



Apex Minerals N.L.

**Quarterly Report
31st September 2008**

Highlights

- **A\$60.5 million capital raising: fully funded past production**
- **Gold hedging program implemented**
- **Mining commenced and plant refurbishment underway**
- **70% increase in underground Indicated Resources at Wiluna**
- **74% increase in open pit resources at Wiluna**
- **Drilling extends the Baldric zone at Wiluna**
- **Drilling expands Premium and Cascade zones at Gidgee**
- **First gold pour anticipated in November**

Wiluna

The Wiluna Project is situated approximately 1,000 km northeast of Perth and comprises granted mining leases covering approximately 50 square km, as well as miscellaneous licences. The operation has access to the Goldfields Gas Pipeline and includes gold resources totalling over 1.5 million ounces, a ~1Mtpa processing facility and a BIOX® bacterial oxidation plant, along with other established infrastructure.

Exploration

On 29th September 2008, the company announced an increase in Mineral Resources at Wiluna, which represents a 70% increase in underground Indicated Resources and a 74% increase in open pit Measured and Indicated resources relative to the previous estimate of 25th May 2008. The September resource estimate is summarised in Tables 1 and 2, below:

Table 1. Mineral Resources - Calais area and East Lode North underground, Wiluna as at September 2008.

Zone	Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade, g/t Au	000's oz Au	000's tonnes	Grade, g/t Au	000's oz Au	000's tonnes	Grade, g/t Au	000's oz Au
Calais	1,012	6.6	216	217	6.3	44	1,229	6.6	259
Burgundy	498	6.5	104	304	5.7	56	802	6.2	160
Henry5	316	7.7	78	152	6.0	29	467	7.1	107
Baldric	113	6.7	24	338	7.5	81	451	7.3	105
Henry5 North	439	6.8	96	329	5.7	60	767	6.3	156
Scroop	-	-	-	69	4.4	10	69	4.4	10
Total Calais area	2,377	6.8	519	1,409	6.2	280	3,786	6.6	799
East Lode Nth	438	5.9	82	673	5.7	124	1,111	5.8	206
Total underground (Sept 08)	2,815	6.6	601	2,082	6.0	404	4,897	6.4	1,005
<i>Previous Resource (May 08)</i>	<i>1,673</i>	<i>6.6</i>	<i>353</i>	<i>1,528</i>	<i>5.5</i>	<i>270</i>	<i>3,201</i>	<i>6.1</i>	<i>623</i>
<i>Percentage Change</i>	<i>+68%</i>	<i>Same</i>	<i>+70%</i>	<i>+36%</i>	<i>+9%</i>	<i>+50%</i>	<i>+53%</i>	<i>+5%</i>	<i>+61%</i>

Table 2. Mineral Resources – East Lode Open Pit, Wiluna as at September 2008.

Zone	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade, g/t Au	000's oz Au	000's tonnes	Grade, g/t Au	000's oz Au	000's tonnes	Grade, g/t Au	000's oz Au	000's tonnes	Grade, g/t Au	000's oz Au
East Pit (Sept 08)	373	4.1	50	-	-	-	28	4.2	4	402	4.1	54
Previous (May 08)	-	-	-	232	4.1	31	-	-	-	232	4.1	31

Wiluna Calais area underground and East Pit open pit Mineral Resources as at September 2008, using a 3.5g/t Au lower cutoff for underground resources and 1.0g/t Au lower cutoff for open pit resources

This resource upgrade is based on drilling undertaken during the quarter as summarised in ASX announcements of 4th August, 18th August and the 4th September 2008, which has:

- Expanded overall resources in the Calais underground area, including the discovery of the Baldric zone, which is largely classified as Inferred.
- Converted a large part of the Calais area resource to the Indicated category, through detailed infill drilling to a notional 25x25m pattern.
- Defined Indicated and Inferred resources in the East Lode North area.
- Expanded the East Pit open pit resource and converted it the Measured category.

In the Calais area, drilling is continuing with the dual aim of further expanding the known zones of mineralisation and infilling the Inferred portion of the Mineral Resource in order to upgrade it to the higher confidence Indicated category. Of particular note is hole CADH1152, which has intersected 10.8m @ 9.1g/t gold (est. 4.5m true width) from 333.8m downhole situated 75m down plunge from the previous deepest Baldric intersection of 27.2m @ 9.8g/t gold (est. 9.3m true width) in CADH1130. This hole extends the Baldric zone well beyond the Inferred Resource limit defined in September.

