



**PETRA DIAMONDS LIMITED**

**QUARTERLY ACTIVITIES REPORT**  
**FOR THE THREE MONTH PERIOD ENDED**  
**30 June 2006**

(dateline 31 July 2006)

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Petra Diamonds Limited (“Petra” or “the Company” or “the Group”), the AIM-quoted and ASX-listed diamond mining group (AIM and ASX: PDL), announces its quarterly activities report (unaudited) for the three month period ended 30 June 2006.

**Highlights**

- The South African mines generate an operating cash inflow of £732,000 for the quarter (quarter to March 2006 outflow: £210,000)
- Production of 175,000 carats from the South African mines for the year to June 2006 (June 2005: 144,000 carats)
- Exploration progress at Alto Cuilo continues to make solid progress, with further increases in the number of kimberlites identified and analysis of drill core revealing exceptional indicator mineral chemistry
- Petra enters into Strategic Cooperation Agreement with AIM-quoted Xceldiam Limited with regards to Project Luangue
- Kono project in Sierra Leone delivers first production in June 2006
- Petra’s operations in Botswana make solid exploration progress

**Post Quarter End Highlights**

- Identification of the 50th kimberlite at Alto Cuilo
- Bulk sample drill and DMS plant arrive in Luanda - bulk sampling set to commence shortly

**Angola - Project Alto Cuilo**

- Alto Cuilo’s potential as a major diamond project is further substantiated, with 50 kimberlitic occurrences now confirmed by drilling (March Quarterly Activities Report: 38 kimberlitic occurrences) out of 60 targets drilled, an exceptional success rate of 83%
- Laboratory analysis of drill core revealed a favourable mantle geotherm conducive for diamond formation in conjunction with some highly encouraging diamond stability field mineral grain counts and compositions, consistent with some of the world’s economic kimberlite deposits
- Approximately 26,000 metres of core drilling has now been completed, illustrating the effectiveness of the three drills now working on site. A total of 190 holes have been drilled to date.
- Budget of circa US\$20 million for the year to June 2007, to be funded by BHP Billiton, has been approved

### Botswana - Kalahari Diamonds

- 655 line kilometres of ground geophysical follow up carried out on Xcalibur (gradient magnetics) and Falcon targets in the Gope area (5 known kimberlites on Petra's license areas)
- Re-gridding of all previous Falcon data completed
- Re-interpretation of Falcon data in progress, starting with the Orapa South area
- 196 line kilometres of ground geophysical follow up carried out on Falcon anomalies in the Orapa South area
- Trenching of magnetic targets in the Orapa North area in progress
- Drilling scheduled before December in the Gope area

### Sierra Leone - Kono project

- Diamond recovery from the first bulk samples achieved in June 2006
- Sound bulk sampling infrastructure in place alongside the commissioning of the production plant.
- Sinking of first two bulk sampling shafts on diamondiferous fissure well underway with the deepest shaft being 16 metres away from stoping profile.
- Aggressive exploration trenching activities reveal additional and very promising diamondiferous fissure strikes.
- Continuous exploration and information processing activities are providing a clearer picture of the multiplicity of fissures and their potential within the Kono license area

### South Africa - Helam, Sedibeng and Star mines

- Revenue recorded of £3.3 million for the quarter (quarter to March 2006: £2.9 million); revenue for the year to June 2006 £11.7 million (year to June 2005 (Crown operations): £10.0 million)
- Production from the South African mines of 43,378 carats for the quarter, 175,012 carats for the twelve months to June 2006 (twelve months to 30 June 2005: 143,673)
- Operating profit before depreciation for the South African operations amounted to £0.6m for the quarter; and £1.2m for the year ended June 2006.
- South African mining activities generated £0.7m cash inflow for the quarter which resulted in the South African operations ending the year with a positive cash flow from operating activities of £0.4m.

