



Quarterly Report



For the three months
ending 30 September 2011

Significant Events

meeting a lithium future...

- Excellent safety performance continued with no lost time injury recorded
- To date, the Company has achieved 3.95 years lost time injury free
- Mt Cattlin operations ramping up to expectations
- Total ore mined for the quarter was 157,383 tonnes of ore (1.0% Li₂O)
- Spodumene production was 20,569 tonnes for the quarter
- Third spodumene shipment of 31,000 tonnes expected in December 2011
- Jiangsu construction progressing on track to revised schedule
- Plant to be mechanically complete and ready for commissioning in Q4 2011
- Jiangsu construction cost is also tracking in accordance with the revised budget
- Offtake framework agreements signed for potential Lithium-Ion Battery Project
- Strong financing interest from 5 PRC banks in Battery Project received
- Feasibility study for James Bay Spodumene Project commenced

Galaxy Resources Ltd ("Galaxy") is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a S&P/ASX 300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu plant will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans for a lithium-ion battery plant, to produce 350,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with TSX-listed Lithium One Inc to acquire up to 70% of the James Bay Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, and electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.



Lithium Carbonate Plant - Jiangsu, China



Galaxy Resources Managing Director Iggy Tan (right) at the 2011 WA Industry & Export Awards in Perth

Galaxy was named a finalist in the **2011 WA Industry & Export Awards** in the 'Emerging Exporters' category. The Company was pleased to be recognised by the WA Government as one of the important emerging exporters of Western Australia.

Board Changes

Mr Zhimin (Richard) Shi was appointed as an Alternate Director for Mr Shaoqing Wu on 19 September 2011. Mr Ivo Polovineo resigned as Non-Executive Director on 2 September 2011. The Company acknowledged Mr Polovineo's contribution and commitment as an Independent Non Executive Director. Mr Polovineo has been a valuable member of the Galaxy Board and contributed strongly to the development of the Company in the last few years.

Corporate

Completion of Offtake Agreements for Proposed Battery Project

Galaxy announced it had secured offtake framework agreements for 100% of production from the first phase of its proposed Lithium-Ion Battery Project in China's Jiangsu province.

Galaxy signed agreements with 13 Chinese electric bicycle (e-bike) manufacturers, which it believes underpins its plans to add a battery manufacturing facility to its downstream portfolio. The offtake agreements remain subject to the Galaxy Board's final investment approval for the Battery Project.

Production from the first phase of the Project is expected to reach 350,000 lithium-ion battery packs per annum. However, with increased demand and potential to increase the nominal plant capacity, the Company is securing further offtake agreements to meet the revised capacity target of 620,000 packs per annum. The five-year framework agreements include a minimum purchase condition of between 15,000 and 40,000 battery packs per annum. Under the agreements, battery prices will be set on a quarterly basis and subject to market price adjustments.

The Company believes demand for lithium-ion batteries will continue to grow. The lead battery sector in China continues to be pressured as the Chinese Government enforces lead acid battery makers in Guangdong and Zhejiang province to reassess environmental protection methods, due to health concerns regarding lead levels in blood. According to media reports, only 16 lead acid battery plants have been allowed to operate out of a total 273 in the Zhejiang province. Overall, out of 7,000 lead acid battery plants in China, only 200 have presently been re-issued with operating licenses.

The market is already facing shortage of lead acid batteries and prices have increased, thereby reducing the lithium battery price gap. With limited manufacturers of high-quality lithium battery in China, Galaxy forecasts that demand may potentially exceed supply.

Table 1 – Off-take Framework Arrangements

Company	Province	Battery Packs pa
CUSTOMER 1	Zhejiang	20,000
CUSTOMER 2	Zhejiang	15,000
CUSTOMER 3	Shandong	20,000
CUSTOMER 4	Zhejiang	20,000
CUSTOMER 5	Tianjin	30,000
CUSTOMER 6	Hunan	40,000
CUSTOMER 7	Jiangsu	20,000
CUSTOMER 8	Guangdong	40,000
CUSTOMER 9	Guangdong	40,000
CUSTOMER 10	Shanghai	20,000
CUSTOMER 11	Zhejiang	30,000
CUSTOMER 12	Shanghai	15,000
CUSTOMER 13	Guangdong	40,000
TOTAL OFF TAKE		350,000





Corporate

Debt Funding Interest for Battery Project

The Company received approaches by five major Chinese banks during the quarter regarding funding of the Company's proposed Lithium-Ion Battery Project.

