	43,776
Total	46,698

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	57	41
5.2 Deposits at call	33,273	56,047
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	33,330	56,088

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	None	None	-	-
6.2 Interests in mining tenements acquired or increased	None	None	-	-

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)	Nil	Nil	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	-	-
7.3	+Ordinary securities	375,898,722	375,898,722	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	22,747,619 -	22,747,619 -	37.9cps -	37.9cps -
7.5	+Convertible debt securities (description)	Nil	Nil	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	- -	- -
7.7	Options (description and conversion factor)	2,000,000 2,500,000 2,500,000 13,500,000 13,500,000 4,050,000	Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> \$0.93 \$0.28 \$0.32 \$0.28 \$0.32 \$0.38	<i>Expiry date</i> 26 February 2013 1 June 2015 1 June 2015 1 June 2015 1 June 2016 1 June 2015
7.8	Issued during quarter	Nil	Nil	-	-
7.9	Exercised during quarter	Nil	Nil	-	-

7.10	Expired during quarter	200,000	Nil	\$0.60	22 June 2011 (expired on termination of employment)
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

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: .....
Company Secretary

Date: 28 October 2010

Print name: Aaron Colleran

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.

== == == == ==