



GGG Resources plc

(the “Company” or “GGG”)

31 October 2011

Electronic lodgement

ASX RELEASE

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

HIGHLIGHTS

Corporate

- On 2 August 2011, the Company received the final payment of US\$3,273,200 from the sale of the Nimu Project in China. This brings the total payments from the disposal of Nimu to US\$7.4 million (circa £5million), approximately £0.7 million more than was budgeted for at the time of the Company’s 2009 statutory accounts. The Company no longer has any assets or obligations in China.
- On 29 August 2011, the Company announced the signing of a binding Heads of Agreement with Auzex Resources Limited (“Auzex”) to combine the Bullabulling Gold asset into a new entity called Bullabulling Gold Limited, through an all share merger. Bullabulling Gold Limited will be Australian domiciled and listed on the ASX and AIM.
- As the Company and Auzex had agreed to merge, on 5 September 2011, GGG’s bid for Auzex lapsed and GGG did not accept any Auzex shares pursuant to the offer.
- On 19 September 2011, the Company and Auzex announced the formation of an operational company named BBG Management Pty Limited. In addition, the Merger Implementation Agreement was signed and a new company, the proposed consolidation vehicle described above, Bullabulling Gold Limited was incorporated.

Exploration

- On 26 July 2011, additional results from Phase Two drilling at Bullabulling were announced. In May, June and July a total of 96 drill holes were drilled for 17,121 metres.
- By the end of September, the total of drilling undertaken by GGG and its joint venture partner, Auzex (the “Joint Venture”), since project acquisition in May 2010 was 82,667m in 507 holes.

- In early August 2011, the Company announced that the Joint Venture agreed with the resource consultant that, because mineralisation at Bullabulling is unusually continuous and readily predictable, the drill spacing required for an Indicated Resource status at Bullabulling can be set at 75m North-South by 35m East-West.
- On 15 August 2011 the Joint Venture announced an updated JORC compliant resource estimate based on the Phase One drilling programme of approximately 35,000m. The new JORC compliant resource is 78.84 Million tonnes at 1.03 g/t gold for 2,603,000 ounces, using a 0.5 g/t gold cut-off. Of the 2.6 Million ounces of resource, 711,700 ounces are in the indicated category.
- Preliminary project optimisation studies were carried out and all scenarios returned positive economics envisaging the development of a main pit 3.1 km long, 180 metres deep and a secondary pit of 1.0 km long and 120 metres deep.
- On 19 September 2011 the Joint Venture announced the appointment of John Barton to lead the feasibility study of Bullabulling project.
- At the end of September, the Joint Venture announced additional prospecting licences covering 8km² to extend the borders of the southern end of Bullabulling. The Joint Venture now has a total of 131km² in tenements held in various mining permits, miscellaneous licences, prospecting licences and applications. The Joint Venture also holds the underlying pastoral lease.

Maps and graphics ("Figures") referred to in this announcement are available on the version of this release available on the Company's website www.ggresources.com.

EXPLORATION

The Company has a 50% interest in the Bullabulling gold project located 65 kilometres south-west of Kalgoorlie in Western Australia. The remaining 50% interest is held by Auzex.

Bullabulling is a large tonnage, low-grade deposit associated with the regional Bullabulling shear zone, which extends over tens of kilometres. The mineralised structure is up to 800m wide, consisting of multiple west dipping low-grade stacked zones with narrow high grade mineralisation.

RESOURCE ESTIMATION

During the quarter, a JORC compliant resource update was announced. This resource estimate is based on Phase One drilling of approximately 35,000m. The Phase One JORC (2004) compliant Mineral Resource estimate for the Bullabulling Gold Project now stands at 78.84 Mt at 1.03 g/t Au (2.60 million ounces contained gold) using a 0.5 g/t cut-off (Indicated and Inferred). The new mineral resource has been estimated up to the 200RL, approximately 230m below surface, and remains open at depth and to the south.

