



Mining Projects Group Limited

Quarterly Report For The 3 Months Ended 30th September 2006

Highlights

- Drilling program to begin at the Company's flagship Talga Peak Project at beginning of November. Program to further test for the potential of polymetallic massive sulphides or near sulphides at the Cord prospect and for the potential of economic gold grades at Duesenberg Prospect.
- Renegotiation of purchase consideration in respect of the Talga Peak project. MPJ reduces payment to Oakover by \$700,000 by accelerated payment of \$300,000.
- Completion of 1 for 4 non-renounceable rights entitlement to all shareholders and \$3 million placement to institutional and sophisticated investors.
- Prospective drilling results from Eleckra Mines Limited (Eleckra) initial exploration program.
- Substantial Asian multinational IMC takes 19.8% cornerstone investment in Atlas Iron.
- Jackson Gold announced new discoveries at its Bollaloo project in the Western Pilbara.

Talga Peak Project

("MPJ" earning 80%)

MPJ is currently earning into its project at Talga Peak in the Pilbara. MPJ was required to spend \$800,000 on exploration and evaluation with a minimum expenditure commitment of \$400,000 to earn an initial interest of 51% in the project.

After the positive results of the Company's initial exploration program completed in July and the recently completed capital raising, the Company is now in a position to undertake an extensive follow-up exploration program. This program which will commence within the next week will include approximately 5000 metres of RC drilling (25 to 30 holes to an average depth of 182 metres) to further test the six gold anomalous targets at the Duesenberg prospect and the potential oxidised massive and/or disseminated VMS style gold / base metal mineralisation (Cu, Pb, Zn) at the Cord prospect.

At the completion of this program expenditure on the project will have exceeded \$800,000 bringing into effect the 51% transfer of ownership to MPJ. After acquiring a 51% interest MPJ was then entitled to earn a further 29% interest (80% in total) by payment of \$2 million to the owner, Oakover Holdings Pty Ltd.

+ See chapter 19 for defined terms.

On 30th October 2006 MPJ and Oakover reached agreement to vary the terms of the agreement by MPJ making an immediate cash payment of \$300,000 to Oakover. As a result MPJ may now move to 80% by making a further cash payment to Oakover of \$1 million rather than \$2million as previously agreed. The new agreement will save MPJ \$700,000 upon completion.

Upcoming Exploration Programme

- MPJ has been able to secure bigger rig for this exploration program that will allow MPJ to test at depth initial results achieved in the first exploration program.

- **The Cord Prospect**

The proposed programme for Cord is to test initial results which indicated a significant body of polymetallic massive or near massive sulphides.

The Cord prospect consists of a series of apparently “Volcanogenic Massive Sulphide” (VMS) related gossans located towards the top of the Warrawoona Group in the Pilbara. Previously reported programs have identified polymetallic gossanous exposures and anomalous soils scattered along a strike length of at least 8.0kms.

Results from the assays (4m composite samples) in the initial drilling program indicate that the primary sulphides may have significant precious metal credits, *viz.*

- Hole TPAC022 which averaged 26.9g/t Ag and 159ppb Au over 8m from 16m downhole
- Hole TPAC027 which averaged 19.0g/t Ag and 113ppb Au over 8m from 12m downhole
- Hole TPAC028 which averaged 34.0g/t Ag and 91ppb Au over the bottom 5m of the hole from 28m downhole
- Hole TPAC040 which averaged 10.0t/g Ag and 163ppb Au over 16m from 4m downhole.

The planned RC drilling programme is designed to follow up on these highly encouraging initial results.

- **The Duesenberg prospect**

At Duesenberg initial results indicate that some potentially economic gold grades have been discovered within structurally controlled zones within and adjacent to a major chert unit.

As previously reported the initial exploration program resulted in the identification of a number of apparently structurally located gold in soil anomalies situated either within or adjacent to the major chert unit.

