



AZIMUTH  
RESOURCES LTD

# Quarterly Report

December 31, 2011

ABN 87 089 531 082

# Corporate Information

## Directors:

**Michael Hunt**  
BA, LLB (Hons)  
Non-Executive Chairman

**Dominic O'Sullivan**  
BSc (Hons) MAusIMM  
Managing Director

**Richard Monti**  
BSc (Hons), Grad Dip Applied  
Finance & Investment,  
MAusIMM  
Executive Director

**Dean Felton**  
BBus, MBA  
Non-Executive Director

## Company Secretary:

**Joshua Ward**  
B.Com (UWA), C.A., Grad Dip  
Applied Finance and Investment

## Postal Address:

P.O. Box 2030  
SUBIACO  
WA 6904

## Home Stock Exchange:

Australian Securities  
Exchange Limited  
Exchange Plaza  
2 The Esplanade  
PERTH  
WA 6000

## Share Registry:

Computershare Investor  
Services Ltd  
Level 2, 45 St Georges  
Terrace  
PERTH  
WA 6000

## Auditors:

HLB Mann Judd  
Level 4, 130 Stirling Street  
PERTH WA 6000  
Telephone: +61 8 9227 7500  
Facsimile: +61 8 9227 7533

## Solicitors - Perth:

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
PERTH  
WA 6000

## Registered & Principal Office:

510A Hay Street  
SUBIACO  
WA 6008  
Telephone: + 618 9381 2488  
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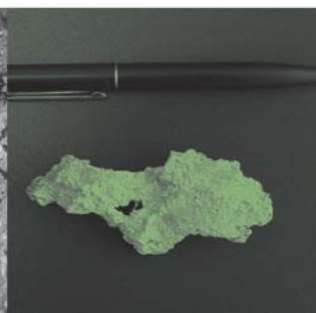
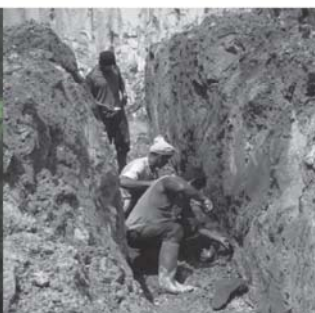


Azimuth Resources Ltd is listed on the Australian Stock Exchange (ASX).

**Stock code: AZH**

## Issued Capital:

382,309,058 Ordinary Shares  
39,442,200 Unlisted Options

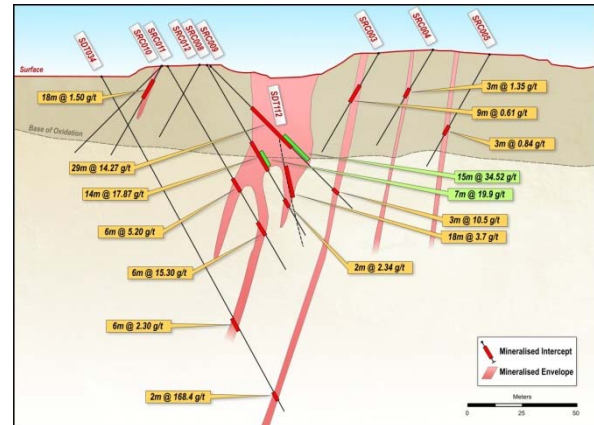


# Quarterly Report

## Highlights

- Smarts Prospect
  - Initial positive metallurgical testwork received
    - Cyanidation test work demonstrates average recoveries of 93.7% in oxide and 92.5% in fresh material
    - Gravity test work indicates average of 38.3% gold in oxide recoverable by gravity separation (33.1% in fresh material)
  - Drilling continues to deliver robust gold intersections, including:
    - **SRC390: 35m @ 6.4g/t Au**
    - **SDT409: 8m @ 9.8g/t Au**
    - **SDT419: 14m @ 7.5g/t Au**
    - **SDD001: 11m @ 11.4g/t Au**
    - **SDT009: 15m @ 34.5g/t Au\***
    - **SDT427: 10m @ 16.8g/t Au\***

\* Result reported 24 Jan 2012
  - Resource drilling program nearly completed: only 800m of resource drilling remain at 31 January 2012.
- Resource drilling at Hicks deposit completed
- Airborne geophysical surveys continue at the West Omai project, and commence at East Omai
- Drilling at the Kaburi Prospect commenced - first assays are expected to be received in February, 2012
- Paul Criddle appointed as Chief Operating Officer
- Institutional capital raising of \$19.4m completed
- TSX listing progresses





## PROJECTS

### Guyana

The Company's portfolio in Guyana comprises more than 8,000km<sup>2</sup> of granted licences (East and West Omai Projects) prospective for gold which encompass 10% of the strike of the Guiana Shield's major early Proterozoic greenstone gold belt (Figure 1). This gold belt, with a known endowment of >100 million ounces, is regarded by most authorities to be the extension of the prolific Birimian gold belts of West Africa from which the Guiana Shield separated when the Atlantic Ocean opened around 90 million years ago.

