



ABN 27 107 131 653

Suite 4, Level 3, South Shore Centre  
83-85 South Perth Esplanade  
South Perth WA 6151  
PO Box 859  
South Perth  
WA 6151

Tel: 08 9367 6471

Fax: 08 9367 2355

Email: [info@ngmresources.com.au](mailto:info@ngmresources.com.au)

Website: [www.ngmresources.com.au](http://www.ngmresources.com.au)

## QUARTERLY REPORT 30 June 2010

ELS 43 2010

### HIGHLIGHTS

- New mineralised Carboniferous system discovered at the Aouligen Prospect
- High grade intersection of 3.6m @1.53% eU<sub>3</sub>O<sub>8</sub> at the Takardeit NE Prospect
- 5201 metres of drilling completed in phase 3 program

A number of higher priority targets were drill tested in the recent program with new mineralisation of interest intersected at Takardeit North East, Takardeit East and Aouligen.

Towards the end of the program, availability of suitable drilling rigs hampered the Company's ability to follow up on some of the new mineralised units of interest.

It is with regret we advise that Mr Greg Corner recently passed away following a long illness. We are indebted to Greg for his service to NGM during his role as our Company Secretary and Director. On behalf of NGM's Management and Board, we extend our sincerest condolences to Greg's family and friends.

### Phase Three Drilling Program - Niger

The Company drilled 5201m from April - June 2010 before drilling was eventually suspended due to a lack of suitable drillings rigs.

During the quarter, drilling was carried out at the following prospects:

- Takardeit (Carboniferous units beneath the initial resource)
- Takardeit East channels
- Takardeit North East channels
- Tidokey
- Idekel East
- Anou Aaren
- Aouligen

The drilling locations are detailed in Figure 1 below. A detailed summary of the Phase Three Drilling Program is available in the ASX Release dated 15 July 2010 which includes all drillhole results for the program.

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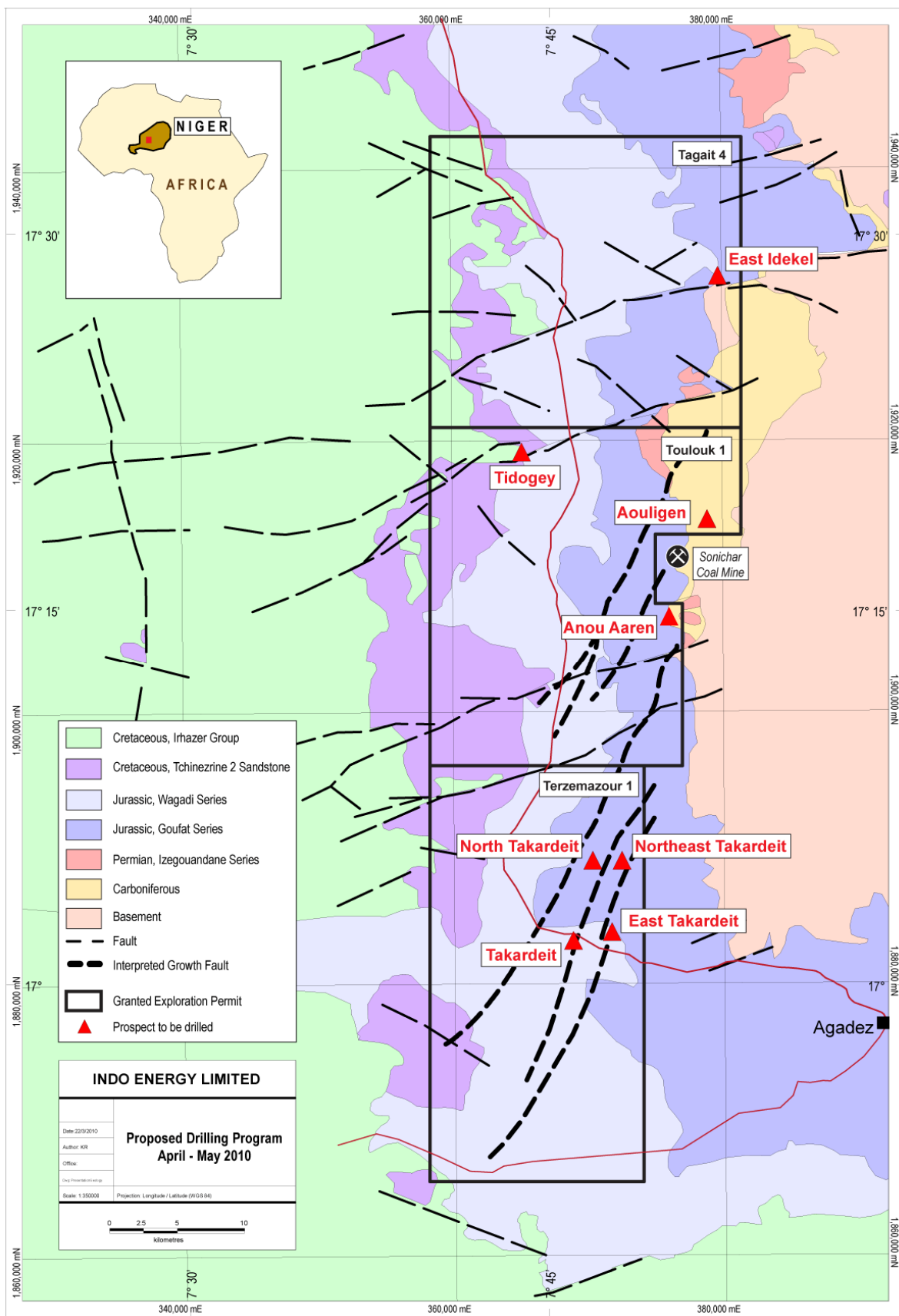