The results for that program from the 4m composite sampling indicated potentially economic gold grades within structurally controlled zones within and adjacent to the major chert unit. These results included:

- 7m grading 3.78g/t from the surface in hole TPAC079 followed by 4m grading 1.05g/t from 11m.
- 12m grading 1.05g/t from 24m followed by 10m grading 1.21g/t from 48m to the end of the hole in hole TPAC080, and
- 24m grading 0.99g/t from 40m in hole TPAC088.

These targets and other prospective areas of interest will be investigated and tested during the course of the current drilling initiative.

+ See chapter 19 for defined terms.

Atlas Iron Limited (ASX : AGO)

On 9th October Atlas Iron Limited (Atlas) reported a significant milestone with the announcement of a \$20 million capital raising through a private placement. The major subscriber under this placement was IMC Group who agreed subject to the approval of Atlas shareholders to subscribe for 26 million shares which equates to 19.8% of the expanded issued capital. IMC have substantial expertise in shipping, logistics, management of commodities and industrial supply. This expertise will be invaluable in the development of Atlas Iron's flagship Pardoo Project which has resources to inferred and indicated resources of 7.2mt of 57.2% Fe. This direct shipping iron ore is sufficient to commence pre-feasibility studies next month.

Independent consultants have also identified potential for 1 – 1.5 billion tonnes of magnetite mineralisation grading (25 – 35% Fe). Given Atlas' proximity to Port Hedland Atlas is well positioned to investigate the further commercial potential of this large resource.

Before announcing their new cornerstone investor, on the 28th September AGO also announced further exploration success at its flagship Pardoo project. The company undertook testing on new blind targets and were rewarded with some very encouraging results, further supporting Atlas belief for the deposit to be open at both ends.

Atlas' next drilling program will begin in November and is anticipated to contribute to new resources and reserves which will be included in their December quarterly statement.

MPJ holds approximately 3.2m shares and 2.0m options in Atlas.

Eleckra Mines Limited (ASX : EKM)

Since listing 4 July 2006 raising \$6 million, Eleckra Mines Limited (Eleckra) had an active first quarter, completing two drilling programs at the 100% owned Yamarna Project.

The 2625m RC drilling program to test extensions of the existing gold resource at Yamarna was successful with wide zones of gold mineralization (including 19m @ 1.44 g/t Au from 67m) outlined at depth at Attila below relatively shallow previous drilling. In addition both the Attila and Attila North ore bodies have been extended along strike and higher grade intercepts have been recorded from step out or infill drilling including 4m @ 5.68 g/t Au from 37m and 6m @ 5.45 g/t Au from 53m at Attila, 3m @ 9.36 g/t Au from 68m at Attila North and 3m @ 4.58 g/t Au from 24m at Alaric.

Results from this RC program results show that there is considerable scope to increase the size of the gold deposits at Yamarna as the programme has demonstrated strike, plunge or depth extensions at a number of zones at the Attila, Attila North and Alaric deposits. This bodes well for potentially increasing the resource base at Yamarna in the future.

Over 90% (30) of the 33 holes drilled in this RC program returned >1g/t Au intercepts showing the persistence of gold mineralization in the 13km long area that hosts the existing Measured, Indicated and Inferred Mineral Resources at Yamarna that total 740,000 ounces of gold (12.6mt @ 1.8 g/t Au).

Partial results have also been received from the 7000m RAB and aircore geochemical drilling program which was designed to provide early stage drill testing of 4 of the 15 regional targets. Eleckra is excited to report that several highly anomalous zones have been outlined including 4m @ 6.56 g/t Au from 22m some 400m south along strike of the high grade Khan North prospect and 4m @ 2.04 g/t Au from 6m located 1800m north of Khan North. At Augusta the programme has enhanced the previous defined anomaly and recorded a best result here of 12m @ 1.24 g/t Au from 27m including 3m @ 3.8 g/t Au from 35m.

+ See chapter 19 for defined terms.

MPJ currently holds 4.65 million shares in Eleckra which represents approximately 8.0% of the company's issued capital. The Company received these shares as consideration for their respective 20% interest in the Yamarna Joint Venture.

Jackson Gold Limited (ASX : JAK)

On 18th October Jackson made one of its most important announcements since listing in 2002. The Company announced important new discoveries at its Boolaloo copper-gold-uranium deposit in the Western Pilbara of Western Australia.