Azimuth's portfolio also includes the Amakura Uranium Project of 4,000 km<sup>2</sup> located in the northwest of Guyana, which exhibits several large high intensity airborne radiometric anomalies associated with broad regions of surface uranium anomalism. It is prospective for granite hosted and sodic metasomatic uranium deposits.

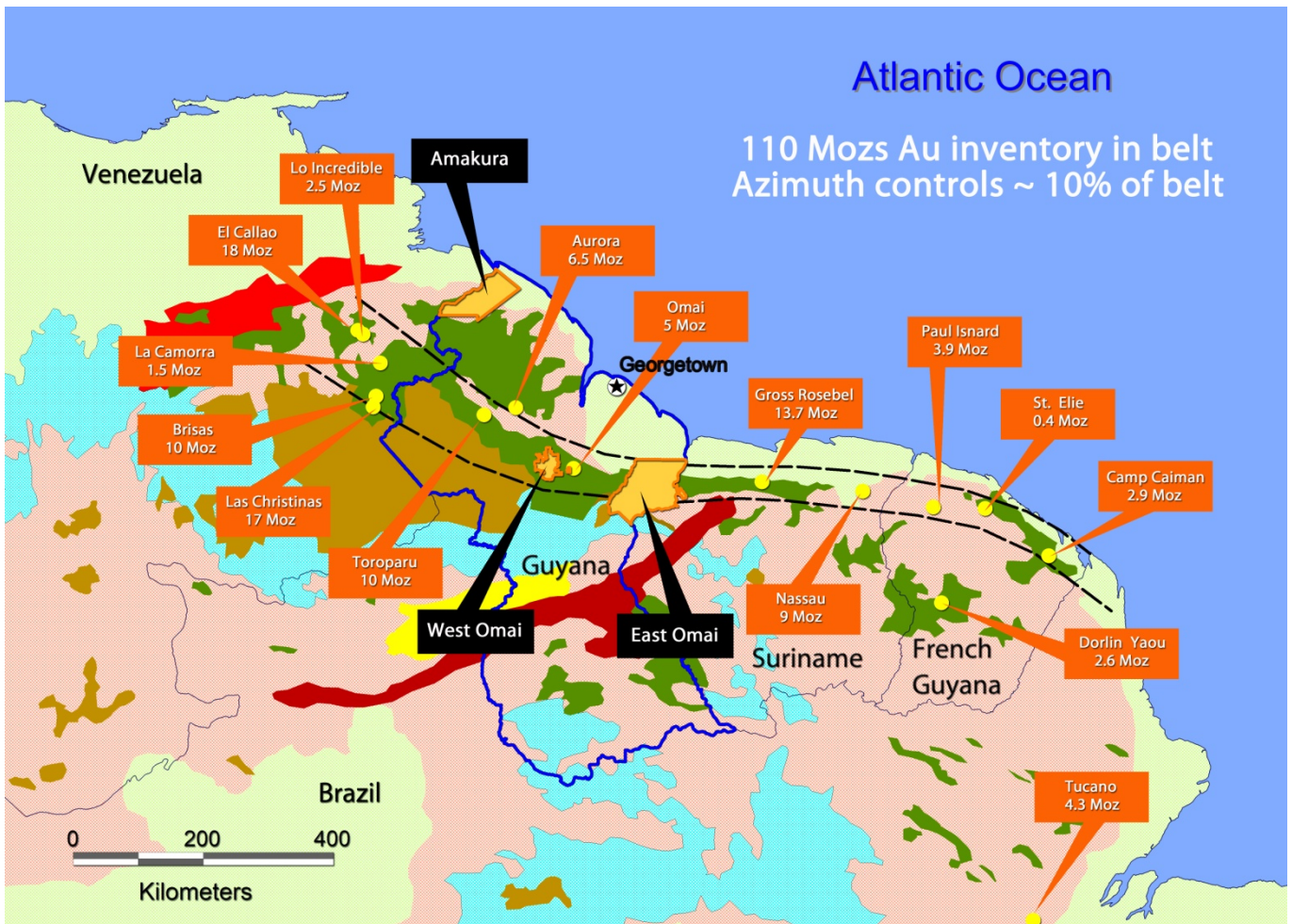


Figure 1 - Location of Azimuth's projects in relation to major gold deposits and regional geology of the Guiana Shield