Figure 1: Prospect Drill Hole Locations: April - June 2010 Program

Results of significance were intersected at the following prospects:

### Aouligen Prospect

The Aouligen Prospect (Figure 2) is located in the Aouligen Carboniferous sedimentary sub-basin, controlled in part by NNE trending basement structures that were active during the Carboniferous.

Uranium mineralisation up to 0.2% (2000ppm)  $eU_3O_8$  has been intersected at shallow depths, less than 70m deep, over an area of 1.5km wide and immediately north of the SONICHAR mine lease. The prospect remains open to the north where the Aouligen sub-basin continues for another 15km.

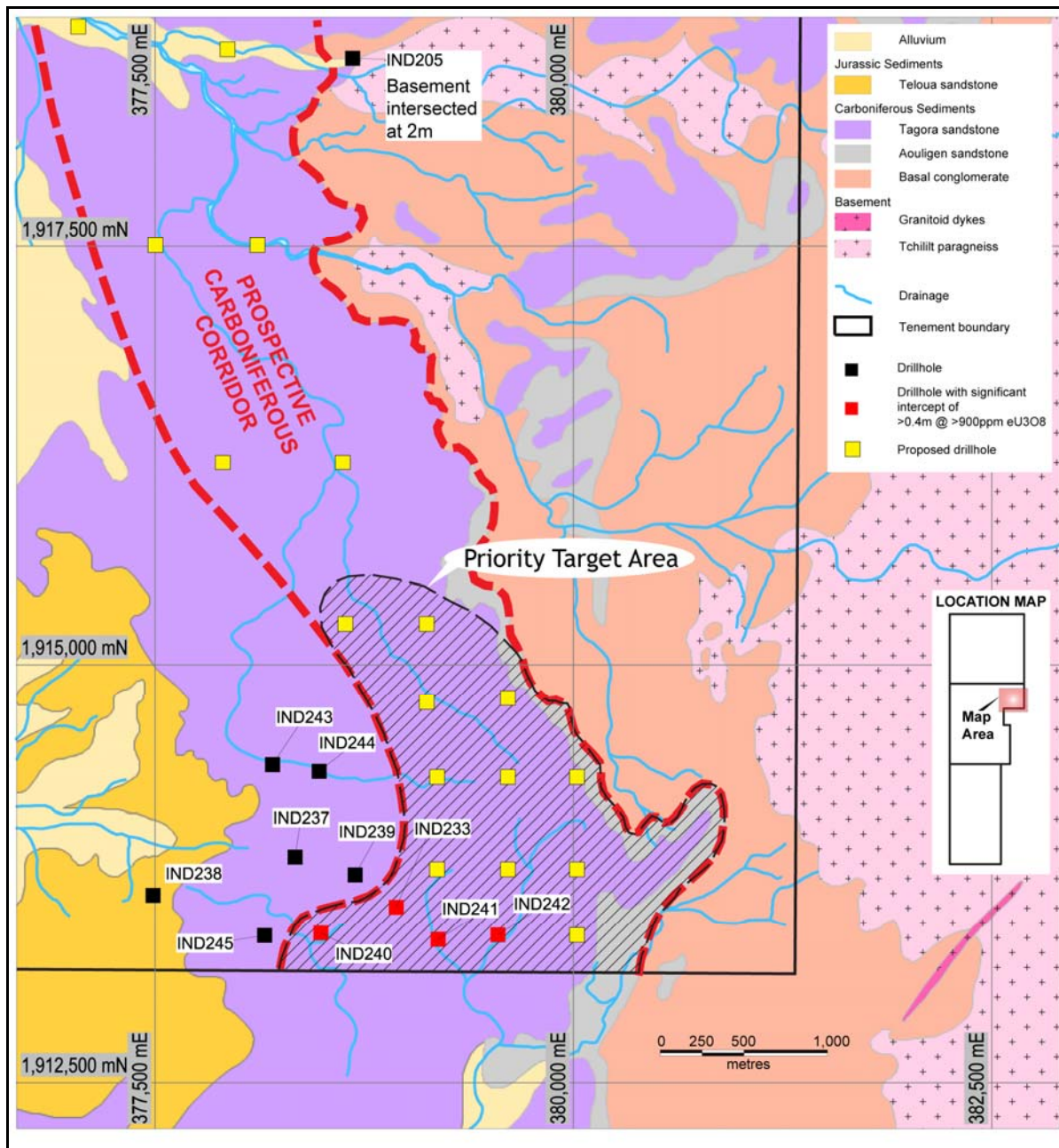


Figure 2: Drill hole location plan for the Aouligen Prospect

### Anou Aaren Coal Prospect

Whilst drilling the Carboniferous at the Anou Aaren (see Figure 1) prospect testing for uranium mineralisation, Indo Energy intersected coal of varying widths and quality over a strike length of 8km. The Anou Aaren prospect is located immediately along strike and south of the SONICHAR coal mine, with an associated power station that supplies power for all of the uranium mines within the Tim Mersoï Basin, the regional centres of Agadez and Arlit plus a number of small townships.

With the planned opening of the Imouraren uranium mine and increased power requirements, the current reserves of coal within the SONICHAR Mine lease are anticipated to be sufficient for only 5-6 years. A ready market for any coal identified by the Company is expected to exist.

### Takardeit North East Prospect

Takardeit North East was originally targeted as a potential series of uraniferous channels. IND197 was drilled into one of these occurrences and intersected 3.6m @ 1.53% eU<sub>3</sub>O<sub>8</sub>. On the ground this occurrence can be traced for approximately 100m along strike with Radeye counts consistently greater than 15000cps, and associated with ferruginous sandstones.