In addition, detailed underground grade control drilling has commenced in order to optimally define stoping blocks ahead of development.

Drilling is also continuing to scope out the Crispin zone on West Lode.

At East Lode, surface drilling has commenced following up previously announced high grade intersections in the Lawless Reef (announced on 4th September), and has commenced drilling for potential depth extensions of the East Lode Hanging Wall zone as recently defined in the open pit (as announced on 4th and 18th August).

A revised Ore reserve estimate for the Calais area and East Lode area is being prepared.

Health and Safety

Pre-existing health and safety systems in use at Wiluna have been subject to review. A process of modification and expansion of the system is in progress.

Environmental Management

All environmental approvals for the projects development and operation are in place.

Infrastructure

The status of infrastructure refurbishment at Wiluna is as follows:

- Refurbishment of key village facilities
- Improvement to the facilities at the Village and accommodation rooms;
- Water supply from borefields has been upgraded.
- All gas generators have now been overhauled and tested. These will be re-commissioned once load is available as a result of plant commissioning.

- A new engine management system has been installed to the gas generators;
- Replacement of motor control centres, HV and LV distribution;

Processing

Plant Refurbishment

Plant refurbishment is on schedule for processing to commence in early November. The plant refurbishment works being undertaken include:

- Re-shaping the site to allow for proper site drainage during rainfall events.
- Rebuilds of all crushers and mechanical components in the crushing circuit and installation of replacement bins, conveyor skirts, conveyors and shaking screen.
- Accurate alignment of all mills, replacement of bearings as appropriate, re-lining as appropriate and the refurbishment and installation of two flash flotation cells.
- Increasing the process water storage capacity in the plant to 24 hours storage.
- Cleaning, sandblasting, repairing and painting the flotation cells and adjusting the settings on flotation cell impellers.
- Repairing rubber lining and the removal and internal cleaning of all cooling coils in all BIOX leach tanks and the replacement of all valves in the BIOX circuit.
- Repairing all CIL tanks, impellers and draft tubes.
- Removal, inspection and repair of all pumps, gearboxes and motors on the plant site.
- Expansion of the plant monitoring and control system.
- Installation of ring mains for plant air, instrument air and process plant water.
- Replacement of 3 key motor control centres (MCC's) and the refurbishment of a significant portion of the HV and LV cabling and distribution systems.

Plant Commissioning

Re-commissioning of the plant has commenced starting with the crushing circuit. Re-commissioning of the plant will be staged as the refurbishment of each circuit of the plant is completed.

Bacteria

As previously advised bacteria from the Wiluna plant were retained at the cessation of operations in July 2007 and kept active at laboratories in Perth by being fed Wiluna concentrate retained from previous operations.

In September, the bacteria started being propagated in the laboratories in Perth and transported to the Wiluna site in 1 tonne batches. The bacteria is now being transferred into BIOX reactors on site and is being propagated using concentrate retained from previous operations and from a separate milling campaign conducted in April this year.

The company requires 2 primary reactors full of live bacteria ready to receive ore in early November and is on target to achieve this.

The bacteria propagation is being conducted on site by Apex employees all of whom have previously worked with the bacteria in the Wiluna plant.

Mining

Mining has commenced at Wiluna at the East Pit open cut and Wiluna underground mine.

East Pit Open Cut

Mining of the East Pit open cut was temporarily suspended in April 2007 following the announcement of the acquisition of the Wiluna mine by Apex. The pit was left with all waste pre-stripping having been completed and the next bench drilled out awaiting charging with explosives.

The East Pit resource has been expanded since then following the completion of a 5m by 5m detailed grade control drilling programme. A new reserve for East Pit will be estimated in the coming weeks.

The contract for the mining of the East Pit open cut was awarded to Mining and Civil Australia (MACA) Pty Ltd in September 2008. MACA commenced mobilisation to site in the week of 15 September. Open pit mining operations have been in progress since the start of October. As at 30 October, 89,000 tonnes of ore grading 3.8g/t Au had been trucked to the ROM pad from open pit mining.

At the initial planned milling rate of 68,750 tonnes per month, the company expects approximately 2 months of production to be stockpiled when processing commences in early November.

Wiluna Underground Mine

Underground mining will take place initially in the immediate vicinity of existing decline development in the Calais area. Activity will focus on the extraction of Calais reserves above the 600mRL and decline access to new zones at Henry V and Henry V North.