### West Omai Gold Project

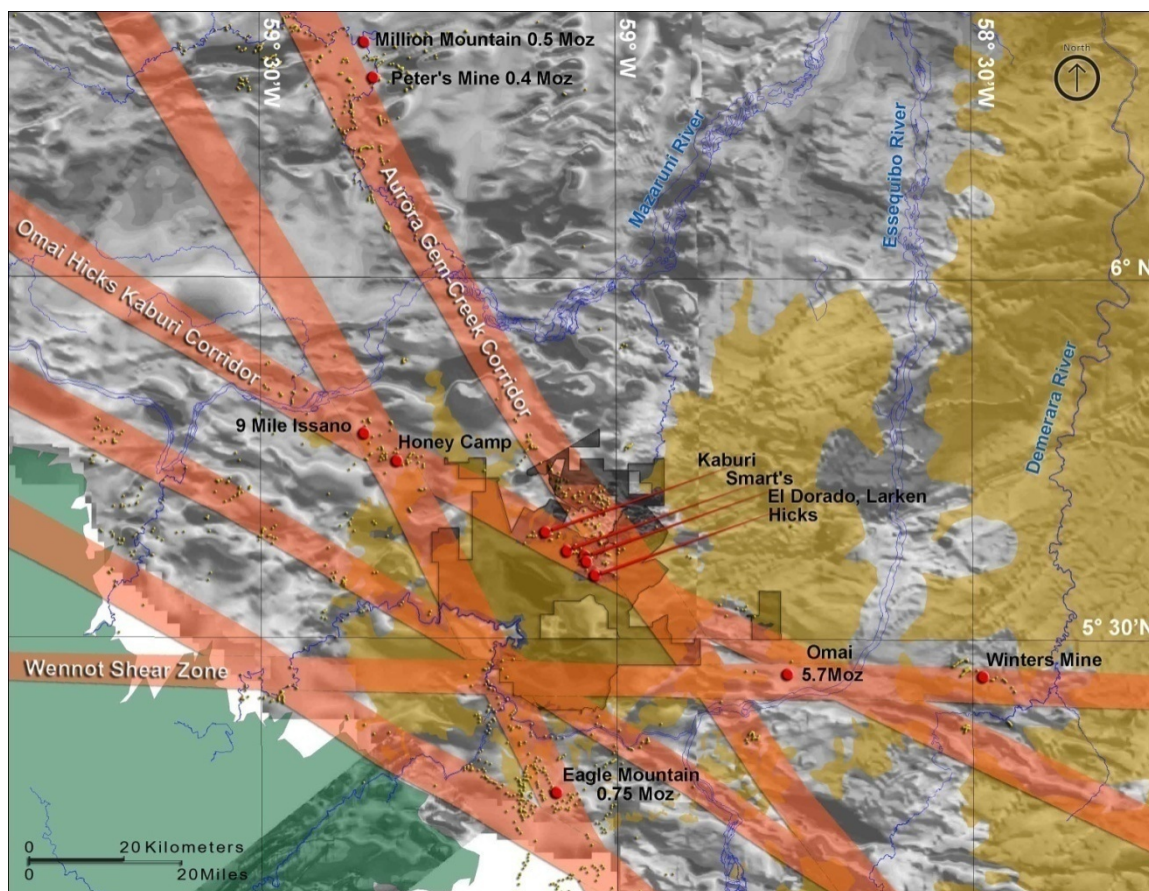
The West Omai Gold Project is an approximately 1,000 km<sup>2</sup> advanced exploration project covering a 40km strike portion of the same structural stratigraphic corridor (the Omai- Hicks-Kaburi Corridor) which hosts the Omai gold mine (3.7Moz produced), located 15km to the SE of the project (see Figure 2). Key features of the project are:

- The Hicks Deposit - an historic (non JORC code compliant) shallow resource with robust untested strike and depth extensions;



- The Smarts Deposit – a newly discovered mineralized zone extending over 4km. The Company is currently drilling to delineate a resource over 2.5km from surface to a depth of between 90 and 120 metres;
- The Kaburi Prospect - a 400m diameter shallow artisanal open pit which is the single largest artisanal working in Guyana, having been mined intermittently since 1912;
- Extensive artisanal bedrock and alluvial workings (>150,000 ounces produced) and significant Government survey delineated stream sediment anomalies.

The present focus of exploration at West Omai is the 10 kilometre by 2 kilometre wide portion of the Omai-Hicks-Kaburi corridor between Hicks and Kaburi, where systematic regional exploration and drilling to define maiden JORC code/43-101 compliant resource estimates at Hicks and Smarts is almost complete.