The Phase One drilling programme consisting primarily of confirmation drilling was completed in mid May 2011. Through a planned programme of twinning and the infill of previous drill holes, the project's resource consultant, Perth-based Snowden Group ("Snowden"), confirmed the historic drill data as being statistically valid for use in a new resource estimate. The drill spacing recommended by Snowden for defining Indicated Resources has been set at 75m north-south and 35m east-west and has been used to classify the new resource estimate.

The estimation used assays from all the historic reverse circulation (RC) and diamond drill hole data, but excludes the RAB drilling data (previously included in the August 2010 resource estimate completed by CSA Global), over a 9 km² area covering the Bullabulling Trend.

Multiple Indicator Kriging (“MIK”) was used to establish the resource estimate, after the data were unfolded, using Datamine software. Variography carried out on the unfolded data provided ranges of up to 208m along strike and 108m down dip. These ranges were then used to design the primary search ellipse dimensions used in the modelling, which were 50m along strike, 25m down dip and 15m across strike. The variography reconciles well with the orientations of mineralised shoots derived from the recent structural study.

The updated Bullabulling Trend resource estimates by Snowden (at a 0.5g/t Au cut off) are listed in Table 1. The Gibraltar estimate was compiled by CSA in 2010 while the Laterite Dumps estimate was compiled from data taken from previous company reports dated 1998.

Recent feasibility studies on processing and mining cost estimations suggest a 0.5 g/t Au cut off is appropriate for this project at current gold prices and this, and future resource estimates, will be quoted at this cut off.

Table 1. The Bullabulling Mineral Resource (August 2011) at 0.5 g/t cut off (JORC 2004)

Mineralisation Type	Cut Off (g/t Au)	Class	Tonnes (Mt)	Gold grade g/t	Contained Ounces
Bullabulling Laterite	0.5	Inferred	1.6	0.89	45,700
Bullabulling Fresh	0.5	Indicated	21.3	1.01	691,000
	0.5	Inferred	50.9	1.03	1,683,900
Bullabulling Trend Total			73.8	1.02	2,420,600
Gibraltar	0.5	Inferred	4.5	1.12	161,900
Laterite Dumps	0.5	Indicated	0.5	1.2	20,700
Grand Total			78.8	1.03	2,603,100

Note: The resource is quoted for blocks with a grade of greater than 0.5 g/t and the tonnage figures for the fresh mineralisation have been discounted by 7% to allow for the impact of barren pegmatite dykes.

PRELIMINARY PROJECT OPTIMISATION

Four optimisation scenarios were developed to check the new resource estimate and to assess the economic potential of the Project. The optimisations were carried out using a spot gold price (US\$1,500 and exchange rate of US\$1.07), recovery of 92.5%, a discount rate of 8% and process rates of 3.5, 5.0, 7.5 and 10 million tonnes per annum (“mtpa”). No mining dilution was applied on the basis that the MIK resource model incorporates some degree of dilution and a mining recovery of 95% was used.

All scenarios returned positive economics and all scenarios mine a main pit 3.1 km long and 180m deep and a second pit at Bonecrusher that is 1.0 km long and 120m deep. Importantly, all scenarios include a significant proportion of the new Indicated and Inferred Resources, which means with infill drilling the majority of these resources should convert to reserves.

PHASE TWO DRILLING PROGRAMME

During the September quarter Phase Two drilling commenced to define the resources north of Phoenix to the Bonecrusher pit and to the areas south of Bacchus, with 3 rigs actively drilling on site.



The aim of this programme is to convert a significant portion of the Inferred Resources into Indicated Resources. The programme consists of 70,000m of infill drilling and 20,000m of exploration drilling. To date over 46,411m of drilling in 261 holes has been completed for the Phase Two programme.

Results from the Phase Two drilling programme thus far continue to confirm and expand the current resource model and include new high-grade intersections.

Approximately 60% of mineralised intersections returned similar or better grades and/or widths than expected from the resource model and about 35% of the reported mineralised sections are similar to the current resource model.