<b>DIAMOND SALES SUMMARY</b>			
Quarter to;	Carats sold	Price per carat (average) US\$	Sales US\$ M
30 June 2006	37,387	151.6	6.0
31 March 2006	45,349	115.1	5.2
31 December 2005	33,985	134.4	4.6
30 September 2005	44,135	118.6	5.2
12 Months to;			
30 June 2006	160,856	130.9	21.7
30 June 2005	141,977	131.1	18.6

<b>DIAMOND PRODUCTION SUMMARY</b>			
Quarter to;	Tonnes Treated	Total Diamonds Recovered (carats)	Carats per 100 tonnes treated
30 June 2006: ROM	72,295	37,566	51.96
30 June 2006: Tailings	56,518	5,812	10.28
31 March 2006: ROM	66,409	38,452	57.90
31 March 2006: Tailings	40,635	4,542	11.17
31 December 2005: ROM	77,799	37,588	48.31
31 December 2005: Tailings	49,801	5,554	11.15
30 September 2005: ROM	71,894	42,007	58.4
30 September 2005: Tailings	45,132	3,491	7.7
12 Months to:			
30 June 2006: ROM	288,397	155,614	53.9
30 June 2006: Tailings	192,086	19,398	10.1
30 June 2005: ROM & tailings	269,947	143,673	53.2

## CORPORATE

<b>CASH FLOW SUMMARY</b>	3 months to 30 June 2006 £'000	3 months to 31 March 2006 £'000	3 months to 31 December 2005 £'000	12 months to 30 June 2006 £'000
Net operating cash (inflow)/outflow - South African mines	(732)	210	271	(373)
Net operating cash outflow, excluding exploration activities - Group	171	466	388	2,188
Exploration activity outflows				
- Botswana	255	474	422	1,151
- Sierra Leone	396	586	1072	2,607
Capex	539	892	629	2,358
Net Group cash outflow	1,003	2,166	1,047	11,535

<b>CASH AND STOCK SUMMARY</b>	30 June 2006 £ million	31 March 2006 £ million
Cash balance	3.7	4.9
Diamond stock	1.1	1.2
Total	4.8	6.1

Diamond stock is recorded at production cost;

## REVIEW OF OPERATIONS

### ANGOLA, PROJECT ALTO CUILO

#### Kimberlite Exploration

Ongoing drilling of the anomalies identified by the Midas low level helicopter aeromagnetic survey resulted in the exploration at Alto Cuilo reaching a special milestone during July 2006 with the discovery of the 50<sup>th</sup> kimberlitic occurrence. This is a substantial increase in the number of kimberlites (38) as previously reported in the 31 March quarterly report and illustrates the solid progress being made on a regular basis.

The third core drill rig which arrived on site during the quarter has accelerated the exploration programme significantly and core drilling now totals 26,000 metres on 190 holes. Drilling has also commenced in the north east of the project area where 4 kimberlites have been identified.

The importance of this accelerated drilling programme is evident when it is considered that of the total 249 magnetic anomalies, 60 have now been drilled and a total of 50 have been confirmed as kimberlitic. This success rate continues to surpass the norms for global kimberlite exploration.

The large diameter drill rig has arrived in Luanda and will be operational on site at Alto Cuilo in August when it will commence drilling on the targets selected for mini bulk sampling. The 10 tonne per hour mobile dense media separation (“DMS”) sample plant and drill rig had been delayed due to component delivery constraints, however the drill rig was delivered 4 weeks ahead of the revised schedule and the DMS plant is on schedule to begin processing by September 2006. The drill rig will initially stockpile 200 tonne bulk samples from the most prospective anomalies, and the plant, which is a custom made closed circuit unit designed specifically for kimberlite bulk sampling, will start treating these once it is commissioned.

Analysis of kimberlite core from 11 of the kimberlites identified so far delivered some highly encouraging diamond indicator mineral results. Key data revealed was as below:

- (i) Chrome diopside analysis returned a favourable mantle geotherm, indicating that there is a high probability that the kimberlite will have sampled material derived from the earth’s diamond stability field at a temperature favourable for the formation of diamonds;
- (ii) Peridotitic garnet analysis revealed pressure-temperature conditions compatible with the presence of diamond stability field G10 garnets derived from well within the diamond stability field; and
- (iii) Eclogitic garnet analysis also gave excellent results, with an abundance of high sodium eclogitic garnets in some samples, further increasing the potential for quality diamondiferous kimberlite.

Diamond indicator mineral chemistry is crucial in terms of assessing a kimberlite’s likelihood of hosting diamonds. It is accepted by the world’s kimberlite experts that the higher the count of the acknowledged diamond stability field indicators, the higher the likelihood of the kimberlite hosting economic grades. The results at Alto Cuilo are very exciting and are comparable to other economic kimberlite deposits around the world.