**Figure 2** - Showing the West Omai Project tenements (grey) against regional sun shaded grey scale magnetics. Also shown are the principal prospects and deposits of the region (labelled), major rivers (blue) and white sand cover (tan). The Company's current exploration focus is a 10km strike portion of the Omai -Hicks-Kaburi Corridor between the Hicks and Kaburi Prospects.

## Smarts Prospect

### Drilling

The current drill program is designed to locate and define near surface mineralisation within the main Smarts mineralised zone which has now been traced near continuously over 4 kilometres of strike. Currently the focus of the drilling program is to define a maiden JORC code/43-101 compliant resource over a strike length of 2,500 meters to a depth of 90-120 metres.

During the Quarter the Company completed 6,553 metres (88 holes) of drilling at the Smarts Prospect. This consists of 4,353m (63 holes) of Reverse Circulation drilling, and 3,000 metres (25 holes) of diamond drilling. A map showing the location of the results is presented in Figure 3.





Total drilled metres at the Smarts Prospect to the date of this report are:

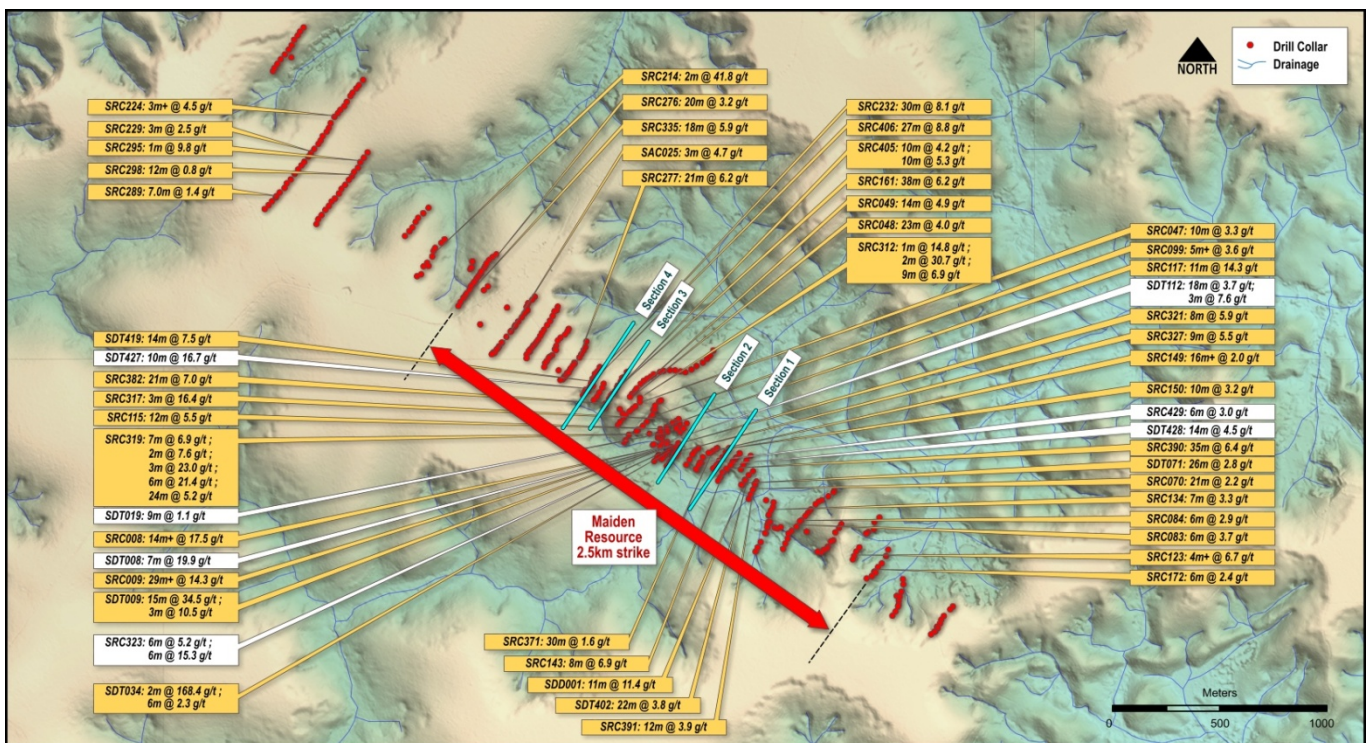
- 3,000 metres of diamond coring (37 holes);
- 32,653 metres of reverse circulation drilling (489 holes); and
- 1,459 metres of air core drilling (26 holes).