Certain Chinese Banks registered interest in providing the Company with indicative funding of up to US\$100 million as a fixed asset loan facility and up to US\$45 million in working capital. The required level of funding would be determined by the final project investment level, which was still being established. The Battery Project investment still subject to Galaxy Board approval

The Chinese Government's recently-endorsed 12th Five Year Plan (2011-2015) targeted renewable energy usage and a significant boost to electric vehicle ownership. The consequence of this plan will be a significant rise in lithium-ion battery demand. Galaxy's Battery Project falls into a strategic mandate area for China and therefore is considered an "encouraged" industry for the country.

The level of interest from local Chinese funding institutions was very encouraging. The Company will continue to progress the debt funding discussions with these particular Chinese funding institutions. The completion and commissioning of the Company's Jiangsu Lithium Carbonate Plant remains the highest priority, nonetheless, investigating funding options for the Battery Project is important preparation and continues the focus on the Company's project pipeline. The Company will not consider making this decision until the Jiangsu Lithium Carbonate plant is completed.

Galaxy announced on 27 July 2011, it had secured a technology license with US-based lithium-ion battery producer K2 Energy Solutions Inc. Under the agreement, K2 Energy will provide Galaxy with battery technology expertise, licensing and commercial support during the construction and operation of the proposed Battery Project.

Marketing Update

Lithium Carbonate Demand Tipped to Rise

During the quarter, Chilean-based consultancy SignumBOX forecast demand for lithium carbonate to reach to 120,000 tonnes of lithium carbonate equivalents (LCE) in 2011, a 15.5% increase. It said the main growth areas were the lithium batteries segment, an increase of 18% followed by the frits and enamels segment.

In the last quarter, lithium majors FMC and Chemetall announced price increases of up to 20% for their lithium products. This price increase included lithium carbonate, lithium hydroxide, lithium chloride, and lithium metal battery grade, effective July 2011.

With severe weather problems both in Argentina and in China, lithium brine producers, FMC in Argentina and CITIC Guoan in China were unable to supply lithium carbonate into the Chinese market. The supply shortage - although short term - further strengthened Chinese prices by 20% quarter-on-quarter.

Talison's spodumene exports to China increased by 37% in Q3 2011, compared to similar period last year. The majority of Talison's spodumene exports to China are used in lithium carbonate production. Meanwhile, FMC forecasted growth of 6% to 7% per annum in the next 3-4 years, primarily in energy storage and synthesis applications.



Exhibitions and Conferences:

The Company presented at the recent Industrial Minerals' 2nd Lithium Asia Conference in Shanghai and hosted a site tour of conference delegates to the Jiangsu Lithium Carbonate Project in Zhangjiagang.

Following the conference, Galaxy took a large group of delegates on a site tour of its Lithium Carbonate Plant.

Delegates attending the plant tour were impressed with the size, scale and design of the Jiangsu project. Galaxy is on track to become a major producer of high quality and purity lithium carbonate.

In addition to the 2nd Lithium Asia Conference, Galaxy attended some of the significant e-bike conferences in China held during the quarter. Galaxy was encouraged to see an increase in number of producers exhibiting lithium-ion battery operated e-bikes. The producers were bullish on the future demand of these bikes.



Galaxy Welcomes Lithium Asia Delegates

E-Bike Sector Growth

Automobile manufacturers like Ford, Smart, BMW, Peugeot and others are unveiling concept or prototype models of e-bikes at global motoring shows and exhibitions. Ford has spoken on the record about the opportunity it sees within the rising popularity of e-bikes. "The e-bike market is growing very, very rapidly, with some 30 million units sold globally last year," Ford Europe's Axel Wilke told PC Magazine. "We see e-bikes as an important element of urban electric mobility."

An article in MIT's Technology Review noted that "with a wider set than ever of e-bikes on the market, concepts in the works, and design challenges under way, now just might be the e-bike's moment." The bicycle-friendly Netherlands recorded 2010 FY sales of 139,000 e-bikes. Chinese production of e-bikes was 22 million in 2010, mostly servicing the domestic market. The industry estimates about 65 million are on Chinese roads.

The majority of e-bikes today still operate using lead acid batteries. The article quoted Christopher Cherry, a professor at the University of Tennessee at Knoxville who said a Chinese-made battery containing 22 pounds of lead can generate nearly about 15 pounds of lead pollution. "Electric bikes result in far more emissions of lead than automobiles. They always use more batteries per mile than almost any other vehicle."

Hu Gang, a spokesman for China's biggest e-bike manufacturer, Xinri E-Vehicle Group said, "We are trying to upgrade to lithium battery technology to be able to sell internationally." China's Ministry of Public Security (MPS) announced that e-bikes manufactured in China with a maximum speed of 20 km/hr should have a maximum weight of 40 kilograms. Galaxy forecasts a transition away from heavy lead acid batteries towards lighter lithium-ion batteries in order to meet this regulation.

