

28 October 2006

The Manager - Companies
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Quarterly Report for the Period Ended 30 September 2006

EXPLORATION

1. Manindi Zinc Project, Murchison, WA

The Manindi Zinc Project is located in the East Murchison District of Western Australia, 20 kms south east of Youanmi. The project comprises a series of volcanogenic massive sulphide zinc deposits. The geological environment shows similarities to those of other base metal sulphide deposits in the Yilgarn Craton of Western Australia such as the Golden Grove deposits located to the southwest of Manindi, at Yalgoo, and the Teutonic Bore / Jaguar deposits in the Eastern Goldfields.

A. Manindi JORC Resources

The Manindi zinc resources are contained within four zones, namely Kultarr, Kowari, Mulgara & Warabi. These resources are JORC compliant and were calculated by Geochemex Australia in 2000, on behalf of the previous owners of the Manindi project. The global JORC resource for Manindi, at a >1% Zinc Cut-Off Grade, is:

Measured & Indicated	729,670t @ 7.71% Zinc
Inferred	322,970t @ 7.49% Zinc
TOTAL	1,052,640t @ 7.64% Zinc*

**These resources do not include the results from the latest RC & Diamond drilling programmes, completed in June & September.*

The JORC compliant resource inventory, at >1% Zinc Cut-Off Grade (to 200 metres below surface), is detailed below:

Warabi (Zone A)	Measured	45,060t @ 8.91% Zinc
	Indicated	52,390t @ 8.76% Zinc
	Inferred	21,900t @ 6.58% Zinc
	Subtotal	119,350t @ 8.42% Zinc

Mulgara (Zone B)	Measured	116,570t @ 7.76% Zinc
	Indicated	92,850t @ 7.65% Zinc
	Inferred	8,820t @ 9.17% Zinc
	Subtotal	218,240t @ 7.77% Zinc
Kultarr (Zone D Nth)	Measured	155,710t @ 7.63% Zinc
	Indicated	212,180t @ 7.69% Zinc
	Inferred	235,250t @ 7.66% Zinc
	Subtotal	603,130t @ 7.66% Zinc
Kowari (Zone D Sth)	Measured	17,570t @ 5.45% Zinc
	Indicated	37,340t @ 6.24% Zinc
	Inferred	57,010t @ 6.86% Zinc
	Subtotal	111,930t @ 6.43% Zinc
Total Measured		334,910t @ 7.73% Zinc
Total Indicated		394,760t @ 7.68% Zinc
Total Inferred		322,970t @ 7.49% Zinc
Grand Total		<u>1,052,640t @ 7.64% Zinc</u>

B. Manindi Diamond Drilling & DHEM Survey

The latest round of diamond drilling at the Manindi Zinc Project was completed in September and a down hole electromagnetic (DHEM) survey has also been undertaken throughout the resource areas.

Down hole EM is a geophysical method that employs the generation of electromagnetic waves on the surface and at regular intervals down a drill hole. These waves then penetrate the stratigraphy and conducting sulphide ore body. This causes the ore body to radiate a new set of waves, which are recorded and allow modelling of the ore system.

EM has been employed to allow better targeting and execution of future drilling programs, as well as potentially outlining previously unknown targets at depth and along strike.

Diamond drilling, to facilitate the DHEM program, was completed in three locations:

1. Kultarr/ Kowari (Zone D)

Two diamond 'tails' were completed, one new diamond hole drilled and five historical drill holes were reamed out, to facilitate the DHEM.

2. Mulgara (Zone B)

A single drill hole was emplaced at the northern end of the ore body to facilitate the DHEM.

3. Warabi (Zone A)

A single drill hole was emplaced at the northern end of the ore body to facilitate the DHEM.

The interpretation of the DHEM programme is currently being undertaken by Newexco. The results will be released when interpretation is completed.

Two of the diamond drill holes emplaced to facilitate the down hole EM programme at Kultarr (Zone D North), intersected the ore body at depth. These intersections have been assayed with the following results:

1. MND 005 (Kultarr Deeps)

This drill hole was drilled approximately 25 metres to the north and 25 metres below the existing resource position at Kultarr (Zone D North). The drill hole intersected two zones of mineralisation, being the interpreted footwall and main lodes of the ore body, with assays as follows:

Footwall MND 005	2.4m @ 12.75% Zinc	from 163.52 metres
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Main Lode MND 005	10.22m @ 12.60% Zinc	from 172.36 metres
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These intersections confirm that the ore body continues at depth below the current resource and a further program of diamond drilling is now being planned, in concert with the ongoing EM interpretation, to further define the resource at depth.

2. MND 001 (Kultarr South Deeps)

This drill hole was drilled to facilitate the EM programme at depth in the area between Kowari (Zone D South) and Kultarr (Zone D North). This drill hole encountered a previously totally unknown zone of mineralisation, with assays as follows:

MND 001	1.61m @ 4.11% Zinc	from 253.6 metres
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Although this zone is relatively narrow, this intercept confirms the presence of mineralisation at depth in an area of previously unrecognised & untested mineralisation and appears to tie in with preliminary targets generated through the EM survey (pending).

Despite excellent results from the recent drilling programmes, the current JORC compliant resource at Manindi of 1,052,640 tonnes @ 7.64% Zinc (at a 1% cut off grade) has not yet been recalculated. The resource does not include the recent drilling programmes.

The Company is excited by the progress of its Manindi project. The Company believes that upcoming drilling programmes will substantially increase the tonnage of zinc ore, and with current zinc prices in excess of US\$4000 per tonne, the Company is looking to fast track development of the project.

C. Namibian Uranium Prospect

In November 2005 the Company announced that it had entered into an agreement with a local Namibian title holder to acquire two Prospecting Licences in Namibia prospective for Uranium

To date, no on-ground work has been carried out on these tenements pending settlement of the acquisition. The Company has, however, carried out a comprehensive due diligence on the tenements to be acquired and their mineralisation. When all due diligence issues relating to the tenements have been satisfied and effective title is able to be obtained, the Company will settle the purchase and commence on-ground exploration.

D. Sherlock Bay Extended Nickel- Copper Project, Pilbara, WA

The Company may earn up to 70% of the Sherlock Bay Extended Project which is located in the Eastern Pilbara Region, 1250 km north of Perth, and 75 km to the east of Karratha. The project is composed of three exploration licences, which cover over 470 km² and is in close proximity to logistical infrastructure including sealed roads and port facilities; the tenement areas surround Sherlock Bay Nickel's 'Sherlock Bay' resource area.

2. Financials

As at 30 September 2006 the Company had cash and tradeable securities totalling \$8,160,000.



D N ZUKERMAN
Director

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Timothy Putt of Exploration and Mining Information Systems. Timothy Putt has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 Resource and Ore Reserves". Timothy Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".