Significant new intersections reported from the main Smarts zone during the quarter include:

- **SRC406** 27m @ 8.8 g/t Au
- **SRC390** 35m @ 6.4 g/t Au
- **SRC405** 10m @ 4.3 g/t Au, 10m @ 1.0g/t Au & 7m @ 1.6 g/t Au
- **SRC391** 12m @ 3.9g/t Au
- **SRC326** 4m @ 8.4g/t Au
- **SDT409** 8m @ 9.8 g/t Au
- **SDT419** 14m @ 7.5g/t Au
- **SDT402** 22m @ 3.8 g/t Au
- **SDD001** 11m @ 11.4g/t Au

Subsequent to the quarter end, Azimuth has released further intersections from Smarts, with the best intercepts including:

- **SDT009** 15m @ 34.5 g/t Au & 3m @ 10.5 g/t Au
- **SDT008** 7m @ 19.9 g/t Au
- **SDT034** 2m @ 168.4 g/t Au & 6m @ 2.3 g/t Au
- **SDT427** 10m @ 16.8 g/t Au
- **SDT112** 3m @ 7.6 g/t Au & 18m @ 3.7g/t Au
- **SDT428** 14m @ 4.5 g/t Au
- **SRC429** 6m @ 3.0 g/t Au
- **SRC389** 14m @ 2.4 g/t Au



**Figure 3-** Showing current drilling at the Smarts Prospect to 24 January 2012. Background is a digital terrain model from a Lidar survey of the West Omai Project. Sand covered areas are the flat topped ridges (brown hues) and are incised by creeks. Results announced more recently are shown in white boxes.



Approximately 800 metres of diamond core drilling is required to complete resource drilling to a depth of 90-120 metres over a strike length of 2,500 metres. This drilling is expected to be completed early Q1 2012. As of today the Company is awaiting assay results for approximately 5,000 metres of resource RC and diamond drilling.

The Management and Board of Azimuth is extremely pleased with the progress and results of drilling at Smarts, which was the first new prospect drilled by the Company within its 8,000km<sup>2</sup> of gold tenements that it holds in Guyana.

### Smarts Metallurgical Testing

In October, Azimuth received positive results from a sighter metallurgy test work program on a range of oxide and fresh materials from the Smarts Prospect. The program tested the amenability of materials to both cyanide leach and gravity concentration recovery methods.

The results in both programs were extremely positive, indicating that gold mineralisation at the Smarts Deposit is not refractory and both oxide and fresh material will be amenable to treatment by conventional CIP or CIL flowsheets.

Results of the metallurgical test work programs are summarised below:

- For the cyanide leach program, the **average gold extraction/recovery for the 11 composites was 93%, with the exception of 2, all being greater than 90%.**
- For oxide materials average gold recovery was 93.72%
- For fresh materials average gold recovery was 92.46%
  
- In the gravity amenability program, by average, **35% of gold was recovered to concentrate with 5 of the 11 tests yielding gravity gold recoveries greater than 45%.**

Encouragingly, most of the gravity tests exhibited these levels of recovery at the low mass recovery rates of 0.1 – 0.2% of feed mass.

Azimuth believes that the results from both of these series of tests, make a compelling case for further investigation into what appears to be a simple flow sheet solution for the project.

### Hicks Prospect Drilling

The resource definition drilling continued at the Hicks Prospect. This program of approximately 8,000m of RC drilling was completed in January 2012 and will produce a maiden JORC code/43-101 compliant resource at Hicks in the coming quarter.

### Kaburi Prospect Drilling

Drilling at Kaburi commenced October 14, 2011 and during the quarter Azimuth completed 12 reverse circulation drill holes for a total of 2,141 metres and a single diamond hole to a total depth of 294 metres. The program is a first pass test of potential mineralisation beneath the Kaburi Pit which is the largest bedrock artisanal gold working in Guyana. Results of this drilling will be reported when all assays have been received and analysed.



## Regional Auger Sampling

Auger sampling at the West Omai Project focused on the Gem Creek Trend and 750 auger holes were completed with the collection of 2,523 samples. Presently the Company is awaiting assays for the majority of the last two quarters of auger sampling, while the labs concentrate on clearing the backlog of RC and diamond drilling samples.

## High Resolution Airborne Magnetism Survey

Azimuth's high resolution airborne magnetic and radiometric surveys covering both the West and East Omai Projects commenced on October 7. At the request of Azimuth, the survey was extended to cover additional ground. To 24 January 2012, Firefly Aviation had completed 49,000 line kilometres of survey, both at the West Omai and East Omai Projects, out of a total of 68,750 planned line kilometres (71% complete).

It is expected that the survey aircraft will complete all flying in February 2012.

We look forward to the results of the geophysical survey which will greatly increase our understanding of the controls of mineralisation at our Projects and provide an invaluable aid to the efficient targeting of our future exploration programs.