Work has focussed upon the commissioning of the underground mobile equipment fleet (see below), re-establishing necessary services to allow mining to commence in development headings and stopes, establishing the mining crews and implementing mining systems. Just over 50 metres of ore and waste development has been achieved to 30 October yielding 3,000t at 5.1g/t during equipment commissioning.

Underground mining operations have been on day shift only to this point and will move to a two shift, 24 hour per day basis, over the next week.

Underground Mobile Equipment Fleet

The underground mobile equipment fleet required for Wiluna has been delivered to site. The fleet has been acquired and is being financed through Atals Copco under a finance lease arrangement.

The fleet comprises:

- Jumbos – 3 x M2D and 1 x H104.
- Production Drills – 2 x Simba M7 and 1 x Simba 1257.
- LHD's – 3 x ST1520 and 2 x 1030.
- Trucks – 4 x MT6020.
- Service Vehicles – 2 x Volvo IT .

Personnel

All operating activities at the mine with the exception of the East Pit open cut and Village services are being undertaken under an owner operator regime.

Accordingly, the company has embarked upon an extensive direct recruitment programme. Employees are initially being sought for the Wiluna operation and to date over 1200 applications have been received for approximately 150 positions.

The senior management team at Wiluna including the Resident Manager and department heads is in place. The majority of employees required to commence operations at the mine are in place or have accepted positions and will commence shortly.

Further Studies

The success of the drilling programmes at Wiluna will result in new mining studies being undertaken in the Calais area and in the East Lode North Area. At Calais, a new reserve is being estimated and a new mine production schedule is being undertaken. At East Lode North area a new resource has recently been released.

Gidgee

The Gidgee Gold Mine is located 640 km northeast of Perth and covers 90 km of strike of the Gum Creek greenstone belt. The Project comprises a total JORC compliant resource inventory of over 650,000 ounces of gold, including the Wilsons refractory gold deposit (current resource: 1.46Mt @ 6.9g/t for 325,000oz), a 600,000tpa gold treatment plant (currently not in operation), a 150 man camp, additional high-grade non-refractory resources close to the existing developments, and significant exploration upside

Drilling at Gidgee during the quarter has focussed on the Premium and Cascade zones beneath the Swan Bitter open pit. Infill and extensional drilling of these zones has intersected high grade free milling gold mineralisation as summarised in the ASX announcement of 29th August 2008. A preliminary resource estimate is expected to be completed in early November.

Further infill and extensional drilling of the Wilsons deposit will recommence in January 2009, with the aim of extending the Indicated portion of the resource and therefore mine life.

Regional exploration has also commenced, with RAB drilling of several soil geochemical anomalies and the extension of soil sampling surveys into new areas.

Project development work undertaken for the Wilson's deposit has included the attainment of all necessary environmental approvals and refurbishment of the accommodation village at Gidgee to enable decline development to commence.

Due to the success of the drilling programmes at Wiluna it is not necessary for decline development at the Wilson's deposit to commence as previously required in October 2008. Accordingly decline development is now scheduled to commence in the first quarter of 2009.

Youanmi

The Youanmi Gold Mine is located 480 km northeast of Perth and covers 40 km of strike of the Youanmi shear zone. The Project comprises a total JORC and NI 43-101 compliant resource inventory of 951,000 ounces of gold, including the Youanmi Deeps refractory gold deposit (Indicated and Inferred resource of 2.4 million tonnes @ 8.5 g/t for 658,000 ounces of gold) plus a 600,000tpa gold treatment plant, a 270,000tpa sulphide flotation plant and a BacTech bacterial oxidation treatment plant capable of treating the gold concentrate (currently not in operation)..

Regional exploration has commenced on the Youanmi tenements, which include the Snowpeak JV. Resource drilling of the main Youanmi deposit will recommence from underground once the decline has been fully dewatered and refurbished

Project development work undertaken at the Youanmi deposit has focussed on the continued dewatering of the Main Pit. To the end of September approximately 1.2 million cubic metres has been dewatered from the Main Pit since dewatering commenced in January 2008. At the current dewatering rate the Main Pit, which contained approximately 1.8 million cubic metres of water at the start of the year, will be dewatered at the end of this calendar year as scheduled.

Due to the success of drilling programmes at Wiluna it is no longer necessary for production from Youanmi to commence in mid 2009. Production is now likely to be required in mid 2010. Accordingly,

project development activities at Youanmi, principally involving the dewatering and refurbishment of the underground mine, will be deferred to meet this new timeline.