Two new discoveries were made during the Companies field reconnaissance. Outcropping mineralisation was identified within two parallel east-west trending structures situated 200 metres apart at prospects known as K15 and K16 which occurs over approximately 1 kilometre in strike length and averaging plus 4% Copper and 1g/t Gold.

These deposits in the western Ashburton basin remain relatively unexplored and following these discoveries has the potential to become a new mineralised province. The Company has over 1,700 square kilometres of ground in the region.

MPJ holds approximately 1.5 million shares in Jackson with a to earn an additional 1.5 million in the event that certain Jackson tenements are deemed a 'declared area' in terms of the Placer Joint Venture.

Corporate

On 13 July 2006 the Company received approval from shareholders to complete a \$3.01 million private placement to institutions and sophisticated investors through Chifley Investor Group. This placement was completed shortly after the pro-rata rights issue to shareholders which raised \$1.42 million before costs. The combined raisings has provided MPJ with \$4.43 million before allowing for costs which will allow the Company to accelerate its exploration activities at Talga Peak Project and also have the ability to investigate and acquire additional opportunities which may arise.

For And On Behalf Of The Board



Richard Revelins
Director

The information in this report in relation to the Talga Peak Project was been compiled by Geoff Blackburn. Geoff Blackburn 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. Geoff Blackburn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report in relation to Atlas Iron was extracted from previous ASX announcements released by Atlas Iron Limited.

The information in this report in relation to the Eleckra Mines was extracted from previously publicly available information compiled by Eleckra Mines Limited.

The information in this report in relation to the Jackson Gold was extracted from previously publicly available information compiled by Eleckra Mines Limited.

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Appendix 5B – 1st Quarter

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:

MINING PROJECTS GROUP LIMITED

ABN:

84 006 189 331

Quarter Ended ('Current Quarter')

30th September 2006

Consolidated Statement of Cash Flows

	Current Quarter \$A'000	Year to Date (3 months) \$A'000
<u>Cash Flows Related to Operating Activities</u>		
1.1 Receipts from product sales and related debtors	31	31
1.2 Payments for: (a) exploration and evaluation	(454)	(454)
(b) development	-	-
(c) production	-	-
(d) administration	(256)	(256)
(e) contract services	(99)	(99)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(759)	(759)
<u>Cash Flows Related to Investing Activities</u>		
1.8 Payment for purchases of:		
(a) prospects	(100)	(100)
(b) equity investments	(1,839)	(1,839)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	196	196
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net Investing Cash Flows	(1,743)	(1,743)
1.13 Total Operating and Investing Cash Flows	(2,502)	(2,502)

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		Current Quarter \$A'000	Year to Date (3 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(2,502)	(2,502)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	4,444	4,444
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		4,444	4,444
Net Increase / (Decrease) in Cash Held		1,942	1,942
1.20	Cash at beginning of quarter/year to date	340	340
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at End of Quarter	2,282	2,282

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	92
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, directors' fees, corporate advisory & consulting fees at normal commercial rates		

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
-
- 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
-

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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	540
4.2 Development	-
Total:	540

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	2,282	340
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at End of Quarter (item 1.22)	2,282	340

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	Nil	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Nil	Interests in mining tenements acquired or increased		

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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 (cents) <small>(see note 3)</small>	Amount Paid Up Per Security (cents) <small>(see note 3)</small>
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	1,503,202,304	1,503,202,304		
7.4	Changes during quarter (a) Increases through issues	693,481,171	693,481,171	\$0.007 – \$0.009	Fully Paid
	(b) Decreases through returns of capital, buy- backs				
7.5	+Convertible debt securities <i>(Description)</i>	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(Description and Conversion Factor)</i>	693,381,171	693,381.171	<i>Exercise Price</i>	<i>Expiry Date</i>
7.8	Issued during quarter	693,431,171	693,431,171	\$0.009	31/07/2009
7.9	Exercised during quarter	(50,000)	(50,000)	\$0.009	
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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:



Director

Date: 31st October 2006

Print Name:

Richard Revelins

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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