## Amakura

During the quarter ground reconnaissance and ground radiometrics were conducted over radiometric anomalies previously identified by airborne geophysical surveys. This work is ongoing and an update pertaining to the Amakura project is expected to be given in early March 2012.

## East Omai Gold Project

The East Omai Gold Project is a green fields exploration project, comprising a largely sand-covered 80km strike by 60km width portion of the main Guiana Shield gold belt, with the potential to host not only several major gold deposits but entire mining camps.

As noted above, during the quarter airborne geophysical surveys were flown and are in progress. Processed data is expected to be delivered to the company in late Q1 2012, shortly after which scout air core drilling of prospective trends will be commenced.

## Australian Projects

### Mardie Iron Ore Project

In October, Azimuth sold the Mardie Iron Ore Project to Iron Ore Holdings for \$225,000. The Directors are pleased with this result and this divestment represents the last of Azimuth's Australian projects in which it has an active role.

### Pandanus West Uranium Project (AZH 14.0%, diluting to 5%)

No field work was carried out during the quarter on this project. Azimuth was diluted from 14.3% to 14.0% as a result of minor expenditure incurred by the JV partner, Investigator Resources Ltd.





## Corporate

### Appointment of Chief Operating Officer

On 24 October 2011, the Company announced the appointment of Paul Criddle to the position of Chief Operating Officer. Paul is an experienced metallurgist and development manager with 13 years of operational, development and corporate experience in Australia and Africa. Most recently, Paul was Technical Services Group Manager and Acting COO for Perseus Mining Limited and played an integral role in the development of the Edikan Gold Mine in Ghana and the Tengrela Gold Project in Cote d'Ivoire. At these projects, Paul managed preliminary studies, plant design, project implementation and operational ramp-up. Prior to his position with Perseus, Paul was jointly responsible for the design, development and operational implementation and ramp up stages of the Sabodala Gold Project in Senegal for Australian based and TSX listed company, Mineral Deposits.

The Board of Azimuth welcomes Paul to the Company and in light of his experience in project and company development, believes he will be a valuable member of the team as Azimuth matures from pure exploration towards development.

### Project Funding

On 31 October 2011, the Company raised \$19.4 million via a placement to institutional clients of Blackswan Equities. The Company was able to attract a significant number of Canadian institutions to the register, as well as increasing the position of a number of Australian institutions already on the register.

At 31 December 2011, the Group had \$19.6m in cash.

The Company now has sufficient funding to continue its aggressive exploration program well into the 2012 calendar year.

### TSX Listing

Azimuth is progressing well with its upcoming dual listing on the Toronto Stock Exchange ("TSX"), and at the date of this report is in the final stages of completion of the admission application documents. The North American capital markets have a good understanding of Guyana as a resource investment destination and the Directors believe that a dual listing on the TSX will raise the profile and status of the Company and provide increased liquidity. The Company is committed to attaining its TSX listing by the end of March 2012.

Yours faithfully



Dominic O'Sullivan  
Managing Director



**Table 1**  
**Smarts Significant Drill Intersections**  
**Received during December Quarter 2011**

Hole ID	Azimuth	Dip	Depth	UTM Zone 21 Northing	UTM Zone 21 Easting	From	To	Width	Grade (g/t Au)
SRC371	215	-60	73	621756	270958	<b>4</b>	<b>32</b>	<b>28</b>	<b>1.17</b>
						56	60	4	0.34
						67	69	2	0.86
SRC389	215	-60	133	621664	271016	1	3	2	0.65
						51	52	1	0.37
						<b>65</b>	<b>79</b>	<b>14</b>	<b>2.43</b>
*SRC390	215	-60	151	621678.3	271030.9	1	6	5	0.53
						21	27	6	0.32
						31	35	4	0.39
						67	69	2	0.52
						<b>74</b>	<b>109</b>	<b>35</b>	<b>6.42</b>
*SRC391	215	-60	100	621565.5	271142.6	<b>14</b>	<b>26</b>	<b>12</b>	<b>3.88</b>
						<b>33</b>	<b>36</b>	<b>3</b>	<b>4.89</b>
						39	40	1	0.34
*SRC392	035	-60	130	621468.6	271223.6	45	46	1	0.32
						<b>68</b>	<b>73</b>	<b>5</b>	<b>5.76</b>
						98	99	1	0.44
						106	107	1	1.56
*SRC405	035	-60	80	622024	270508	<b>23</b>	<b>33</b>	<b>10</b>	<b>4.32</b>
						<b>39</b>	<b>49</b>	<b>10</b>	<b>1.01</b>
						<b>59</b>	<b>66</b>	<b>7</b>	<b>1.63</b>
*SRC406	035	-60	91	622086	270419	<b>41</b>	<b>68</b>	<b>27</b>	<b>8.80</b>
						<b>including</b>	<b>50</b>	<b>53</b>	<b>3</b>
SRC423	35	-60	73	622354	270076	35	39	4	1.34
SRC426	215	-60	69	621632	271168	48	49	1	2.73
						59	60	1	2.91
SRC428	215	-60	133	621700	271050	2	8	6	0.31
						15	16	1	0.30
						18	19	1	0.85
						59	61	2	0.95
						65	77	12	0.61
						111	118	7	0.63
						129	130	2	2.30