Drill highlights reported during this period include:

- 10 m @ 2.25 g/t Au from 137 m in BJ0240,
- 2 m @ 14.20 g/t Au from 82 m in BJ0245,
- 4 m @ 4.45 g/t Au from 101 m in BJ0249,
- 4 m @ 10.61 g/t Au from 126 m in BJ0259,
- 7 m @ 3.85 g/t Au from 82 m in BJ0268,
- 9 m @ 2.17 g/t Au from 70 m in BJ0274,
- 5 m @ 2.76 g/t Au from 95 m in BJ0277,
- 8 m @ 3.35 g/t Au from 5 m in BJ0347,
- 4 m @ 2.89 g/t Au from 23 m in BJ0389,
- 8 m @ 2.00 g/t Au from 159 m in BJ0393,
- 12 m @ 6.96 g/t Au from 157 m in BJ0397,
- 10 m @ 1.76 g/t Au from 120 m in BJ0419,
- 8 m @ 2.25 g/t Au from 27 m in BJ0457,
- 9 m @ 1.57 g/t Au from 28 m in BJ1228,
- 12 m @ 1.33 g/t Au from 48 m in BJ1246,
- 5 m @ 14.09 g/t Au from 70 m in BJ1274,
- 13 m @ 1.55 g/t Au from 152 m in BJ1470,
- 6 m @ 3.49 g/t Au from 194 m in BJ1946,
- 6 m @ 3.10 g/t Au from 39 m in BJ2022,
- 4 m @ 3.19 g/t Au from 14 m in BJ2023,
- 7 m @ 1.78 g/t Au from 156 m in BJ2047 and,
- 10 m @ 5.59 g/t Au from 69 m in BJ2050.

An additional 20,000 metre exploration drill programme is also in progress targeting Sphinx, Medusa, Edwards, Gryphon, Kraken and Minotauron the southern extension of the Bullabulling Trend.

MERGER

The Company and Auzex have agreed to merge to create an emerging gold producer, Bullabulling Gold Limited, which owns 100% of the Bullabulling Gold project, located 65km south-west of Kalgoorlie, Western Australia.

Auzex and GGG shareholders will own 50% each of Bullabulling Gold Limited adjusted both for the Auzex securities already owned by GGG and the relative cash holdings of both companies as at the merger date.



The merger will allow for a unified management team with sole focus on the development of Bullabulling Project. A new independent Board will be formed and Bullabulling Gold will be listed on the ASX and AIM providing global access to capital markets.

The merger will involve two Schemes of Arrangements.

UK Scheme:

In the first step, GGG will create an Australian registered company called Bullabulling Gold Limited (“BBG”) and undertake a UK Scheme of arrangement to cancel each ordinary share, warrant and option in GGG for the issuance of an equivalent number of shares, warrants and options in BBG. Initially the share capital and the Board of Directors of BBG will be exactly the same as that of GGG. BBG will seek admission to the Australian Stock Exchange (“ASX”) as its primary listing with a secondary listing on the AIM market in London; and

Australian Scheme:

The second step is an all scrip merger of Auzex and Australian-registered Bullabulling Gold Limited (“BBG”) through an Australian Scheme of arrangement under part 5.1 of the Australian Corporations Act under which all of the fully paid ordinary shares of Auzex are transferred or cancelled for new shares in BBG that will result in Auzex shareholders holding 50% of all BBG shares, subject to any adjustment for shares already held by BBG.

Any difference in cash as at the merger date will be adjusted by private placement by the company with larger cash into the company with lesser cash at a placement price at a 10% discount to the 5 days VWAP of that party, such that the cash position of both companies are identical.

Existing Auzex options are to be exchanged for equivalent options in BBG on equivalent terms or converted into shares in Auzex prior to the Australian Scheme taking effect.

Following the implementation of the Australian Scheme, the Board of Directors of BBG will change so that it consists of two non-executive directors nominated by GGG and two non-executive directors nominated by Auzex. BBG will appoint three new independent directors including the Chairman and Managing Director.