The Chinese Government continues to enforce reassessment of environmental protection methods in the lead acid battery sector due to health concerns in the Guangdong and Zhejiang provinces. Lead acid battery manufacturers in the affected areas have had to suspend production, pending assessment. The move has affected about 70% of lead acid battery capacity in China and prices of lead batteries are starting to rise. Galaxy believes these factors strongly support future market appetite for lighter, non-toxic lithium ion batteries.



Tantalite

Tantalite shipments re-commenced to Global Advanced Metals (GAM) under Galaxy's long term supply contract. In August 2011, GAM entered into an agreement to buy the Supermetals business of Cabot Corp. (NYSE: CBT) as a key part of its long-term growth strategy to become a global, vertically integrated leader in the supply and development of tantalum products.

GAM is a global leader in the production of tantalum concentrate (tantalum pentoxide, Ta₂O₅) from its Wodgina mine and Greenbushes plant in Western Australia. The company's operations at Wodgina, near Port Hedland, and Greenbushes, near Bunbury, contain the world's largest known resources of tantalum ore.

About half of the world's tantalum metal is used in the electronics industry to manufacture capacitors and circuit board connectors mainly for mobile phones, personal computers, digital cameras and electronic systems for vehicles. Tantalum is also used as an alloy additive in nickel based superalloys in the manufacture of turbine blades for the aerospace industry and land based gas turbines.

Other uses include sputtering targets, mill products, cutting tools, surgical implants and specialty chemicals and coatings. Galaxy's primary tantalum concentrates, containing 2% Ta₂O₅, are upgraded at GAM's Greenbushes plant and blended with its own concentrates prior to shipment to its customers.

Mica

Galaxy is progressing with the potential commercial development of mica, which is a by-product of spodumene production. Samples were sent to potential buyers and approved in laboratory tests. Larger quantities are expected to be shipped in the next quarter. Mica is an inert, non-toxic and naturally occurring mineral which has been used in many everyday products, including toothpaste, makeup, potting mix, rubber, paint, wallpaper and dry powder fire extinguishers. One of the major and high end use is in automotive paints. Galaxy has the potential to be a significant supplier of mica in the Asia Pacific region.



Resources Division



James Bay - Canada

The Company commenced a Definitive Feasibility Study (DFS) on the James Bay Spodumene Project in Quebec, Canada, the completion of which would allow Galaxy to increase its stake in the project to 70%.

In 2010, Galaxy signed a Memorandum of Understanding ("MOU") with Canada's Lithium One Inc. (TSX-V LI) to acquire up to 70% of the James Bay project as part of a farm-in arrangement. Under the agreement, Galaxy acquired an initial 20% equity interest in James Bay for C\$3 million and had the potential to earn 70% through the funding and completion of a DFS within a 24 month period. The James Bay project is an extensive, high-grade spodumene pegmatite deposit that occurs at surface. The project has potential to significantly add to Galaxy's already considerable resource base and lithium supply. The James Bay project will incorporate a mine, processing plant and battery-grade lithium carbonate plant.

The Company appointed Montreal-based engineering services consultancy Genivar Inc. to manage the DFS. Genivar is one of Canada's largest engineering services firms and has extensive experience in the James Bay area. Galaxy's lithium project development expertise would enable Galaxy to accelerate the development of the James Bay project. The Company has a desire to extend its lithium resource base and James Bay's location, geology and the low cost of entry were the key attractive aspects of the farm-in agreement with Lithium One.

The Company expects to be able to fast track the development of James Bay by using similar capacity and design as the plants constructed at Mt Cattlin and Jianguo. Galaxy has engaged mining engineering firm DRA Americas Inc. to work on the James Bay processing plant design component of the DFS. Galaxy said the design of the James Bay plant's crushing and heavy media separation concentrator would be modelled on Galaxy's Mt Cattlin plant in Western Australia and expected the plant to process 1,000,000 tonnes of ore per annum.



Galaxy continued its excellent safety performance its mining and processing operation, with no Lost Time Injuries (LTIs) recorded during the quarter.

Mt Cattlin - Operations

Mining operations met expectations, with total material movement of 488,138 BCMs of waste and a further 14% increase in ore mined of 157,383 tonnes 1.00% Li₂O recorded for the quarter.

The production performance of the wet plant and concentrator continued to improve with ore throughput increasing by 27% to 192,695 tonnes. Spodumene concentrate production increased by 15.6% to 20,569 dry tonnes. A number of process improvement programmes progressed in conjunction with equipment suppliers to achieve further increases in throughput and reliability. The Company is currently preparing a third spodumene consignment of around 31,000 tonnes for shipment to China in December 2011.