#### Alluvial Exploration

The alluvial pitting and trenching programme continues in order to further evaluate the potential for economically viable alluvial deposits, with 507 pits and 7 trenches having been completed. Trial mining on a section of the Luangue river is due to commence shortly using

the existing 65 tonne per hour DMS plant and earthmoving equipment. It is expected that the trial mining programme will continue for 24 months in the area of specific alluvial interest. It is believed that apart from production of diamonds, invaluable exploration information will also be gleaned from this alluvial programme.

#### **BHP Billiton Joint Venture**

As at 30 June 2006, BHP Billiton had advanced funding of US\$22.8 million (31 March 2006: US\$16.1 million) to Petra Diamonds Alto Cuilo Limited in respect of exploration at Alto Cuilo.

#### **Xceldiam - Strategic Cooperation**

On 30 May 2006 Petra entered into a Strategic Cooperation Agreement with Xceldiam Limited with regards to Project Luangue. Petra notes with interest the early drilling success at Project Luangue as announced on 25 July. Core drilling at Project Luangue returned excellent first results, with drilling on the first target intersecting kimberlite. This news supports Petra's belief that Project Luangue may host kimberlite geology similar to that of Project Alto Cuilo and Petra looks forward to further developments from Project Luangue.

#### **BOTSWANA, KALAHARI DIAMONDS**

The exploration field effort has gathered momentum with the change in focus from primarily large kimberlites (> 20 hectares), to also include smaller kimberlites (approx 10 hectares) that would not necessarily be detectable by Falcon airborne gravity under deep (> 50 metres) Kalahari cover.

#### **Gope**

Geophysical targets from Xcalibur and Falcon surveys in the Gope area have been prioritised by their geophysical response compared to the known kimberlites from the orientation survey conducted last quarter, and their spatial relationship compared to the known kimberlitic indicator minerals ("KIM") anomaly that has been compiled from data collected by previous exploration companies. This KIM halo is offset from the known Gope kimberlites by at least 12 kilometres, and is therefore probably not related to the known bodies, implying that there could be potentially large, undiscovered kimberlites in the Gope field.

A total of 41 targets have been investigated in the Gope area by follow up ground geophysics this quarter, identifying a number of co-incident gravity and magnetic anomalies with similar characteristics to known Gope kimberlites within, and directly adjacent to, the KIM halo. A drilling program to test these anomalies will commence in the latter part of this year.

#### **Orapa South**

Fieldwork has commenced in the northern portions of our Orapa South area, following up targets identified from the re-gridded Falcon magnetic and gravity data. A total of 13 anomalies have been investigated by ground follow-up geophysics, starting with targets in the north of the Orapa South flight blocks – directly south of the Orapa kimberlite field, and some short distance away from AK6, currently being evaluated by De Beers and African Diamonds. This locality has a Kalahari sand cover of up to 30 metres and thus a dedicated KIM survey will also be undertaken, so as to assist in selection and interpretation of anomalies.

#### **Orapa North**

A total of 9 anomalies selected from ground and airborne magnetic and ground gravity data were investigated by trenching in the Orapa North area. Trenching was chosen as the preferred method of ground follow-up as Kalahari cover is negligible, and calcrete horizons seldom exceed 3 metres in thickness. All trenches (but one) intersected bedrock (Stomberg Basalts in all cases). Samples were taken from all trenches for heavy mineral extraction at Petra's preparation laboratory at Swartuggens, South Africa.

### **Mabutsane / Thswaane**

A ground gravity survey was carried out over the large (diameter 1.5 kilometre) gravity-only anomaly that was drilled during the quarter to December 2005. This was done as specific gravity determinations on cuttings recovered from this hole failed to explain the cause of the anomaly and to facilitate geophysical modelling of the causative body. Modelling was carried out by the BHP Billiton Falcon unit in Melbourne, and the 3D SolidEarth™ model produced indicates a large pipe-like 'unit' extending from about 200 metres depth to about 1800 metres depth. The top of this unit is deeply concave and was not penetrated by the borehole drilled in 2005. If a kimberlite model is to be assumed, the model suggests about 4 lobes of low density material, coalescing at depth. One may expect these lobes to form one very large crater, which, given absence of KIM's in the drill hole and surrounds, could have been infilled by late Karoo group rocks and later, covered again by the Kalahari beds seen today. A decision will be made this quarter as to whether to deepen the existing hole in the centre of the anomaly, or to drill on the edge of the anomaly where the causative body could be closer to surface.