### Takardeit East Prospect

The Takardeit East prospect consists of a series of channels that outcrop to the east of the Takardeit Inferred Resource.

Further drilling is required to fully evaluate the prospectivity and size of other identified targets in the Takardeit East area and will be pursued in the next drilling program.

### Drilling Results

Complete drilling results for the Phase Three program were released to market and are available in the ASX Release dated 15 July 2010.

### Madagascar

The Company reported an Exploration Target for its Mahanoro Iron Ore Project in its ASX release dated 31 March 2010.

Company geologists and an independent iron ore consulting geologist have recently visited site to conduct field programs and check work carried out by Madagascan contractors. It is clear that more work is required to further delineate the iron ore prospect. This will include field or airborne magnetics and additional field mapping and sampling programs.

The project remains of interest to the Company with three porphyries also found around the iron ore occurrence, artisanal gold workings are located on one of the porphyries and work will be done on these in the future as well.

## Corporate

On 21 July 2010 Paladin Energy Limited ("Paladin") announced that it intends to bid for all shares it does not already own in the Company. At the time of Paladin's announcement the offer valued the Company at \$27m. The consideration to be offered is one Paladin share for every 23.9 NGM shares. Further detail on the bid is located in the ASX release dated 21 July 2010 which is available on the Company's website.

An information line is also available for shareholders to call:

Australian Shareholders - 1 800 656 743 Overseas shareholders - +612 8004 4305.