Hole ID	Azimuth	Dip	Depth	UTM Zone 21 Northing	UTM Zone 21 Easting	From	To	Width	Grade (g/t Au)
SRC429	35	-60	109	621716	270908	0	7	7	1.00
						36	37	1	0.25
						58	59	1	0.39
						<b>63</b>	<b>69</b>	<b>6</b>	<b>3.01</b>
						89	90	1	0.82
						98	100	2	0.55
SRC435	35	-55	90	621790	270692	<b>22</b>	<b>23</b>	<b>1</b>	<b>1.39</b>
SRC440	35	-60	90	621969	270476	22	23	1	0.68
SDT008	35	-60.9	90.2	621782	270772	<b>45</b>	<b>52</b>	<b>7</b>	<b>19.87</b>
					including	<b>51</b>	<b>52</b>	<b>1</b>	<b>120.00</b>
SDT009	35	-44.82	91.4	621783	270772	<b>48</b>	<b>63</b>	<b>15</b>	<b>34.52</b>
					including	<b>53</b>	<b>57</b>	<b>4</b>	<b>87.09</b>
						<b>77</b>	<b>80</b>	<b>3</b>	<b>10.54</b>
					including	<b>77</b>	<b>78</b>	<b>1</b>	<b>30.33</b>
SDT019	621838.8	-60	88.6	621838	270737	36	37	1	0.41
						<b>41</b>	<b>50</b>	<b>9</b>	<b>1.05</b>
						60	61	1	0.68
						70	71	1	0.44
SDT034	35	-60	172.1	621746	270748	116	117	1	0.35
						<b>120</b>	<b>126</b>	<b>6</b>	<b>2.26</b>
						154	155	1	0.75
						<b>161</b>	<b>163</b>	<b>2</b>	<b>168.40</b>
					including	<b>161</b>	<b>162</b>	<b>1</b>	<b>334.00</b>
SDT071	215	-60	151.7	621606	271101	<b>64</b>	<b>65</b>	<b>1</b>	<b>1.38</b>
SDT077	215	-60	163.8	621610	271160	<b>54</b>	<b>57</b>	<b>3</b>	<b>4.30</b>
						69	76	7	0.79
						82	83	1	0.29
						<b>91</b>	<b>93</b>	<b>2</b>	<b>3.25</b>
						104	107	3	0.63
						122	123	1	0.26
						<b>163</b>	<b>163.8</b>	<b>0.8</b>	<b>2.63</b>
SDT112	90	-50	101.6	621805	270759	<b>31</b>	<b>34</b>	<b>3</b>	<b>7.60</b>
						45	46	1	0.42
						<b>54</b>	<b>72</b>	<b>18</b>	<b>3.66</b>
						<b>82</b>	<b>83</b>	<b>1</b>	<b>1.21</b>
						94	95	1	0.49
*SDT402	215.6	-60.6	181.4	621630	271116	<b>67</b>	<b>89</b>	<b>22</b>	<b>3.51</b>





Hole ID	Azimuth	Dip	Depth	UTM Zone 21 Northing	UTM Zone 21 Easting	From	To	Width	Grade (g/t Au)
*SDT409	35	-61.4	181.4	622071	270410	89	97	8	9.78
					<b>including</b>	<b>94</b>	<b>95</b>	<b>1</b>	<b>61.80</b>
*SDT419	39	-60	146.15	622053	270402	109	123	14	6.88
					<b>including</b>	<b>117</b>	<b>118</b>	<b>1</b>	<b>45.90</b>
SDT427	35	-60	174	622042	270385	145	155	10	16.84
					including	147	151	4	30.85
SDT428	215	-60	190.3	621700	271050	134	148	14	4.52
					<b>including</b>	<b>138</b>	<b>142</b>	<b>4</b>	<b>12.38</b>
SDT430	35	-60	202	621719	270775	100	101	1	0.36
						119	126	7	0.78
*SDD001	218.1	-46.09	79.3	621603	271099	6	9.5	3.5	0.40
						<b>23</b>	<b>24</b>	<b>1</b>	<b>5.85</b>
						<b>31</b>	<b>41.8</b>	<b>11</b>	<b>11.23</b>
					<b>including</b>	<b>32</b>	<b>35</b>	<b>3</b>	<b>39.57</b>