	Sept 2011 Quarter	Calendar Year to Date
Ore Mined (Tonnes)	157,383	406,215
Grade (Li ₂ O%)	1.00	1.12
Waste Mined (BCM)	488,138	1,535,483
Ore Treated (Tonnes)	192,695	459,227
Grade (Li ₂ O%)	1.10	1.19
Spodumene Produced (dry Tonnes)	20,569	45,161

Mt Cattlin - Exploration

During the quarter, preparations were made for an RC program targeting lithium pegmatite horizons at depth beneath the current Mt Cattlin resource. The deeper drilling will target extensions and repetitions at depth of the northwest zone, with targeting assisted by geophysical surveys completed in late 2010. Pegmatite horizons beneath the known resource in the southwest of the deposit will also be targeted, with limited previous drilling in this area returning a best intersection of 7m @ 1.12% Li₂O.

This work will be partly funded by a government Co-Funded Drilling Grant offered under the WA Exploration Incentive Scheme (EIS). In addition, drilling aimed at upgrading inferred resources in the southeast of the deposit is also planned. It is anticipated that drilling will commence in late 2011 or early 2012.



Chemicals Division

Galaxy continued its excellent safety record at the Jiangsu Lithium Carbonate Project site. No LTIs were recorded at Jiangsu, while there was one Medical Treatment Injury (MTI) recorded in the period.

Jiangsu Construction Progress

In the quarter, the Company announced a revised commissioning schedule for the Jiangsu Lithium Carbonate Project. The back half of the plant, including the purification, drying, micronizer and bagging systems were to be mechanically completed and ready for commissioning by the end of Q3 2011. Completion and commissioning of the front end of the plant, including calcination, sulphation, leaching and precipitation were to be completed and ready for commissioning by the end of Q4 2011.

By the end of the quarter, some units at the back end of the plant, such as the packaging plant are already mechanically complete and have been handed over for commissioning. The Hatch and Galaxy operational teams are working together on commissioning and getting these units operational. The microniser and dryer units will be completed and handed over in the next few weeks.

The Project's EPCM contractor, Hatch Associates provided Galaxy with an updated plan for the Jiangsu Project, which indicated the Project was 91% completed at the end of the quarter. The Jiangsu Project schedule progressed according to the revised schedule, despite a particularly wet summer in China's eastern regions. There was some minor time lost due to localized flooding caused by Typhoon Muifa.

There was a substantial increase of overall activity on site during the quarter, in the run up to handover and commissioning of certain parcels of the plant, with the onsite manpower on certain days reaching over 700 contractor employees in the day and 120 in the night-shift. A major milestone was achieved in September 2011, with the successful lifting and installation of both the calcination kiln (KN-01) and sulphation kiln (KN-02) and its associated coolers (RC-01 and RC-02) into its final operating position. Both kilns are key pieces of infrastructure in the front end of the plant.

Project Capital Forecast

The revised capital budget remained as previously announced, at A\$99.8 million (Rate: RMD 6.9: AUD) (RMB 689 million) from the previous estimate A\$72.5 million, which represented a 36% increase in Australian dollar terms.

Galaxy re-iterated no further capital raising would be required to complete the construction and start up of the Jiangsu Project as a contingency was incorporated in the previous A\$120 million capital raising in the June 2011 quarter. Galaxy will continue to work hard to ensure the Jiangsu project is completed within the revised time frame and the revised budget.



Jiangsu Lithium Carbonate Project

Key activities in the quarter included:

- Installation of the calcination kiln into operating position.
- Calcination cooler installed into position.
- Installation of the sulphation kiln into operating position.
- Sulphation cooler installed into position.
- Various refractory installations across plant equipment.
- Sodium sulphate heat exchanger installed.
- High voltage cable and switch gear installed.
- Delivery and installation of all tanks and bins on site.
- Substantial completion of structural steel and pipework.
- Electrical/instrumental activities commenced ramping up.
- Packaging system mechanically complete and handed over for commissioning.
- Subsequent to the quarter, the microniser and dryer units were also handed over.

The Company continues to make good progress and remain on track to commission and complete the Project in accordance with our stated end-Q4 2011 schedule and budget.

Business Readiness Program

The remainder of plant, laboratory and maintenance operating procedures were finalised during the quarter and training of personnel continued in preparation of the commencement of commissioning of various portions of the plant as they come online.