Aphrodite

The Aphrodite Gold deposit is located 65 km north of Kalgoorlie and covers 51 square km of the Bardoc Tectonic Zone. The Project comprises a refractory gold deposit with a JORC compliant Inferred Resource of 1.44 million tonnes @ 6.2 g/t for 287,000 ounces of gold as well as a significant inventory of unclassified gold mineralisation.

During the quarter no further exploration or drilling was undertaken at Aphrodite

Lawlers Nickel JV

Apex has the right to earn an initial 56% interest in the nickel rights on approximately 234 square kilometres of Barrick's tenements in the Lawlers district of the North Eastern Goldfields of Western Australia. The tenements are part of Barrick's Lawlers Gold Operations, and contain over 80 strike kilometres of relatively unexplored nickel sulphide prospective ultramafic rocks in the heart of a world class nickel province, being surrounded by Jubilee's Cosmos, Prospero and Sinclair nickel deposits, BHPB's Perseverance and Rockys Reward nickel mines, and LionOre's Waterloo nickel mine. Importantly, no effective nickel sulphide exploration has been undertaken on these tenements since Selection Trust explored the area thirty years ago. Since then, nickel sulphide exploration has been very limited, with most exploration focussing on nickel laterite and gold.

During the quarter, Apex continued electromagnetic geophysical data acquisition to define EM conductors.

Jillawarra JV (Abra Mining)

The Jillawarra Joint Venture ("JJV") covers an area of approximately 1,500 square kilometres adjoining and to the west of Abra Mining's namesake lead-zinc deposit, which is estimated to contain 50mt @ 5.5% lead. The project is managed by Abra Mining, which has earned a 70% interest by the expenditure of \$1,350,000.

Abra Mining earned a 70% interest in the JV during the quarter, with Apex retaining a 15% interest and a third party retaining 15%. Under the terms of the agreement, Apex elected to convert its 15% contributing interest to a 10% free carried interest.

Corporate

Capital Raising

During the quarter Apex announced that it had successfully completed a A\$60.5m capital raising through the issuance of Secured Notes, GUP Notes and Warrants, the terms of which are laid out below. An entity of The Goldman Sachs Group, Inc. purchased the majority of the Secured Notes, GUP Notes and Warrants, with the remainder being issued to a group of institutional and sophisticated investors.

- The Secured Notes will carry a coupon of 11.25%, paid semi-annually in arrears with the first coupon payable on 29 March 2009. The Notes mature on 29 September 2011 but may be redeemed by Apex at any time after 29 September 2009 by payment of an amount calculated in accordance with the terms and conditions of the Secured Notes.
- The Warrants entitle the holders to subscribe for a total of 43.5 million ordinary shares. The exercise price is calculated according to a specified formula based on the time of exercise, an initial exercise price of \$0.335 and the price of Apex shares at 180 and 270 days after the date of issue of the Warrant. The exercise price may not in any circumstance be less than 70% (\$0.2345) nor more than 100% of the initial exercise price of \$0.335. The initial exercise price of \$0.335 represents a 15% premium to the 5 day VWAP of the Company's shares as at 24 September 2008.

- The GUP Notes entitle the holders to be paid quarterly cash coupons (which may be zero) calculated by reference to a specified formula which allows the holder to participate in any increase in the average AUD gold price in a period over a specified floor price. The holders, as a group, are paid 30% (the participation rate) of the amount by which the average AUD gold price in a period exceeds a floor price, multiplied by a notional principal amount that varies over the life of the GUP Notes. The aggregate of the notional principal amounts is 500,000. The GUP Notes are expected to mature on 7 August 2012. The floor price is currently set at A\$1,110 and is able to be reset downwards on 1 January 2009, but may not be less than \$900 per ounce.

During the quarter the company had settled and received funds in respect of A\$58.5 million of the capital raising. The commitment for the final A\$2 million of this A\$60.5 million capital raising is subject to shareholder approval to be sought at the Annual General Meeting on the 24th of November.

Hedging

As part of the capital raising and prudent business management the company also announced that it had implemented a hedging program to protect Apex's exposure to the Australian dollar gold price over the next three years.