The final Tshwaane data has been received from BHP Billiton and anomalies are in the process of being selected for ground follow-up work.

### **SIERRA LEONE - KONO PROJECT**

The plant was commissioned and first diamonds recovered from the Kono project on schedule in June 2006. The recovery of 5.6 carats of diamonds, including a 1.4 carat stone, from the small amount of material processed was highly encouraging. Sinking of the production shafts is on track and we look forward to further developments at Kono over the coming months.

#### **Infrastructure Development**

Since the last quarterly report the construction of the production plant at the central base camp in Yengema Village was completed on schedule in May 06. The plant was successfully commissioned in early June 2006. The treatment of samples then commenced, with a very positive macro and micro diamond recovery rate on the grease table.

#### **Sample Treatment**

As at 30 June, 44 diamonds totaling 5.6 carats had been recovered, the largest being a stone of 1.4 carats. The samples processed to date comprise mixed and diluted material from exploration and shaft sinking operations. The results, whilst very encouraging, are not large enough to arrive at any representative grade. Sample treatment is ongoing.

#### **Exploration Development**

Shaft sinking operations are proceeding well and a sound infrastructure is in place alongside the DMS plant. Two shafts, both of which are on kimberlite fissure, are in progress with the deepest (Black Rock) being at a depth of 13.5 metres and the second (Lost Shaft) at a depth of 9 metres. The shafts will be sunk to a depth of around 30 metres before stopes are prepared to access production test tons of fissure.

Exploration trenching uncovered two very promising diamondiferous fissure strikes at Levuma on the Lion 5 dyke extensions and Yendema south west of the original Lion 2 dyke strike. Exploration trenching is underway at Bundofulahan, a fissure strike north of Lion 4. At Bardu, a south-west extension of the Lion 5 dyke extension also exists, with exploration results expected by September 2006.

With the multiplicity of diamondiferous fissures available and the information at hand, the short term bulk sampling and exploration focus was reviewed in order to continuously improve the efficiency and effectiveness of the project.

The short term objectives for the next six months are as follows:

- to aggressively step up the sinking operations at Black Rock and Lost Shaft in order to access production test tons of diamondiferous fissures by mid October 2006;
- the roll out of three test shafts up to a depth of 20 metres in order to access mini bulk sample test tons on three of the most promising diamondiferous fissure strikes which were recently uncovered during exploration trenching; and
- to maintain the aggressive exploration activities using numerous rolling exploration trenches in order to uncover additional diamondiferous fissure strikes and to create a better understanding of the characteristics of the diamondiferous fissures available.

The shaft sinking programme will be aggressively stepped up by the implementation of a second shift supported by additional shaft sinking specialists from Petra's South African operations. The aim is to phase over from shaft sinking to stoping activities as soon as possible in order to gain access to production test tons in the quarter to December. This is necessary in order to accurately determine the grade of the deposit and to get a sample of diamonds large enough to ascertain the quality of the diamonds by December 2006.

The roll out of three test shafts on the most promising diamondiferous dyke strikes recently uncovered by exploration trenching will enable Petra to gain access to mini-bulk samples in order to identify and determine the most promising kimberlite dykes. If the results are favourable the test shafts could be seamlessly converted into bulk sampling shafts.

The aggressive rolling exploration trenching method has proven to be a very effective and cost efficient method of quickly exploring the fissures surrounding the central base camp and processing infrastructure. It is envisaged that six additional trenches will be opened, the fissure penetrated and the result evaluated by December 2006.

The integrated result of the above mentioned activities will provide Petra with a better understanding of the diamondiferous fissures available, their potential and the project strategy ahead.

## **SOUTH AFRICA**

The combined operations produced a total of 43,378 carats for the quarter. As noted in the previous quarterly report dated 30 April 2006, the production build-up was affected by severe flooding following the unusually high rainfall experienced in South Africa for the period mid-February to mid-April in conjunction with power interruptions due to these unusual weather conditions.

### **Star Mine**

A total of 7,964 ROM fissure tonnes was delivered to the plant for 2,788 carats, yielding a grade of 35 carats per hundred tonnes ("cpht") for the quarter. In addition 10,051 tonnes of tailings were processed for 1,105 carats. This resulted in a total of 3,893 carats for the combined Star operations.