The asset management system had a significant amount of maintenance strategies and vendor data entered into it. Implementation of the Pronto business management system moved towards its final implementation phase. Subsequent to the quarter, the warehousing modules were initiated through dry-runs by maintenance and warehousing personnel processing job orders in a real operational environment.



Battery Division

Galaxy's equipment supplier KOBET successfully completed all the equipment specifications and lay-out drawings, on schedule. EPCM contractor M+W continued to develop detailed building designs for the factory. Technology provider K2 Energy Solutions continued to work on pack designs for different capacity packs. EIAR has been revised as per requirement of EPB and submitted for approval. It is hoped that EIAR approval will be obtained by the end of October or early November 2011. The efforts have been continued to strengthen relations with the raw material suppliers.



For more information,
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Corporate

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Competent Persons

The information in this report that relates to Exploration Results, including exploration data and geological interpretations is based on information compiled by Mr Philip Tornatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tornatora has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

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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, 30/9/2001, 01/06/10.

Name of entity

Galaxy Resources Limited

ABN

11 071 976 442

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 & evaluation	(332)	(1,737)
James Bay acquisition	-	(2,941)
(b) development	-	-
(c) production	(12,334)	(16,718)
(d) administration	(279)	(4,559)
HK listing costs	-	(2,110)
Convertible bond costs	(1,888)	(3,521)
Feasibility consultants	(997)	(12,688)
Other admin	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	732	1,698
1.5 Interest and other costs of finance paid	-	(5,084)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(15,098)	(47,660)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(31,921)	(75,111)
(d) intangibles	(2,327)	(2,327)
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)	(42)	(409)
	(34,290)	(77,847)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(49,388)	(125,507)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(49,388)	(125,507)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	143,019
1.15	Proceeds from borrowings	15,842	20,880
1.16	Proceeds from convertible bonds	-	29,500
1.17	Repayment of borrowings	-	(106,590)
1.18	Dividends paid	-	-
1.19	Other (interest and principal paid from restricted cash)	-	45,826
	Net financing cash flows	15,842	132,635
	Net increase (decrease) in cash held	(33,546)	7,128
1.20	Cash at beginning of quarter/year to date	66,500	27,510
1.21	Exchange rate adjustments to item 1.20	6,564	4,880
1.22	Cash at end of quarter	39,518	39,518

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	679
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes directors' fees, salary and superannuation and also fees paid to directors or director related entities for professional and technical services.

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

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	39,966	22,541
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	1,000
4.3 Production	12,000
4.4 Administration	3,000
Total	16,500

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	6,711	8,013
5.2 Deposits at call	32,807	58,487
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	39,518	66,500

Changes in interests in mining tenements – refer attached tenement schedule

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 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 (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
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	323,327,000	323,327,000	-	-
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>	615 (face value of \$100,000 per bond). Unsecured, subordinated 8% per annum. A\$1.4406 conversion price.	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		750,000	-	\$0.45	17/11/14
		3,350,000	-	\$0.60	26/11/14
		5,350,000	-	\$0.60	<i>Vesting not satisfied</i>
		1,800,000	-	\$0.90	26/11/14
		3,000,000	-	\$0.96	<i>Vesting not satisfied</i>
		1,000,000	-	\$1.00	30/06/12
		3,600,000	-	\$1.11	22/07/16
		1,900,000	-	\$1.11	<i>Vesting not satisfied</i>
		30,550,000	-	\$1.16	<i>Vesting not satisfied</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,150,000 3,900,000	- -	\$1.11 \$1.16	
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 31 October 2011
(~~Director~~/Company secretary)

Print name: A L Meloncelli

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.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly 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.

+ See chapter 19 for defined terms.

Tenement Schedule as at 30 September 2011

Project	Tenement	Notes
<u>Boxwood Hill</u>	E70/2493	
	E70/2513-E70/2514	
	E70/2547	
<u>Connolly</u>	E69/1878	
<u>Ponton</u>	E28/1317	
	E28/1830	
<u>Shoemaker</u>	E69/1869-1871	50% Interest with General Mining Corporation.
<u>Ravensthorpe</u>		
Aerodrome	E74/334	
	E74/398	
Bakers Hill	E74/287	
	E74/295	
	E74/299	
	E74/415	
	P74/278	
Floater	P74/336	
	E74/400	
McMahon	P74/307-P74/308	
	M74/165	
	M74/184	
Mt Cattlin	P74/334	
	L74/46	
Sirdar	M74/244	
	E74/401	80% Interest with Traka Resources.
	P74/309-P74/310	80% Interest with Traka Resources.
West Kundip	M74/133	
	M74/238	
<u>James Bay</u>	Various	20% Interest with Lithium One Inc.

+ See chapter 19 for defined terms.