A summary of the program is outlined in the following table:

Year ended 30 June	Forward Sales		Put Options	
	Ounces Covered	Average Price (A\$/oz)	Ounces Covered	Average Price (A\$/oz)
2009	30,610	1,129	16,635	998
2010	43,985	1,148	57,207	953
2011	None	N/A	81,862	943
Total/average	74,595	1,140	155,703	952

Investments

During the quarter Apex acquired 5 million shares at 17 cents per share in Empire Resources positioning Apex as a 6.95% stakeholder in Empire with the right to nominate a representative to join the Empire Board of Directors.

Empire is currently exploring for volcanogenic massive sulphide (VMS) style copper-gold occurrences within its Yuinmery tenements just 6.5km from Apex Minerals Youanmi Plant.

Both companies have signed a Memorandum of Understanding (MoU) to enter into commercial negotiations relating to the Yuinmery Project. Under the MoU, Empire and Apex will investigate the possibility of future development and production for Yuinmery, including the use of the Youanmi plant and its flotation circuit to treat Yuinmery ore.

Yours Sincerely,



Mark Ashley
Managing Director

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Andrew Thompson who is an employee of the company. Mr. Thompson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Thompson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Reverse circulation (RC) drill samples are obtained by collecting meter samples via a three stage riffle or cone splitter, and diamond drill hole results are obtained from half NQ core or quarter HQ core sampled to geological boundaries where appropriate.

Samples are assayed at Genalysis' laboratory. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 50g lead collection fire assay digest and atomic absorption spectrometry (AAS) analysis techniques. Multi-element analyses (arsenic, sulphur, iron, lead, zinc, bismuth, antimony and tellurium) are obtained using a four acid total digest and inductively coupled plasma optical emission spectrometry (ICP OES) analysis techniques. Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The spatial location of samples from surface holes is derived using a combination of surveyed grid co-ordinates and 3D differential GPS collar survey pickups, and Reflex single shot and gyroscopic downhole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot downhole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and downhole surveys.

Drillhole intersections from Wilsons and Aphrodite are calculated using a 1g/t gold cutoff and geological criteria, whereas drillhole intersections from Wiluna and Youanmi are calculated using higher grade gold cutoffs deemed appropriate for each situation.

The new Mineral Resources at Wiluna and Wilsons have been estimated using standard accepted industry practices. All resources have been estimated via Block Ordinary Kriging using 1m composite samples. Top cuts have been applied to the composites and are considered appropriate for the nature and style of mineralization in all cases. Directional grade variography was modeled for all zones based on 1m composites. Geological and mineralization modeling has been achieved by 3D modeling of footwall and hangingwall structures (a lower 2g/t Au cutoff was applied in the case of Wilsons Deposit). Block models have been developed for both deposits incorporating a suitable parent and sub block dimension to allow adequate volume resolution of modeled geology and mineralization. Grade interpolation (via Block Ordinary Kriging) was then undertaken using a multiple estimation pass strategy.

Where quoted, Mineral Resource and Ore Reserve tonnes and ounces are rounded to appropriate levels of precision, causing minor computational errors.

Mineral Resources are classified on the basis of drillhole spacing, geological continuity and predictability, geostatistical analysis of grade variability, sampling, analytical, spatial and density QAQC criteria and demonstrated amenability of mineralization style to proposed processing methods.

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

APEX MINERALS NL

ABN

22 098 612 974

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(10,057)	(10,057)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,778)	(1,778)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	715	715
1.5	Interest and other costs of finance paid	(6,793)	(6,793)
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(17,913)	(17,913)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects/equity investments	-	-
	(b) available for sale investments	(850)	(850)
	(c) other fixed assets	(28,458)	(28,458)
	(d) other - hedging instruments	(7,416)	(7,416)
1.9	Proceeds from sale of: (a) prospects/equity investments	-	-
	(b) available for sale investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(36,724)	(36,724)
1.13	Total operating and investing cash flows (carried forward)	(54,637)	(54,637)

1.13	Total operating and investing cash flows (brought forward)	(54,637)	(54,637)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	121	121
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	58,501	58,501
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(3,970)	(3,970)
	Other – finance lease liability	(6)	(6)
Net financing cash flows		54,646	54,646
Net increase (decrease) in cash held		9	9
1.20	Cash at beginning of quarter/year to date	38,909	38,909
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	38,918	38,918

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	282
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to directors and associates are on normal commercial terms.