ENDS

For further information please contact:

Mr Robert Kirtlan  
+61 8 9367 6471

Company Website  
[www.ngmresources.com.au](http://www.ngmresources.com.au)

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Peter Smith, who is a Member of the Australian Institute of Geoscientists. Mr Smith is a consultant to the company.*

*Mr Smith 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 Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Description of Drilling Logging and Reporting

The drilling is being undertaken by Esafor, a Nigerien based drilling company with over 40 years experience in rotary mud drilling for uranium on behalf of Areva and other companies working in the Tim Mersoï basin. The drill holes vary from 110-121mm in diameter and drilled with bentonite mud.

The down hole logging was undertaken by Uranium Logging and Consulting (ULC), a French based firm whose principals have significant international experience in down hole radiometric logging, using their GeoVista Natural Gamma Ray Spectroscopy (NGRS) system with a NaI crystal. Higher grade intercepts were re-run using a Geiger-Muller gamma probe. All holes were gamma logged at 10cm intervals. The holes were also separately logged for resistivity, recording both shallow resistivity (RLLS) and deep resistivity (RLLD).

The natural gamma records were corrected by ULC for the hole diameter, mud density, logging speed, and probe dead time to record a "corrected gamma value" expressed in counts per second (CPS). The corrected gamma is converted to ppm eU using a k-factor of 0.21 and converted to eU<sub>3</sub>O<sub>8</sub> by multiplying by 1.179. All records assume the radiometric data is in equilibrium. This is a reasonable assumption based on ULC's extensive experience working for Areva and Goviex on sandstone hosted mineralisation in similar host rocks and depths just north of the Company's concessions. All holes were logged by an experienced uranium geologist from ULC with more than five years experience in logging in the Tim Mersoï Basin in Niger.

Results are based upon a 100ppm eU<sub>3</sub>O<sub>8</sub> cut off grade over widths greater than 0.4m. All hole co-ordinates and sample locations are recorded in WGS84, 32N. Hole collars are located by hand-held Garmin GPS.

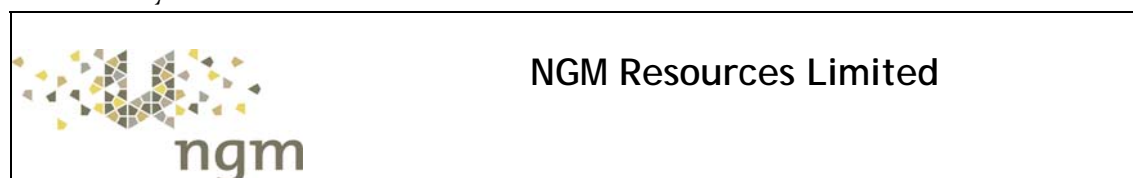


# Appendix 5B

## 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



ABN

27 107 131 653

Quarter ended ("current quarter")

30<sup>th</sup> June 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(901)   (205)	(2,864)   (1,148)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	25	91
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(1,801)	(3,924)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	  (9)	  (86)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(9)	(86)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(1,090)	(4,010)

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

1.13	Total operating and investing cash flows (brought forward)	(1,090)	(4,010)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	(5,290)
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)		
	Share issue costs	-	(261)
	<b>Net financing cash flows</b>	<b>(1,090)</b>	<b>(5,029)</b>
<b>Net increase (decrease) in cash held</b>			
1.20	Cash at beginning of quarter/year to date	2,579	491
1.21	Exchange rate adjustments to item 1.20	(27)	(48)
1.22	<b>Cash at end of quarter</b>	<b>1,462</b>	<b>1,462</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	94
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.23 Consulting fees paid to associates of director, directors 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

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		
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**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	
4.3 Production	
4.4 Administration	205
<b>Total</b>	<b>655</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	462	568
5.2 Deposits at call	1,000	2,011
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,462</b>	<b>2,579</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				
6.2 Interests in mining tenements acquired or increased				



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

**Issued and quoted securities at end of current quarter**

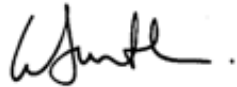
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	180,447,359	180,447,359		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
<b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	20,000,000 7,500,000 4,850,000 1,000,000		<i>Exercise price</i> \$1.00 \$1.00 15 cents 25 cents	<i>Expiry date</i> 31 December 2010 31 December 2011 31 December 2012 31 December 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				
7.13 <b>Other Securities</b> Incentive shares	30,000,000		These unlisted incentive shares have rights only after the achievement of certain performance hurdles.	

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 July 2010

(Company Secretary)

Print name: **Graeme Smith**

## 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.

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