During the quarter the sealing and support of the 1.4 diameter raise-bore ventilation shaft was completed. The final shaft inspection indicated that additional support was required in the area where the shaft intersects the shale formations and this was completed by the contractor during July. The required return-ventilation airways have been completed on 13 level and ventilation districts in the Burns operational sections will be established during the first quarter of FY 2007 to improve the underground ventilation conditions. The improved conditions will assist in increasing production from underground operations.

In the Wynandsfontein section the 3 new panels on 15 level continue to produce well. The difficult 10 level haulage is contributing to hauling problems and an increase in loco maintenance. Replacement of the 10 level haulage by the 14 level haulage has been rescheduled and will be commissioned by June 2007

In the Burns section, all 15 level panels are producing well. Further, the primary development on this level will be fast tracked (because of better ventilation) to establish multiple production stopes to assist the production build-up in the 2<sup>nd</sup> quarter of FY 2007. The three panels being mined in traditional fashion on 14 level east are still producing well and with the improved ventilation conditions additional production from this historically high grade area is anticipated.

With the raise-bore shaft now completed the deepening of the main shaft between 12 and 14 levels will be fast-tracked so as to reduce ore handling problems.

The plant front-end washing and crushing section was commissioned during the quarter.

### **Helam Mine**

A total of 31,060 ROM fissure tonnes was delivered to the plant for 26,460 carats, yielding a grade of 85 cpht for the quarter. In addition 2,153 carats were produced from the tailings operation. This resulted in a total of 28,613 carats for the combined operation.

The slyping and equipping of John Main Shaft to 20 level and the pilot raising of the main shaft between 21 and 20 level was completed. The break-away from the west-sub shaft to the 22 level main shaft station positioning commenced during the quarter.

The Second Lease incline project has progressed well with the loading arrangement on 17 level now complete. Production from 17 level stope and the required development waste to establish multiple stopes on this level, which has up to now been trammed along the traditional route, will henceforth be hoisted via this route to John Main Shaft. This will relieve pressure on the east sub vertical shaft and allow more total tons to be hoisted.

The John Main Shaft skip hoisting and loading arrangements were completed and commissioned. This additional hoisting capacity will be utilized for production from Second Lease and waste development to open-up required production resources.

At Edward Shaft the establishment of 25 level is progressing well. On surface, the manufacturing of the ore handling upgrade system (similar to John Shaft) has been completed and will be commissioned shortly. This will result in a further reduction of labour cost.

### **Sedibeng Mine**

A total of 33,271 ROM fissure tonnes was delivered from the mining operation, which yielded 8,318 carats at a ROM grade of 25 cpht. In addition 2,554 carats were produced from the Dancarl tailings operation at a grade in excess of 7 cpht. This resulted in a total of 10,872 carats for the combined operation.

At Sedibeng production is going well but was beneath original call due to difficult ground conditions on 23 level that has delayed proper stope development by nine months. However, these bad conditions have now been negotiated and stope establishment is now continuing as planned. The deepening of the west sub shaft to 24 level is progressing well and is eight metres short of level.

The 20 South drive into the Dancarl section is now 50 metres short of being vertically beneath Dancarl main shaft. The planning to initiate a raise-bore holing to the bottom of Dancarl main shaft is progressing as scheduled.

Capex has been approved for the construction of a complete new DMS diamond recovery plant incorporating all modifications that will be of benefit to operations. This plant will cater

for all production (present and future) from the Sedibeng mining and tailings. It is anticipated that when this plant is commissioned in the quarter to March 2007 it will result in a dramatic reduction in operating cost and a significant improvement in diamond security.

**JOHAN DIPPENAAR  
CHIEF EXECUTIVE OFFICER**

**Notes**

1. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jim Davidson, Pr. Sci Nat (reg No 400031/06), who is a Member of the Geological Society of South Africa, a 'Recognised Overseas Professional Organisation' ('ROPO'), included in a list promulgated by the ASX from time to time. Jim Davidson is a full-time employee of the Company and 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'. Jim Davidson has given his written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

2. It should be noted that the potential quantity in this report is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

**For further information, please contact:**

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Rule 5.3

## 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

**Petra Diamonds Limited**

ACN or ARBN

**114474574**

Quarter ended ("current quarter")