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

Nil

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

Nil

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	5,000
4.2 Development	17,276
Total	22,276

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	28,918	8,909
5.2 Deposits at call	10,000	30,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	38,918	38,909

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	E24/109		100%	0%
	E29/131		100%	0%
	P57/1082		100%	0%
	E52/1413	Free carried	24.5%	10%
	E52/1970	Free carried	24.5%	10%
	E52/1971	Free carried	24.5%	10%
	E52/1972	Free carried	24.5%	10%
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <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	390,353,712 19,125,000	390,353,712	N/A 20 cents	N/A 0.001 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	605,000	605,000	\$0.19999	\$120,940
7.5 +Warrants	117	-	\$0.01	\$0.01
<p>Each warrant is exercisable into 371,840 shares.</p> <p>Exercise of Warrants Prior to 180 Days After Issue Date</p> <p>The initial exercise price (per share) of the Warrants is A\$0.335. If the Warrants are exercised before 180 days after 29 September 2008 ("Issue Date"), the exercise price will be A\$0.335.</p> <p>Exercise of Warrants Between 180 and 270 Days After Issue Date</p> <p>If the Warrants are exercised on or after 180 days after the Issue Date but before 270 days after the Issue Date, the exercise price (per share) will be the lesser of:</p> <p>(a) A\$0.335; and</p> <p>(b) 115% of the 5 day VWAP of the Company's Shares for the 5 business days immediately preceding the date 180 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price).</p>				

If the Warrants are exercised on or after 180 days after the Issue Date but before 270 days after the Issue Date and the relevant 5 Day VWAP of the Company's Shares for the 5 business days immediately preceding the date 180 days after the Issue Date is (by way of example only):

- (a) A\$0.75, the exercise price (per share) will be A\$0.335 (ie. the initial exercise price);
- (b) A\$0.20, the exercise price (per share) will be A\$0.2345 (ie. the floor price, being 70% of the initial exercise price).

Exercise of Warrants after 270 Days after Issue

If the Warrants are exercised on or after 270 days after the Issue Date, the exercise price (per share) will be the lesser of:

- (c) A\$0.335;
- (d) 115% of the 5 day VWAP of the Company's Shares for the 5 business days immediately preceding 180 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price); and
- (e) 115% of the 5 day VWAP of the Company's Shares for the 5 business days immediately preceding 270 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price).

If the Warrants are exercised on or after 270 days after the Issue Date and the 5 Day VWAP of the Company's Shares for the 5 business days immediately preceding the date 180 days after the Issue Date is (by way of example only) A\$0.75, and the 5 day VWAP of the Company's Shares for the 5 business days immediately preceding 270 days after the Issue Date is (by way of example only):

- (a) A\$0.75, the exercise price (per share) will be A\$0.335 (ie. the initial exercise price);

A\$0.20, the exercise price (per share) will be A\$0.2345 (ie. the floor price, being 70% of the initial exercise price).

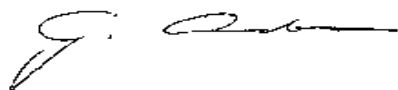
7.6 Changes during quarter
 (a) Increases through issues
 (b) Decreases through securities matured, converted

7.7	Options (description and conversion factor)		<i>Exercise price</i>	<i>Expiry date</i>
	1,500,000		20 cents	3 July 2011
	7,200,000		14 cents	20 July 2011
	250,000		30 cents	17 August 2011
	250,000		35 cents	14 Sept 2011
	300,000		20 cents	31 May 2009
	500,000		35 cents	1 November 2011
	1,000,000		35 cents	1 November 2011
	275,000		45 cents	30 November 2011
	300,000		45 cents	30 November 2011
	2,875,000		65 cents	1 June 2012
	2,600,000		65 cents	1 June 2012
	1,975,000		\$1.00	30 July 2012
	350,000		\$1.30	15 October 2012
	200,000		\$1.30	30 October 2012
	350,000		\$1.30	11 November 2012
	50,000		\$1.60	10 January 2013
	700,000		\$1.30	27 April 2013
	1,911,000		\$1.30	11 May 2013
	550,000		\$1.30	19 June 2013
	1,000,000		\$0.70	18 July 2013
7.8	Issued during quarter			<i>Issued date</i>
	1,000,000		\$0.70	18 July 2013
7.9	Exercised during quarter			
7.10	Expired /Cancelled during quarter			<i>Expiry date</i>
7.11	Debentures (totals only)			
7.12	Unsecured notes (totals only)			

Compliance statement

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

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



Sign here: Date: 31st October 2008

(Director/Company secretary)

Print name: GRAHAM ANDERSON.

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.