Notes:

- 1) Holes prefix SRC are Reverse Circulation drill holes, holes prefixed SAC are aircore drill holes
- 2) Holes prefixed SDT are diamond tails of existing reverse circulation drill holes
- 3) Holes prefixed SDD are diamond holes from surface
- 4) Depths of diamond tails given are inclusive of any RC pre-collar.
- 5) RC collars or existent RC results have been or are reported separately and all significant intersections reported from diamond tails or diamond core holes are from diamond core.
- 6) All diamond holes are PQ diameter in weathered material and HQ diameter in fresh rock
- 7) Diamond drill core was halved by core saw and half sent for analysis. Duplicate core samples are of quarter core.
- 8) All holes sampled at 1metre intervals.
- 9) Mineralised intervals reported with a maximum of 3 metres of internal dilution of less than 0.20 g/t Au
- 10) Sample preparation conducted by either Actlabs Guyana Inc or Acme Laboratories Guyana and fire assay performed by either ActLabs or Acme Laboratories in Chile
- 11) QA/QC protocol: One QA/QC sample every five samples being 1 duplicate every 10 assays and 1 standard or blank every 10 samples



## 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

Azimuth Resources Limited

ABN

87 089 531 082

Quarter ended ("current quarter")

31 December 2011

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter (3 Months) \$A'000	Year to date (6 Months) \$A'000
1.1 Receipts from product sales and related debtors	32	61
1.2 Payments for		
(a) exploration and evaluation	(3,736)	(5,540)
(b) development		
(c) production		
(d) administration	(825)	(1,438)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	86	179
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(4,444)</b>	<b>(6,739)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(143)	(280)
(b) equity investments	-	-
(c) other fixed assets	(314)	(647)
1.9 Proceeds from sale of:		
(a) prospects	225	225
(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)	-	-
<b>Net investing cash flows</b>	<b>(232)</b>	<b>(702)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,676)</b>	<b>(7,441)</b>

1.13	Total operating and investing cash flows (brought forward)	(4,676)	(7,441)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares/options	19,847	19,912
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)		
	- Capital raising costs	(1,008)	(1,008)
	- Share subscriptions received	160	160
	<b>Net financing cash flows</b>	<b>18,999</b>	<b>19,064</b>
	<b>Net increase (decrease) in cash held</b>	<b>14,323</b>	<b>11,623</b>
1.20	Cash at beginning of quarter/year to date	5,338	8,023
1.21	Exchange rate adjustments to item 1.20	(50)	(35)
1.22	<b>Cash at end of quarter</b>	<b>19,611</b>	<b>19,611</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	148
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount above includes all payments to Directors and also includes payments to companies associated with Richard Monti, Dean Felton, Michael Hunt and Dominic O'Sullivan. The payments relate to executive services and directors fees on commercial terms.

### 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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil



### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	10,000 <sup>(a)</sup>
4.2	Development	-
4.3	Production	-
4.4	Administration	800
<b>Total</b>		<b>10,800</b>

(a) Includes \$2,000,000 of estimated capital expenditure

### 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	3,451	2,838
5.2	Deposits at call	16,000	2,500
5.3	Bank overdraft	-	-
5.4	Other (provide details)		
	- Subscriptions received	160	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>19,611</b>	<b>5,338</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			

## 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	Amount paid up per security
7.1 <b>Preference*securities</b> (description)				
7.2 Changes during quarter				
7.3 <b>+Ordinary securities</b>	382,309,058	382,309,058		
7.4 Changes during quarter				
(a) Increases through issues	42,118,949	42,118,949	46 cents	46 cents
	1,000,000	1,000,000	4 cents	4 cents
	2,400,000	2,400,000	18 cents	18 cents
(b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter				
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted Class A Options	11,602,200	-	4 cents	31 Dec 2012
Unlisted Class B Options	7,140,000	-	18 cents	31 Dec 2012
Unlisted Options	9,000,000	-	10 cents	31 Dec 2012
Unlisted ECOP options	750,000	-	10 cents	31 Aug 2012
Unlisted ECOP options	600,000	-	10 cents	13 Aug 2013
Unlisted ECOP options	600,000	-	10 cents	13 Aug 2014
Unlisted ECOP options	1,500,000	-	42 cents	30 May 2014
Unlisted Options	3,000,000	-	37.1 cents	30 Apr 2014
7.8 Issued during quarter				
7.9 Exercised during quarter	1,000,000	-	4 cents	4 cents
	2,400,000	-	18 cents	18 cents
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

## 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.



Joshua Ward  
Company Secretary

Date: 31 January 2012

## 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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