**30 June 2006**

### **Consolidated statement of cash flows\***

	Current quarter £'000	Year to date £'000 12 Months
<b>Cash flows related to operating activities</b>		
1.1 Net loss before taxation	(6,113)	(6,518)
1.2 <i>Adjustments for:</i>		
- Depreciation and amortisation	793	2,887
- Foreign exchange loss/(gain)	5,205	2,107
- Other non cash items	29	124
1.3 <i>Operating profit/(loss) before working capital changes</i>	(86)	(1,400)
1.4 (Increase)/Decrease in trade and other receivables	(106)	(174)
1.5 (Decrease)/Increase in trade payables	(194)	241
1.6 (Increase)/Decrease in inventories	291	(546)
<i>Cash generated/(utilised) in operations</i>	(95)	(1,879)
1.7 Interest paid	(76)	(309)
<b>Net Operating Cash Flows</b>	<b>(171)</b>	<b>(2,188)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for		
a) development expenditure	(651)	(3,758)
b) instalment for equity and subsidiary investments		(3,134)
c) property plant and equipment	(539)	(2,358)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		46
(c) other fixed assets		3,154
1.10 Acquisition of subsidiary net cash		251
1.11 Interest received	41	
1.12 Other		
<b>Net investing cash flows</b>	<b>(1,149)</b>	<b>(5,799)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,320)	(7,987)

1.13	Total operating and investing cash flows (brought forward)	(1,320)	(7,987)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issue of shares – net of costs	215	316
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	128	2,884
1.17	Repayment of borrowing – Convertible Notes and other group borrowings	(26)	(6,579)
1.18	Dividends paid		
1.19	Transaction deal costs		(169)
<b>Net financing cash flows</b>		317	(3,548)
<b>Net (decrease) increase in cash held</b>		(1,003)	(11,535)
1.20	Cash at beginning of quarter/year to date	4,857	15,375
1.21	Exchange rate adjustments to item 1.20	(82)	(68)
1.22	<b>Cash at end of quarter</b>	3,772	3,772

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 £'000
1.23	Aggregate amount of payments to the parties included in item 1.1	N/A
1.24	Aggregate amount of loans to the parties included in item 1.17	N/A

1.25 Explanation necessary for an understanding of the transactions

N/A
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### 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
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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
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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available £'000	Amount used £'000
3.1 Loan facilities	900	125
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	£'000
4.1 Exploration and evaluation	320
4.2 Development	560
<b>Total</b>	<b>1,280</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 £'000	Previous quarter £'000
5.1 Cash on hand and at bank	34	807
5.2 Deposits at call	3,863	4,520
5.3 Bank overdraft	(125)	(470)
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,772</b>	<b>4,857</b>

## 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	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

## 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) (pence)	Amount paid up per security (see note 3) (pence)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.3 <b>*Ordinary securities</b>	148,825,098	148,825,098	-	-
7.4 Changes during quarter (a) Increases through new issue (b) Decreases through returns of capital, buy-backs	595,559	595,559	-	-
7.5 <b>*Convertible debt securities</b>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through conversion and repayment	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor – see details below)</i>	6,896,375	-	See below	
7.8 Issued during quarter	1,500,000	-	Various	
7.9 Exercised during quarter	262,813	-	Various	
7.10 Expired during quarter	538,437		Various	

<b>Options</b>	
400,000	Director incentive Options expiring 11 April 2007 with exercise price (average) of 37.5p each
238,875	Employee Incentive Options expiring various dates, exercisable at \$A1.12 each
72,500	Employee Incentive Options expiring various dates, exercisable at \$A1.36 each
1,500,000	Director incentive Options expiring 5 September 2013 with exercise price of 44p each
2,250,000	Director incentive Options expiring 16 June 2015 with exercise price of 85p each
385,000	Employee incentive Options expiring 5 September 2013 with exercise price of 44p each
50,000	Employee incentive Options expiring 13 September 2014 with exercise price of 56.75p each
500,000	Employee incentive Options expiring 27 November 2015 with an exercise price of 65.75p
1,000,000	Director incentive Options expiring 31 May 2016 with an exercise price of 79.5p
500,000	Employee incentive Options expiring 31 May 2016 with an exercise price of 79.5p
<b>Warrants over ordinary shares</b>	
	Exercise Price                      Expiry
1,500,000	30p      31 December 2007
1,000,000	100p     31 December 2007
1,666,666	55.85p   14 August 2006
200,843	85p      17 June 2008