Auzex will spin out its non-Bullabulling assets and its shareholding in GGG into a separate vehicle (“AZX2”) prior to the Australian Scheme.

In the meantime GGG and Auzex have formed a management company called BBG Management Pty Ltd., owned by GGG and Auzex in equal shares (“OpCo”). This entity has assumed the management of the Bullabulling Gold Project to progress the agreed development strategy. The Board of OpCo comprise 3 directors from each of GGG and Auzex with Nigel Clark from GGG and Chris Baker from Auzex acting as co-Chairman until a new Non-Executive Chairman is appointed. OpCo has commenced a search for a Chairman, Managing Director and a third non-executive director all of whom will subsequently become directors of BBG.

GGG and Auzex have agreed to provide OpCo with sufficient funding to meet three months budgeted expenditure for the Bullabulling Project within 5 days of completion of a capital raising by Auzex and to keep OpCo funded for at least two months of budgeted expenditure on a rolling basis.

On 19 September 2011, GGG and Auzex announced the signing of the Merger Implementation Agreement and preparations for the UK Scheme of Arrangement documentation, EGM Notice and Admission Documents for Bullabulling Gold are in progress. In Australia, the preparation of the EGM notice for the divestment of Auzex’s non-Bullabulling assets is underway.



FUTURE WORK PLAN

The following work is expected to be completed in the coming months:

- Complete Phase Two infill drilling to convert a substantial portion of the Inferred Resources into Indicated Resources
- Update resource estimation based on Phase Two infill drilling
- Complete 20,000 metres of Phase Two exploration drilling
- Finalise preliminary engineering design
- Sign-off on capital costs
- Sign-off on processing costs
- Optimisation and ore reserve estimation
- Commence geophysical studies to target high grade deep exploration
- Drilling of potential high grade targets
- Start next phase of drilling, either exploration or infill, driven by the results of optimisation studies
- Completion of Pre-Feasibility Study

COMPETENT PERSON STATEMENT

The information in this letter/report that relates to the Exploration results, the 1998 Mineral Resource estimate and data that was used to compile the 2010 and 2011 Mineral Resource estimates is based upon information compiled by Dr. Jeffrey Malaihollo who is a full-time employee of the Company and Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London. He is qualified as a Competent Person under the Code for the Reporting Mineral Exploration Results, Mineral Resources and Mineral Reserves, 2004 ("The Reporting Code") prepared by the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Jeff Malaihollo 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 letter/report that relates to the 2011 Mineral Resource estimate is based on information compiled by Richard Sulway. Richard Sulway is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) CP and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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". Richard Sulway is a full-time employee of Snowden Mining Industry Consultants Pty Ltd.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

GGG RESOURCES PLC

ARBN

143 978 376

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(4,352)	(8,307)
(b) development	-	-
(c) production	-	-
(d) administration	(328)	(1,169)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	376	379
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	(4,304)	(9,097)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(4,304)	(9,097)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,304)	(9,097)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	8,129
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 – capital raising costs	-	(715)
	Net financing cash flows	-	7,414
	Net increase (decrease) in cash held	(4,304)	(1,683)
1.20	Cash at beginning of quarter/year to date	19,755	16,285
1.21	Exchange rate adjustments to item 1.20	150	999
1.22	Cash at end of quarter	15,601	15,601

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	101
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 intercompany loans have been eliminated as consolidation for purposes of this report.

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

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

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	3,600
4.2 Development	-
4.3 Production	-
4.4 Administration	700
Total	4,300

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	15,601	19,755
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,601	19,755

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			

+ See chapter 19 for defined terms.

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 Preference *securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities **	20,322,500	20,322,500	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	N/A	N/A	<i>Exercise price</i> N/A	<i>Expiry date</i> N/A
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Cancelled during quarter	N/A	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	N/A		
7.12 Unsecured notes <i>(totals only)</i>	Nil	N/A		

+ 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Director

Date: 31 October 2011

Print name: David McArthur

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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